

IN THE SUPREME COURT OF FLORIDA

HARRIS CORPORATION,)	
)	
Appellant/Cross-Appellee,)	
)	
and)	
)	
BELLSOUTH TELECOMMUNICATIONS, INC.)	CASE NO. 90,366
)	
Appellee/Cross-Appellant,)	
)	
vs.)	
)	
JULIA L. JOHNSON, etc.,)	
)	
Appellees/Cross-Appellees.)	
)	
)	

ON APPEAL OF AN ORDER OF THE
FLORIDA PUBLIC SERVICE COMMISSION

ANSWER BRIEF OF APPELLEE FLORIDA PUBLIC SERVICE COMMISSION

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SYMBOLS AND DESIGNATIONS OF THE PARTIES

Appellee/Cross-Appellee, Julia L. Johnson, etc., Commissioners of the Florida Public Service Commission, are referred to in this brief as the "Commission". Appellant/Cross-Appellee, Harris Corporation, is referred to as "Harris." Appellee/Cross-Appellant, BellSouth Telecommunications, Inc., is referred to as "BellSouth." The Federal Communications Commission is referred to as the "FCC."

The Order on appeal, PSC-97-0385-FOF-TL, shall be referred to as the "Order" and is cited as "Or. ____" (See Appendix "A".)

Citations to the record are referred to as "R. _____"
Citations to Harris' brief are referred to as "Br. ____"

STATEMENT OF THE CASE AND OF THE FACTS

The Commission agrees with and adopts Harris' Statement of the Case and of Facts with the following exceptions and additions.

BellSouth's Briefs to the Commission

Harris selectively represents the arguments presented in BellSouth's briefs submitted to the Commission on legal points raised below. In summary, BellSouth argued in its initial and reply brief that the wire in question was put in place between 1969 and 1984, prior to the deregulation of embedded inside wire. BellSouth argued that the wire fit the description in the FCC's Uniform System of Accounts (USOA) for buried cable in Account 242 and further that Note B of Account 232 also required the cable to be placed in Account 242. Stipulated Fact No. 4 describes the facilities as connecting

the PBX in Building 53 to the telephone closets in Buildings 51, 54, 58, 58A, 59, 60, 61, 62, and 63. All facilities run directly from Building 53 to telephone closets in those other buildings, except that the wiring for Building 61 runs from Building 53 into Building 60 and then back out of Building 60 to Building 61, Harris-owned Harris-installed inside wiring connects the telephone closets to customer premises equipment (CPE) in the corresponding buildings.

(R. 271, Or. 2.) BellSouth describes the facilities as "all buried underground, except at the points of connection to the various buildings." (R. 180.)

Finally, BellSouth argued that there was no subsequent FCC order or regulation that required facilities recorded in Account

242 to be transferred to Account 232. BellSouth's arguments are addressed more thoroughly in Issues II and III of this brief.

Commission Order

The Commission was to decide three issues:

1. What is the proper legal characterization of the facilities in question?
2. Does/has BellSouth's treatment of these facilities violate(d) any FCC and/or FPSC rules or orders or any federal or Florida statutes?
- 3, Is the Petitioner entitled to relief? If so, what relief should be granted to the Petitioner?

(R. 271, Or. 2.)

The proceeding before the Commission ~~was~~ converted from a formal hearing into an informal hearing pursuant to Section 120.57(2), Florida Statutes, upon a joint motion filed by the parties on August 1, 1996. The parties requested that the factual stipulation be accepted in lieu of a hearing, and that the parties brief the legal issues based on the agreed facts.

(R. 146.)

FCC Orders

Three FCC dockets provided guidance to the Commission in its decision. These dockets related to the detariffing of Customer Premise Equipment (CPE) and Inside Wire. The dockets are CC

Docket No. 79-105¹, CC Docket No. 81-893², and CC Docket No. 82-681³. An overview of the decisions made in each of the dockets provide understanding of the complexity of the issues presented and the confusion that lead to this case.

On March 31, 1981, the FCC released its First Report and Order in CC Docket No, 79-105 (Expensing Order) , First Report and Order, 85 FCC 2d 818 (1981). In the Order, the FCC directed that future inside wiring costs should be expensed and that embedded investment in unamortized inside wiring be amortized over a ten-year period. Specifically, inside wire costs capitalized in Account 232 up through October 1, 1981, and as allowed during a four year phase-in period, were to be amortized to Account 608 over a ten-year period.

Subsequently, the FCC issued a Further Notice of Inquiry (FNOI) in CC Docket 79-105, 86 FCC 2d 885 (1982). As a result of the comments received in response to the FNOI, the FCC decided to distinguish between simple and complex inside wiring in CC Docket 82-681. See Second Report and Order, 59 Rad. Reg. 2d (P & F) 1143, CC Docket 79-105; Released February 24, 1986.

¹ In the Matter of Amendment of Part 31, Uniform System of Accounts for Class A and Class B Telephone companies, of the Commission's Rules and Regulations with respect to accounting for **station connections**, optional payment plan revenues and related capital costs, customer provided equipment and sale of terminal equipment.

² In the Matter of Procedures for Implementing the Detariffing of Customer Premises Equipment and Enhanced Services, (Second Computer Inquiry).

³ Detariffing of Customer Premises Equipment and Customer Provided Cable/Wiring.

On November 2, 1983, in CC Docket 82-681; Final Rule, the FCC established the intrasystem concept for new detariffed PBXs and key systems which would consist of common equipment, a switchboard or switching equipment shared by **all** stations, station equipment (usually telephones or key telephone systems), and intrasystem wiring. Final Rule, 48 FR 50534 (1983). The FCC also detariffed new intrasystem wiring installed with new CPE systems and concluded that embedded intrasystem wiring would be addressed in Docket 81-893. Id.

The FCC stated:

In Docket 79-105, First Report and Order, the Commission decided that inside wiring included in Account 232, "Station connections," should be expensed. Additionally, we stated that Docket 79-105 would be extended by separately issuing a Further Notice of Inquiry (FNOI) which would solicit comments on a proposal to deregulate the customer premises portion (inside wiring) of station connections. Based on the comments received, we believe that complex inside wiring [FN4] installed for use with complex systems, such as a PBX or key system, could be detariffed. Therefore, we proposed in this proceeding to detariff the inside wiring installed for detariffed complex systems,

Footnote 4 states:

We defined this wiring as intrasystem wiring which includes all cable and wire and its associated components (e.g., connecting blocks, terminal boxes, connecting between buildings on the same customer's premises, etc.) which connect station components to one another or to the common equipment of a PBX or key system.

48 FR 50534, Para. 5. The FCC concluded that the wires it had defined as intrasystem wiring should be recorded in Account 232. Id. Paras. 56-61.

In the FCC's Report and Order in CC Docket 81-893, adopted November 23, 1983, and released on December 15, 1983, the FCC concluded that embedded intrasystem wiring should not be removed from regulated service at that time for two reasons:

First, the transfer of the wire to ATTIS [AT&T Information Systems] could have an adverse effect on competition.

* * * *

Second, a more equitable result can be achieved by requiring that the unamortized labor costs which form the predominant portion of embedded intrasystem wiring investment be recovered under regulation. To do otherwise would place an undue burden on users of this wiring because these users would become the sole source of revenue for the recovery of investment in this wiring. It would be unfair to require current users to contribute to the recovery of this investment because users in prior years have received the benefit of the capitalization of these labor costs. Further, such removal from regulated service would run the risk that invested amounts never would be recovered, to the detriment of carriers' investors We have already taken action to establish a schedule for the amortization of these unrecovered costs under regulation. [FN 141] Report and Order, 95 FCC 2d 1276 (1983), Paras. 164 and 165.

Footnote 141 referenced in the above quote refers to the First Report and Order, in CC Docket No. 79-105 (88 FCC 2d 818 829-30 (1981)), and notes that a question arises as to whether the carriers or their customers should own and maintain this wiring once it is completely amortized and carriers have recovered their costs for this investment.

On April 4, 1985, the FCC released a Further Notice of Proposed Rulemaking, in CC Docket 79-105, proposing to detariff the installation of simple inside wiring and also to detariff the maintenance of all inside wiring, both simple and complex. In

addition, the FCC proposed that the telephone companies relinquish all claims to ownership of the inside wiring when their investment in the inside wiring account is fully amortized.

On February 24, 1986, the FCC released its Second Report and Order in CC Docket 79-105. The FCC stated that complex inside wiring is wiring located on the customer's side of the demarcation point that connects station components to each other or to the common equipment of a PBX or key system. It is **also** called "intrasystem wiring" and includes all cable and wire and its associated components such as connecting blocks, terminal boxes, and conduit. Complex inside wiring is wiring installed inside a building located on the same or contiguous property not separated by a public thoroughfare. However, wire meeting the other criteria for complex inside wire and crossing a public thoroughfare may **be** considered intrasystem wiring if approved by an appropriate state or local authority. Simple inside wiring is any inside wiring other than complex wiring. Second Report and Order, 59 Rad. Reg. 2d (P & F) 1143 (1986) Para. 1, FN2.

Also in the Second Report and Order, the FCC detariffed the installation of simple inside wire and the maintenance of both simple and complex inside wiring effective January 1, 1987. Id. Par. 43. The FCC also ordered the relinquishment of ownership of inside wire already expensed to Account 605 effective January 1, 1987. Id., Par. 52. With respect to inside wiring recorded in Account 232, the FCC ordered the relinquishment of ownership

concurrent with reaching the point of full amortization or zero net investment. Id.

On November 21, 1986, the FCC released its Memorandum and Opinion Order in CC Docket 79-105. The FCC revisited its relinquishment requirements established in the Second Report and Order, Rather than ordering relinquishment, the FCC ordered that telephone companies could not require customers to purchase inside wire which had been expensed or fully amortized nor could they charge customers for the use of such wiring. However, telephone companies could collect wiring maintenance fees on an untariffed basis from anyone who chose to use that service, provided the companies used the accounts provided for unregulated activities. Memorandum Opinion and Order, 1 FCCR 1190 (1986), Par. 35.

SUMMARY OF ARGUMENT

The Commission correctly decided the issues before it. Upon finding that the facilities in question were intrasystem wiring or complex inside wire, the next issue the Commission had to decide was whether any FCC or Commission Regulations, Orders or rules had been violated. Based on the facts before it, the Commission rightly concluded that no violation occurred.

Over the course of approximately six years, the FCC published numerous reports, orders, memoranda, and opinions deregulating intrasystem wiring and developing its policy relating to the accounting treatment of the facilities. Prior to and during this deregulation, BellSouth installed facilities and recorded the costs in Account 242 reserved for buried cable of the network facilities. Prior to 1984 these facilities were recorded in the appropriate account, Subsequent to 1984 such entry would be erroneous. However, the FCC did not require the transfer of such facilities recorded in Account 242 to a different account for expedited amortization in any of its publications.

Because no such transfer was required by the FCC and the facilities were originally recorded in the appropriate account, the Commission could not find a clear violation of any of the FCC or Commission orders, regulations, or rules. To order a refund would have been inappropriate absent a clear violation. Moreover, even if a refund were appropriate, the Commission did not have sufficient facts before it to determine an accurate

refund. The Commission's findings were reasonable based upon the facts before it and the issues that it was to decide.

The Commission's findings are supported by the evidence and comport with the essential requirements of law. There has been no showing that its interpretation of its statutes, rules, or orders is clearly erroneous. The Commission's order should be affirmed.

ARGUMENT

Standard of Review

The Commission's interpretation of the **law** as prescribed by FCC regulations and orders and Commission rules and orders was correct, particularly when it applied the facts of this case to the applicable regulations, orders, and rules of the relevant governmental agencies. Deference should be given to the agency's interpretation of its rules and orders and the statutes it is authorized to enforce. Florida Waterworks Association v. Florida Public Service Commission, 473 So. 2d 237, 240 (Fla. 1st DCA 1985).

It is not the court's function on review of a decision of the Public Service Commission to re-evaluate the evidence or substitute its judgement on questions of fact. Citizens of Florida v. Public Service Commission, 435 So. 2d 784 (Fla. 1983). The courts have a narrow scope of review of orders of the Florida Public Service Commission. Pan Am World Airways, Inc. v. Florida Public Service Commission, 427 So. 2d 716 (Fla. 1983). If the Commission acts within its authority and its decision is

supported by competent, substantial evidence, the court must approve the decision. City Gas Co. of Florida v. Florida Public Service Commission, 501 So. 2d 580, 583 (Fla. 1987).

I. THE COMMISSION CORRECTLY FOUND THAT THE WIRING AT ISSUE WAS COMPLEX INSIDE WIRING.

This issue is not one of controversy between Harris and the Commission. Since the Commission's finding that the wiring at issue was complex inside wiring is not a point of contention between Commission and Harris, no elaboration is required.

II. THE COMMISSION CORRECTLY FOUND NO CLEAR VIOLATION OF ANY COMMISSION RULE OR ORDER OR FCC ORDER OR REGULATION PROHIBITING THE RECORDING OF THE WIRE AT ISSUE IN ACCOUNT 242.

Harris argues when the Commission found that the wire at issue was complex inside wiring, or intrasystem wiring, the next logical step was to conclude that the wiring should have been recorded in Account 232 and expensed accordingly. Harris' argument fails to consider the facts in this case. The issue before the Commission was "does/has BellSouth's treatment of these facilities violate(d) any FCC and/or PFSC rules or orders or any federal or Florida statutes?" (R. 271, Or. 2.)

The stipulated facts indicate BellSouth had recorded, and continues to record, the facilities at issue in Account 242. (R. 271, Or. 3.) Harris misses the point that when the costs associated with the cable were recorded between 1969 and 1984, BellSouth acted reasonably by recording those costs in Account 242.

BellSouth believed that prior to 1984 the facilities in question were properly recorded in Account 242 according to Note B of Account 232. Account 232(a), Station connections-inside wiring, states in part:

This account shall include the original cost of installing or connecting items of station apparatus and the original cost of inside wiring and cabling.

Note B to that Account states:

The cost of outside plant, such as poles, wires and cables, whether or not on private property, used to connect a private branch exchange with its terminal stations shall be charged to the appropriate pole, wire and cable accounts. (Emphasis supplied.)

47 C.F.R. §31.232 (1984). Account 242:3, Buried Cable, states:

This account shall include the original cost of buried cable and other material used in the construction of such cable.

47 C.F.R. §31.242:3 (1984). Note B to Account 232 continued to be reflected in Account 232 until 1988 and the FCC never issued an Order requiring reclassification of such facilities to from Account 242 to Account 232. (R. 288, Or. 19.) (See Attachment "B" .)

BellSouth argued to the Commission that to the extent that wires or cables were utilized between buildings to connect a PBX in one building to terminal stations in others, the cable was to have been charged to the appropriate cable account. BellSouth asserted that under the rules that pertained to outside cable installed during the pertinent time frame, buried cable **was** to be recorded in Account 242.

The Commission found this to be a legitimate interpretation of the account.' The Commission stated in its Order:

With respect to BellSouth's argument on Note B of Account 242 [sic], we believe that prior to 1984, that note could be interpreted to include the facilities at issue.

(R. 288, Or. 19.)

Moreover, BellSouth's argument that none of the orders, rules, or other directives from the FCC or the Commission required them to transfer the cost of the facilities recorded in Account 242 to Account 232 was also persuasive to the Commission that the wire could be recorded in Account 242.

The FCC orders contain numerous examples where the FCC directs the cost of facilities to be transferred from one account to another. See Second Report and Order, 59 Rad. Reg. 2d (P & F) 1143 (1986). This action suggests that if the FCC had wanted those types of facilities recorded in Account 242 to be transferred to Account 232, they should have so ordered. In addition, while a 1988 Commission Order mandated BellSouth to amortize the balance in Account 232 and to cease charging for complex station wire upon full amortization, the Order did not require transfers from other accounts, such as Account 242. See Petition of Southern Bell Telephone and Telegraph Company for Rate Stabilization and Implementation Orders and Other Relief, 88 FPSC 10:311 (1988).

⁴ The Commission agrees that it made improper references to Note B to Account 242 in its Order. It is clear from the record, which were relied upon by the Commission on this point, that the Note B in question is that of Account 232 not 242.

The Commission's findings were reasonable based upon the facts before it, as was its interpretation of the FCC's orders and regulations. The Commission's conclusions were supported by competent substantial evidence and should not be overturned by the Court.

III. THE COMMISSION WAS CORRECT IN FINDING THAT REFUNDS WERE NOT APPROPRIATE BECAUSE NO ORDER, REGULATION, OR RULE **WAS** VIOLATED.

Harris argues that BellSouth should have recorded the facilities in Account 232 and since it had not, it violated Commission and FCC rules and orders. Harris argues the appropriate remedy was for the Commission to order refunds to Harris.

The Commission decided that it did not appear that BellSouth had violated any Florida rules, regulations, or statutes. (R. 288, Or. 19) The Commission further stated it was unclear whether BellSouth violated any FCC rules or regulations regarding the accounting treatment of the facilities at issue. (R. 288, Or. 19) Where no clear violation of any rule or order was found, the Commission was correct not to order a refund of charges to Harris, (R. 288, Or. 19.)

The intent of the FCC orders was for the embedded inside wire to remain under regulation until the facilities were fully amortized. Once amortized, the company could no longer charge for the use of those facilities. The FCC limited the term of the amortization of the facilities in Account 232 to no more than ten years. First Report and Order, 85 FCC 2d at 828-29. The

Commission further limited BellSouth to a January 1, 1989, deadline to amortize those facilities recorded in Account 232. Petition of Southern Bell Telephone and Telegraph Company for Rate Stabilization and Implementation Orders and Other Relief, 88 FPSC 10:311 (1988). All of these orders address the amortization of the facilities recorded in Account 232, not Account 242. Because the Orders addressed amortization of Account 232 and did not require any transfers from Account 242, the Commission found no violation of the accounting rules. (R. 288, Or. 19.)

The FCC was concerned about the affects of its decision on the companies and the ratepayers. The FCC's intent was to remove competitive services from the regulatory environment with the least impact on the industry as a whole. The FCC was shifting the burden of costs from the entire body of ratepayers to the "cost causers." To accomplish this end, embedded facilities were to be amortized under regulation over a shorter period of time while the services were to be provided under tariffs for the duration of the amortizing period. Only after the wire was expensed was the company prohibited from recovering its 'costs' by charging under a tariff. Report and Order, 95 FCC 2d 1276, paras. 164 and 165 (1983). While BellSouth did not meet the expensing guidelines established in the FCC orders by recording the inside wire in Account 232, BellSouth met the intent of the FCC because the embedded facilities' costs were recovered under regulation.

It is unclear when the facilities at issue were fully expensed because they remained recorded in Account 242.

Stipulated Fact No. 6 states:

The facilities were installed at the time that the respective building in which each terminates was constructed. The first building was built and occupied in 1969. The last building was occupied in 1984. (R. 272, Or. 3.)

Harris argues in its brief that "all of the wiring at issue should have been expensed or should have been fully amortized by September 30, 1994." (Harris Br. 24.) That claim was not established in the record. While it is unlikely that any balance remains on the books today for those facilities, it is probable that a portion of those facilities remained recorded on the books after January 1, 1989.

The stipulated facts provide that:

8. BellSouth has charged for the facilities at issue as Series 200 Channels (with USOC 1LVDE), pursuant to Section A113 of its Florida General Subscriber Services Tariff.
9. BellSouth states that these charges include private line service.

(R. 272, Or. 3.) These facts indicate that BellSouth was not solely charging for the use of the wire but was, in fact, also charging for private line service. Neither the facts nor the tariff provided a breakdown of the use and private line charges. Consequently, had a refund been appropriate, the Commission had no information before it to make an informed decision as to the appropriate amount of a refund.

The Commission recognized the FCC's Final Rule was clear that the FCC intended that embedded intrasystem wiring be recorded in Account 232 and amortized in accordance with its Expensing Order. (R. 288, Or. 19) The FCC and the Commission orders also prohibited charging for the use of the wire. In order to bring BellSouth in compliance with its rules and the FCC's regulations, the Commission prohibited BellSouth from charging for the use of the facilities on a going-forward basis. The facts before the Commission dictate this result,

IV. THE COMMISSION'S FINAL ORDER IS A PROPER INTERPRETATION OF AND IS CONSISTENT WITH COMMISSION ORDERS AND RULES AND FCC ORDERS AND REGULATIONS.

The Commission properly interpreted the FCC's Orders and regulations when it determined that the facilities at issue were intrasystem wiring. As demonstrated in Issue II, the Commission was correct when it found that BellSouth had not violated any Commission rule or order. Finally, since the Commission found no violation because the FCC rules and orders were not clear and because the Commission had limited facts before it, the Commission correctly refrained from ordering refunds.

The Commission's decisions were based upon the stipulated facts before it and the information provided by the parties in their post-hearing briefs. The Commission correctly interpreted the rules and orders of the Commission. Given the facts and information before the Commission, the finding of the Commission was consistent with its orders and rules and the regulations of the FCC. The Commission would be in error if it imposed a

penalty on a company where it was not clear that a violation had occurred.

CONCLUSION

The Commission was presented with three issues upon which to make findings. It was presented with a list of stipulated facts and briefs addressing the legal issues. To the extent that the Commission was preempted by Federal law, the Commission relied upon the Federal Rules and orders to make its findings and conclusions of law. The Commission's findings on each of the issues was a reasonable interpretation of the law and should not be overturned. For the foregoing reasons, the Commission's final order should be affirmed. Harris has not meet its burden of overcoming the presumption of correctness that attaches to Commission orders. City of Tallahassee v. Mann, 411 So. 2d 162 (Fla. 1981). The Commission's order should be affirmed.

Respectfully submitted,

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Dated: July 11, 1997

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and accurate copy of the foregoing has been furnished by United States mail this 11th day of July 1997 to the following:

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APPENDIX

APPENDIX A	FINAL ORDER RESOLVING PETITION AND COMPLAINT - PSC-97-0385-FOF-TL
APPENDIX B.1	47 C.F.R. §31.232-242 (1984)
APPENDIX B.2	47 C.F.R. §31.232-242 (1985)
APPENDIX B.3	47 C.F.R. §31.232-242 (1986)
APPENDIX B.4	47 C.F.R. §31.232-242 (1987)
APPENDIX B.5	47 C.F.R. §32.232-242 (1988)

HARRISBR.DWC

Appendix

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition and complaint) DOCKET NO. 951069-TL
of Harris Corporation against) ORDER NO. PSC-97-0385-FOF-TL
BellSouth Telecommunications,) ISSUED: April 7, 1997
Inc. concerning complex inside)
wiring.)
_____)

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman
SUSAN F. CLARK
J. TERRY DEASON
JOE GARCIA
DIANE K. KIESLING

FINAL ORDER RESOLVING PETITION AND COMPLAINT

BY THE COMMISSION:

I. CASE BACKGROUND

On September 7, 1995, the Harris Corporation (Harris) filed a Petition and Complaint against **BellSouth** Telecommunications, Inc. (**BellSouth**) alleging that **BellSouth** has been unlawfully charging for wiring on the Harris Semiconductor Complex. Harris requested an expedited proceeding for:

(a) the immediate termination of **BellSouth** Corporation's practice of charging Harris for inside wiring; and

(b) a refund of those charges unlawfully made, plus interest.

BellSouth filed its Answer to the Petition and Complaint on September 28, 1995.

On December 20, 1995, the Prehearing Officer issued Order No. PSC-95-1572-PCO-TL which set the hearing for this matter to be held on May 22, 1996. Subsequently, the parties stipulated to continuing the hearing and, with the approval of the Chairman, the hearing was rescheduled to August 2, 1996. On August 1, 1996, the parties filed a Joint Motion to Accept Stipulation of Facts and for Informal Hearing pursuant to Section 120.57(2), Florida Statutes.

DOCUMENT NUMBER
03500 APR 1 270

FPSC-RECORDS/REPORTING

Based on the fact that the parties reached agreement on the material facts, and with the approval of the Chairman, the Prehearing Officer granted the Motion by Order No. PSC-96-0984-PCO-TL, issued on August 1, 1996. The parties were directed to file briefs of no more than sixty (60) pages and reply briefs of no more than thirty (30) pages on the following issues:

1. What is the proper legal characterization of the facilities in question?
2. Does/has **BellSouth's** treatment of these facilities violate(d) any FCC and/or FPSC rules or orders or any federal or Florida statutes?
3. Is the Petitioner entitled to relief? If so, what relief should be granted to the Petitioner?

As noted above, the parties were able to stipulate on what they believed to be the material facts in this case. Those facts are :

1. The "Harris Semiconductor **Complex**" is a campus consisting of approximately 13 buildings, located at 2401 Palm Bay Road, Palm Bay, Florida.
2. The facilities at issue are located on the Harris Semiconductor Complex, and were originally installed by **BellSouth**.
3. The demarcation point is in Building 53. All of the wiring at issue is on Harris' side of the demarcation point. At least some of the network terminating devices on the facilities at issue were installed in Building 53 during or after 1988.
4. The facilities at issue connect the PBX in Building 53 to the telephone closets in Buildings 51, 54, 58, **58A**, 59, 60, 61, 62 and 63. All facilities run directly from Building 53 to telephone closets in those other buildings, except that the wiring for Building 61 runs from Building 53 into Building 60 and then back out of Building 60 to Building 61. Harris-owned Harris-installed inside wiring connects the telephone closets to customer premises equipment (**CPE**) in the corresponding buildings.
5. None of the facilities cross a public road. All of the facilities at issue run between the buildings

identified above in Stipulation No. 4, and all are underground (except at the point of connection to the above-referenced buildings).

6. The facilities were installed at the time that the respective building in which each terminates was constructed. The first building was built and occupied in 1969. The last building was occupied in 1984.
7. **BellSouth** has recorded and continues to record the facilities at issue in Account 242.
8. **BellSouth** has charged for the facilities at issue as Series 2000 Channels (with USOC **1LVDE**), pursuant to Section A113 of its Florida General Subscriber **Services** Tariff.
9. **BellSouth** states that these charges include private line service,
10. **BellSouth** has charged, and Harris has paid, **\$172,080.14** (not including taxes) for the facilities from January 1, 1989 to January 1996.
11. Harris has continued to pay for the facilities at issue at the rate of approximately \$2,000 per month since then; these payments are not included in the **\$172,080.14** total given above.

II. HISTORICAL BACKGROUND

We have reviewed three FCC dockets that provide guidance in this proceeding. They are CC Docket No. **79-105**,¹ CC Docket No. **81-**

¹In the Matter of Amendment of **Part** 31, Uniform System of Accounts for Class A and Class **B** Telephone companies, of the Commission's Rules and Regulations with respect to accounting **for** station connections, optional payment plan revenues and related capital costs, customer provided equipment and sale of terminal equipment.

893,² and CC Docket No. 82-681.³ Below is a chronology of events which stemmed from these dockets.

On March 31, 1981, the FCC released its First Report and Order in CC Docket No. 79-105 (Expensing Order). In the Order, the FCC directed that future inside wiring costs should be **expensed** and that embedded investment in unamortized inside wiring be amortized over a ten year period. Specifically, inside wire costs capitalized in Account 232 up through October 1, 1981, and as allowed during a four-year phase-in period, were to be amortized to account 608 over a ten year period. Several companies requested and were granted shorter amortization schedules. Therefore, the zero net embedded investment point would differ from company to company, but the FCC held that in no event could it occur later than September 30, 1994.

Subsequently, the FCC issued a Further Notice of Inquiry (FNOI) in CC Docket 79-105, 86 FCC 2d 885 (1982). As a result of the comments received in response to the FNOI, the FCC decided to distinguish between simple and complex inside wiring in CC Docket 82-681. See Second Report and Order, CC Docket 79-105; Released February 24, 1986.

On **November** 2, 1983, in CC Docket 82-681; Final Rule, the FCC established the intrasystem concept for new detariffed **PBXs** and key systems which would consist of common equipment, a switchboard or switching equipment shared by all stations, station equipment (usually telephones or key telephone systems), and intrasystem wiring. (emphasis supplied) The FCC also detariffed new intrasystem wiring installed with new CPE systems and concluded that embedded intrasystem wiring would be addressed in Docket 81-893. See Order 83-457; Final Rule released November 2, 1983. The FCC stated:

In Docket 79-105, First Report and Order, the Commission decided that inside wiring included in account 232, "Station connections," should be expensed. Additionally, we stated that Docket 79-105 would be extended **by** separately issuing a Further Notice of Inquiry (FNOI)

²In the Matter of Procedures for Implementing the Detariffing of Customer Premises Equipment and Enhanced Services, (Second Computer Inquiry)

³Detariffing of Customer Premises Equipment and Customer Provided Cable/Wiring.

which would solicit comments on **a proposal to** deregulate the customer premises portion (inside wiring) of station connections. **Based** on the comments received, we believed that complex inside wiring [FN4] installed for use with complex systems, such as **a** PBX or key system, could be detariffed. Therefore, we proposed in this proceeding to detariff the inside wiring installed for detariffed complex systems.

Footnote 4 states:

We defined this wiring as intrasystem wiring which includes all cable and wire and its associated components kg. , connecting blocks, terminal boxes, connecting between buildings on the same customer's premises, etc.) which connect station components to one another or to the common equipment of **a** PBX or **a** key system. **Para. 5.**

The FCC concluded that the wires it had defined as intrasystem wiring should be recorded in Account 232. **Paras. 56-61.**

In the FCC's Report in Order in CC Docket 81-893, adopted November 23, 1983 and released on December 15, 1983, the FCC concluded that embedded intrasystem wiring should not be removed from regulated service at that time for two reasons:

First, the transfer of the wire to ATTIS could **have** an adverse effect on competition.

• * ☒ •

Second, **a** more equitable result can be achieved **by** requiring that the unamortized labor costs which form the predominant portion of embedded intrasystem **wiring** investment be **recovered** under regulation. **To do** otherwise would place an undue burden on users of this wiring because these users would become the sole source of revenue for the recovery of investment in this wiring, It would be unfair to require current users to contribute to the recovery of this investment because users in prior **years have** received the benefit of the capitalization of these labor costs. Further, such removal from regulated service would run the risk that invested amounts never would be recovered, to the detriment of carriers'

investors . . . We have already taken action to establish a schedule for the amortization of these unrecovered costs under regulation, [FN 141] **Paras.** 164 and 165.

Footnote 141 refers to the First Report and Order in CC Docket No. 79-105, 85 FCC 2d 818, **829-30** (1981) cited above and notes that a question arises as to whether the carriers or their customers should own and maintain this wiring once it is completely amortized and carriers have recovered their costs for this investment.

On April 5, 1985, the FCC released a Further Notice of Proposed Rulemaking, in CC Docket 79-105, proposing to detariff the installation of simple inside wiring and also to detariff the maintenance of all inside wiring, both simple and complex. In addition, the FCC proposed that the telephone companies relinquish all claims to ownership of the inside wiring when their investment in the inside wiring account is fully amortized.

On February 24, 1986, the FCC released its Second Report and Order in CC Docket 79-105. The FCC stated that complex inside wiring, which it also called intrasystem wiring, includes all cable and wire and its associated components (e.g., connecting blocks, terminal boxes, conduit) located on the customer's side of the demarcation point, when this wiring is inside a building located on the same or contiguous property not separated by a public thoroughfare, which connect station components to each other or to the common equipment of a PBX or key system. However, wire meeting the other criteria for complex inside wire and crossing a public thoroughfare may be considered intrasystem wiring if approved-by an appropriate state or local authority. Simple inside wiring is any inside wiring other than complex wiring. Par. 1, Fn. 2.

In the Second Report and Order, the FCC detariffed the installation of simple inside wire and the maintenance of both simple and complex inside wiring effective January 1, 1987. Par. 43. The FCC also ordered the relinquishment of ownership of inside wire already expensed to Account 605 effective January 1, 1987. **Par. 52.** With respect to inside wiring recorded in Account 232, the FCC ordered the relinquishment of ownership concurrent with reaching the point of full amortization **or** zero net investment. **Id.**

On **November** 21, 1986, the FCC released its Memorandum and Opinion Order in CC Docket 79-105. The FCC revisited its relinquishment requirements established in the Second Report and Order. Rather than ordering relinquishment, the FCC ordered that telephone companies could not require customers to purchase inside wire which had been expensed or fully amortized nor could they charge customers for the use of such wiring. However, telephone

companies could collect wiring maintenance fees on an untariffed basis from anyone who chose to use that service, provided the companies used the accounts provided for unregulated activities. Par. 35.

Having considered the relevant FCC and FPSC dockets, the stipulated facts, the briefs of the parties, and our staff's recommendations, our decision is set forth below.

III. LEGAL CHARACTERIZATION OF FACILITIES

Harris' Initial Brief

Harris argues that the facilities fit the FPSC's and FCC's definition of complex inside wiring. In support of its argument, Harris notes the following facts upon which the parties have stipulated: 1) The wiring is on Harris' side of the demarcation point in Building 53 on the Harris campus at 2401 Palm Bay Road, in Palm Bay, Florida. 2) The wiring connects the PBX in Building 53 with telephone closets in other buildings on the Harris campus; 4) The wiring runs between buildings, and is mostly underground; and 5) None of the wiring crosses a public road. Harris concludes that because the wiring is located on Harris' side of the demarcation point, inside buildings or between buildings, located on the same or contiguous property not separated by a public thoroughfare and connects station components, i.e. telephones via telephone closets, to the PBX, the wiring at issue is complex inside wiring.

Harris also argues that its conclusion is supported by Order No. PSC-96-1040-FOF-TL, issued August 12, 1996. Harris quotes the portion of that Order which states: "[A] customer who purchases a PBX system connects to the LEC network at a single demarcation point and the interbuilding cable is treated as complex inside wire." Harris also refers to the portion of that Order in which the FPSC also stated that because of the single demarcation point associated with PBX systems, the interbuilding wiring on the customer's side of the demarcation point is characterized as "inside wire." Thus, Harris concludes that because the wiring at issue is associated with Harris' PBX system, is on Harris' side of the demarcation point, and runs between buildings, the wiring is complex wiring.

BellSouth's Reply Brief

BellSouth argues that regardless of the present use of the facilities, they are not nor have they ever been, inside wire of the type that has been deregulated by the FCC. The facilities were

not booked to Account 232, nor should they have been. The facilities are **embedded** (underground) facilities, not Account 232, inside wire. **BellSouth** asserts that the facilities were **placed** underground at various times between 1969 and 1984 during a time when the entire concept of inside wiring had not been created. **BellSouth** argues that when the concept **was** created in the Final Rule, it **was** expressly made applicable to facilities connected to customer premises equipment to be installed in the future. **BellSouth** states that if the facilities were installed today, or even sometime after 1984, they would constitute complex inside, wire.

BellSouth states that it is uncontroverted that Harris has chosen to discharge its responsibility to provide intrasystem wiring on its side of the demarcation point by utilizing the facilities in question, i.e. buried cable installed under regulation at various times between 1969 and 1984). According to **BellSouth**, the only question remaining is how to categorize these facilities, **as** regulated (embedded) facilities or inside wire.

BellSouth states that the fallacy of Harris' approach is readily apparent in its repeated efforts to apply the current rules to conclude that these facilities **are** complex inside wire because they are on the customer's side of the demarcation point. **BellSouth** argues that, except for a few months at the end of the fifteen year period between 1969 and 1984, there was no demarcation point. **BellSouth** contends:

More to the point, there was nothing to demarcate. Both the outside plant facilities (i.e., station connection wire inside buildings) and the **"true"** inside wire (i.e., station connection wire inside buildings) were part of the local exchange company's network facilities.

BellSouth concludes that the facilities in question are embedded, i.e., they were installed prior to the **last** few months of 1984. They were properly booked to Account 242 at the time they were installed between 1969 and 1984, and there has been no FCC or Florida Commission ruling to change the status of these facilities. To the extent that Harris has used and wishes to continue to use these facilities **as** intrasystem wiring, it should be required to **pay** the appropriate tariffed rate to do so.

BellSouth's Initial Brief

BellSouth describes the facilities as cables that are buried underground, which connect various buildings on a customer's side of a PBX, i.e., intrasystem facilities. **BellSouth** argues that the question in this case is not, "how do the various FCC Orders deregulating inside wire affect the subject facilities and their proper provision?" According to **BellSouth** the question is, "do these Orders affect the facilities at all?" **BellSouth** asserts the answer is, "no" and that none of the detariffing orders address intrasystem cabling installed between 1969 and 1984.

After concluding that none of the detariffing orders address the facilities at issue, **BellSouth** argues its position on the proper accounting classification of the facilities. First, it states that the proper accounting classification of network facilities is set forth in Part 31 of the FCC's rules and regulations. **BellSouth** asserts, that during the relevant time frame, outside cable and inside wire were clearly distinguished from each other and booked differently. Specifically, account 242 was the appropriate account in which to book various types of outside cabling used to service customers. This account included sub-accounts for aerial, underground, submarine and buried cable. **BellSouth** states that the buried account was defined to include "the original cost of buried cable and other material used in the construction of such cable." It also included "wire when buried and used as part of the general distribution system." Citing 47 C.F.R. 52423, Note A.

BellSouth asserts, Account 232 entitled "Station Connections," included the original cost of installing or connecting items of station apparatus and the original cost of inside wiring and cabling and of drop and block wires." (citing §31.232(a)). **BellSouth** also notes that the rule defining station connections also contains the following note:

Note B: The cost of outside plant, such as poles, wires and cables whether or not on private property, used to connect a private branch exchange with its terminal stations shall be charged to the appropriate pole, wire and cable accounts.

BellSouth concludes that under the rules that pertained to outside cable installed during the pertinent time frame, buried cable was to be charged to Account 242. **BellSouth** argues that to the extent that wires or cables were utilized between buildings to connect a PBX in one building to terminal stations in others, the cable was to have been charged to the appropriate cable account.

BellSouth states that its predecessor company classified the cable in Account 242 because it was unquestionably a part of the company's network that was buried underground. It argues that it is uncontroverted that the PBX and the related facilities were all in place by 1984 and thus properly booked to account 242. **BellSouth** asserts that no FCC Order has been entered since then to change the regulatory treatment of this cable. According to **BellSouth**, the facilities were subject to regulation when placed, and they are still subject to regulation today.

After summarizing points from several FCC Orders, **BellSouth** concludes that the intrasystem wiring concept, and the detariffing of this intrasystem wire applies only to new CPE. According to **BellSouth**, the effect of the Final Rule in CC Docket No. 82-681 was that cable, buried or otherwise, or wiring used as intrasystem wiring in newly installed CPE would have to be offered on a detariffed basis. **BellSouth** also argues that the Final Rule did nothing to address embedded intrasystem wiring/cable like that at issue in this case. We note that the FCC stated in the Final Rule that the investment in embedded intrasystem wiring would be addressed in Docket No, 81-893. In Docket 81-893, it is arguable that the FCC concluded that the embedded wiring would be recovered under regulation. After the telephone company recovered its investment, it could no longer charge for the use of the facilities. Id.

BellSouth states that based on the Final Rule, it filed an Amendment to its General Subscriber Service Tariff, A13.1, Extension Tie Line Services on August 28, 1984. **BellSouth** quotes from the tariff:

In compliance with an Order of the Federal Communications Commission in CC Docket No. 82-681, the provision of new intrasystem wiring and associated components located on the customer's side of the demarcation point, inside a building or between customers buildings located on the same or **contiguous** property, will be the responsibility of that customer. The company will not furnish, maintain, or repair such new intrasystem wire or cable facilities placed after June 30, 1984. (A13.1.1D)

At the same time,

Existing Company provided intrasystem wiring inside a building or between buildings located

on the same contiguous property, will continue to be available as required after June 30, 1984. The Company will condition to offer additional services on these facilities as long as such wiring or cable facilities are available, at standard tariff rates and charges. (A13.1.1D)

Therefore, **BellSouth argues**, it filed a specific tariff revision to accommodate the distinction between embedded, intrasystem wiring and new intrasystem wiring. Specifically, new facilities associated with detariffed CPE would not be provided under regulation; existing facilities used with previously installed CPE, however, would continue to be offered under regulation. **BellSouth** notes that this tariff was approved by the Commission by Order No. 13680 in Docket No. **840266-TL**. **BellSouth** quotes from the Order:

Southern Bell's proposal to remove the provision of complex inside wire from its tariff is based on the FCC's Order 83-457 in Docket 82-681. The FCC **Order** requires the detariffing of new intrasystem wiring installed with new Customer Premises Equipment (CPE) and specifies that this type of wiring be provided to new installations on a detariffed basis after June 30, 1984. The intent of the FCC's action appears to be that new complex inside wire be treated in the same manner as new CPE. We **agree** that new complex inside wire should be treated like new CPE. Therefore we approve the Company's filing.

BellSouth argues that the Commission's Order confirmed the appropriate treatment of the facilities like those in this **case**.

As noted before, **BellSouth** concluded that, according to the tariff, existing facilities used with previously installed CPE would continue to be offered under regulation. We agree that when the tariff **was** approved, the facilities would have been offered under regulation. We do not agree, however, with the result of **BellSouth's** argument: the facilities will continue to be offered under regulation even after **BellSouth** has recovered its investment. Nor did we adopt this position when we approved the tariff.

BellSouth concludes that the Commission's Order approving the tariff and the FCC's Final Rule (Order 83-457) "**all** make crystal clear the fact that the term 'complex inside wire' applies only to those facilities connected to systems that are newly installed." Staff disagrees. We do not believe, that by simply approving the tariff, the Commission determined that the term complex inside wire

only applied to new installations. Existing facilities were required to be offered under regulation, but only until the telephone company recovered its investment during the applicable amortization period. However, we note that since **BellSouth** determined these facilities were network facilities it never booked them to Account 232.

BellSouth argues that if there is any doubt about the fact that embedded intrasystem wiring continued to be regulated after the entry of the Final Rule, that doubt should be dispelled by the actions of the FCC the following year in Docket No. 81-893. The FCC found that intrasystem wiring currently owned by AT&T or the independent telephone companies should not be detariffed and removed from regulated service at this time. In 1985 the FCC concluded again that embedded intrasystem wiring should not be detariffed and removed from regulated service. **BellSouth** argues that nothing has happened since 1985 to change this result.

Upon review, we agree that in Docket 81-893 the **FCC** stated that the intrasystem wiring should not be detariffed and removed from regulated service. We disagree, however, that nothing happened to change that result. It is arguable that this embedded investment was addressed in cc Docket 79-105. In that docket the FCC ordered expensing and amortization of all inside wire.

Finally, **BellSouth** argues that the Second Report and Order, CC Docket No. 79-105, released February 24, 1986, did not address in any way the status or treatment of embedded facilities that functioned as intrasystem cabling prior to the date in 1984 on which new complex inside wire was detariffed. **BellSouth** asserts that the FCC in this Order took the view that complex wire had been adequately dealt with in the Final Rule in CC Docket 82-681 and that the Second Report and Order limited detariffing to wiring included in Account 232. We agree. However, the Order detariffed wiring that had been previously included in Account 232. The embedded investment, i.e. intrasystem wiring in Account 232, was as stated earlier, addressed in Docket 79-105. On a going forward basis, new inside wire would be offered on a detariffed basis, whereas the embedded or existing wire would be offered under regulation until the telephone company recovered its investment.

BellSouth concludes that if the facilities were installed today, they would constitute complex inside wire, and they would be installed on a detariffed basis. Instead, **BellSouth** argues, the facilities were installed during a time when, at least until 1984, there was no demarcation point between network facilities and facilities for which the customer was responsible. Instead all the facilities constituted network facilities. There was no complex

intrasystem wiring because the FCC had not yet conceived of this classification of wiring/cable as a means to facilitate detariffing inside wire. According to **BellSouth**, these facilities were and remain buried cable, and they were classified accordingly. **BellSouth** asserts that this cable has never been deregulated by the FCC, nor by this Commission.

Harris' Reply Brief

Harris states that **BellSouth** contends that because the wiring was installed between 1969 and 1984, it is not complex inside wiring. Harris responds to those arguments as follows:

In response to **BellSouth's** claim that the term "**intrasystem wiring**" applies only to wiring installed after May 2, 1984, Harris asserts that **BellSouth** misreads the Detariffing Report and Order. According to Harris, **BellSouth** confuses the intrasystem concept defined therein with intrasystem wiring. Harris asserts that the intrasystem concept included **PBXs**, telephones, and intrasystem wiring. (Citing Detariffing Report and Order, **para. 9**) Harris argues that **BellSouth** merges these words and invents the term "intrasystem wiring concept." Harris argues that it was the immediate detariffing of intrasystem wiring in 1984 that applied only to new intrasystem wiring. The term intrasystem wiring applied to new intrasystem wiring and existing intrasystem wiring.

Harris makes several arguments to support its contention that the term intrasystem wiring applied to both new and existing wire. First, in the Notice of Proposed Rulemaking corresponding to the Detariffing Reword and Order, the FCC explicitly stated: "**Currently**, it is required that intrasystem wiring be recorded in account **232...**" (Citing Fed. Reg. 44,770 **para. 25**) Harris states that the Notice was released on October 1, 1982, more than one year before the release of the Detariffing Report and Order **BellSouth** cites. Thus, according to Harris the term intrasystem wiring includes wiring that existed before October 1, 1982 and before the adoption of the Detariffing Report and Order. Second, in the Reword and Order, Procedures for Implementing the detariffing of Customer Premises Equipment and Enhanced Services, the FCC stated that it had taken steps to amortize embedded intrasystem wiring. Harris asserts that in that Order the FCC cited the First Reword and Order, Amendment of Part 31. Thus, Harris asserts that the term intrasystem wiring applied to wiring that existed prior to March 31, 1981 and concludes that **BellSouth's** assertion that there was no complex intrasystem wiring at least until 1984 is wrong.

In addition to the above, Harris cites the **FPSC's** Order approving **BellSouth's** detariffing **of** the installation of new

intrasystem wiring which refers to **BellSouth's** proposal to remove the provision of complex inside wire from its tariff. Harris argues that if the term complex inside wire were to apply only to newly installed wire, there would have been no need for **BellSouth** to "remove" the provision of complex inside wire from its tariff. Further, Harris argues, the FCC referred to new intrasystem wiring when it detariffed the installation of intrasystem wiring. If the term intrasystem wiring were to apply only to wiring installed after May, 1984, there would be no need for the FCC to use the adjective "new."

Harris goes on to address **BellSouth's** argument that at the time the wiring at issue was installed, all wiring was network facilities. Harris states that this argument is absurd because if all facilities were network facilities, the wiring inside customers' homes prior to 1984 must have been network facilities. According to Harris, if that were the case, such wiring would not have been amortized by **BellSouth**, and **BellSouth** could still be charging homeowners for the wiring inside their homes. But **BellSouth** did amortize that wiring. (Citing Petitions of Southern Bell Telephone and Telegraph Company for Rate Stabilization and Implementation Orders and Other Relief, 88 FPSC 10:311, 328 (1988).

Harris argues that **BellSouth's** assertion that when the wiring was installed there was no demarcation point is inconsistent with FPSC and FCC rules and orders. Further, Harris argues there was no reference to demarcation point in the definition of intrasystem wiring initially adopted by the FCC and thus the definition of demarcation point was not a threshold requirement for the amortization and detariffing of intrasystem wiring.

Harris also asserts that there are no FPSC or FCC orders referencing network intrasystem cabling. Further, **BellSouth's** characterization of the wiring as buried cable has no merit. Buried cable is part of the network, and recorded in Account 242.3, one of the outside plant accounts. Harris concludes that the wiring is on Harris' side of the demarcation point, so it cannot be part of the network. Thus, the wiring is not buried cable which is subject to regulation.

Decision

To summarize the parties' positions, Harris argues that the facilities meet the FCC's definition of complex inside wire. **BellSouth** agrees that if the facilities were installed today that they would be considered complex inside wire. However, **BellSouth** argues that the facilities, based on their accounting classification and vintage, are network facilities.

Upon consideration, we find that the facilities, as described in the stipulation of facts, meet the FCC and FPSC's definition of complex inside wire. We note that our finding is supported by the fact that BellSouth is charging for the facilities at issue as Series 2000 Channels (with USOC 1LVDE), per stipulation of facts #8. BellSouth's tariff, A113.5 Extension and Tie Line Services, and USOC handbook reveal that this tariff is "(f) or a channel between different buildings on same continuous property and for different premises within the same building." We find that the Harris case conforms to the first portion of this definition. Further, given that stipulation of facts No. 3 indicates that there is one demarcation point, we believe the only rational conclusion is that the facilities at issue constitute complex inside wire. We also believe the fact that the FCC did not define these types of facilities until after the facilities at the Harris complex were installed is irrelevant. Further, we are not persuaded by BellSouth's argument that the facilities are network facilities because they were properly booked when installed and nothing has changed since they were installed.

IV. ACCOUNTING TREATMENT OF FACILITIES

Harris argues that the facilities at issue are complex inside wiring and, as such, should have been recorded in Account 232, Station Connections - Inside Wire, and amortized in accord with FCC rules and regulations. Once amortization was complete, Harris argues, BellSouth should have ceased charging for the facilities in accord with FPSC Order No. 20162, issued October 13, 1988 in Docket Nos. 880069-TL and 870832-TL. Harris asserts that BellSouth completed the amortization of its inside wire by January 1, 1989. Harris further argues that BellSouth should have expensed the installation of all new facilities beginning in the 1980s.

Harris opines that as early as 1949, the FCC's Account 232 included this type of equipment; i.e., wires used to connect PBXs with their terminal stations. 47 C.F.R. 31.232 (1949) Harris further argues that the FCC's Report and Order is very clear that all PBXs and wiring defined as intrasystem wiring should be recorded in Account 232. Citing See Order No. 83-457 at Par. 61. This Order defines an intrasystem as

common equipment (a switchboard or switching equipment shared by all stations), stations equipment (usually telephones or key telephone systems), and intrasystem wiring. (emphasis added)

Intrasystem wiring is defined as

all cable or wiring and associated components which connect the common equipment and the station equipment and which are located inside a building or between a customer's buildings located on the same or contiguous property not separated by a public thoroughfare. (emphasis added) (par 29)

Thus, since 1949, Harris argues, this associated investment should have been recorded in Account 232 and subject to the amortization and expensing requirements beginning in 1981 by the FCC's First Report and Order. See First Report and Order released March 31, 1981 in CC Docket No. 79-105

Harris argues that BellSouth should not have been charging for the wiring at issue pursuant to tariff. Harris cites FPSC Order No. 20162, issued October 13, 1988 in Docket Nos. 880069-TL and 870832-TL. The Commission ordered BellSouth to eliminate the lease charge on complex station lines on January 1, 1989 coinciding with the full recovery of Account 232. Further, the Order stated that the ownership of the wire would remain with BellSouth; however, customers would be able to use it free of charge.

BellSouth argues that, regardless of the present use of the facilities at issue, they are outside the subject buildings and, as such, were and are properly recorded in Account 242. They are not now, nor have they ever been, inside wire of the type that has been deregulated by the FCC. Therefore the regulatory treatment of Account 232 wiring is of no consequence in this proceeding.

BellSouth further argues that the facilities at issue were installed during the 1969 - 1984 period when there was no intrasystem concept. It proffers that none of the detariffing orders address this type of embedded intrasystem cabling. BellSouth opines that these facilities are network facilities and are appropriately recorded as outside plant in Account 242.

In support of its position, BellSouth refers to the FCC's Code of Federal Regulations, Part 31, that existed during the relevant time frame. It compares the definition of Account 232 to that of Account 242 stating that these accounts were clearly distinguished from one another. Account 242.3, buried cable, is defined to include "the original cost of buried cable and other material used in the construction of such cable" and also "wire when buried and used as part of the general distribution system." In contrast, Account 232, Station Connections, includes "the original cost of installing or connecting items of station apparatus and the

original cost of inside wiring and cabling and of drop and block wires." BellSouth refers to Note B of the Station Connections account which states

Note B: The cost of outside plant, such as poles, wires, and cables whether or not on private property, used to connect a private branch exchange with its terminal stations shall be charged to the appropriate pole, wire, and cable accounts.

BellSouth therefore submits that the FCC rules in effect during 1949-1984 instructed that buried cable facilities, such as those currently at issue, were to be booked to Account 242. Further, BellSouth submits, the fact that the cabling in question was used to connect a PBX to various terminal stations in other buildings did not change its essential character or the appropriate classification. Finally, BellSouth opines, no FCC Order has been entered since then to change the regulatory treatment of this cable.

BellSouth asserts that the effect of the FCC's Final Rule was to simply detariff intrasystem wiring in newly installed CPE and did nothing to address embedded intrasystem wiring such as that at issue in this proceeding. Further, it argues, the actions of the FCC in Docket No. 81-893, in the Report and Order, released on December 15, 1983, and the Memorandum Opinion and Order On Reconsideration issued on March 6, 1985, reaffirmed the continued regulation of embedded intrasystem wiring.

Decision

Upon consideration, we find that the issue is not so much with the accounting treatment of the facilities prior to 1984, but with the accounting treatment since 1984. BellSouth contends that Note B of Account 242 is convincing that outside facilities utilized to connect a private branch exchange to a terminal station would have been booked to Account 242, even if they functioned in a way that later came to be defined as intrasystem wiring.

As discussed above, Harris contends that Paragraph 61 of the FCC's Final Rule supports its belief that all intrasystem wiring should be booked to Account 232, and should have been booked this way since 1949. BellSouth asserts that the purpose of Paragraph 61 was to address the contention that Note A to Account 232 required intrasystem wiring for large PBXs to be recorded in Account 234. The argument is that the note in question stated that wiring in Account 232 was restricted to small interior cable. This account

did not include cable connected to large PBXs, which according to Paragraph 61 was not affected by the provisions of the Final Rule, nor did it include network cable. Paragraph 61 of the Final Rule states:

First the items list for account 232 clearly requires that wires used to connect private branch exchanges, switchboards or their distributing frames with terminal stations should be recorded in account 232. This clearly applies to all PBXs and the wires we have defined as intrasystem wiring. The language in Note A that relates to account 234 covers cables from the interface with permanent house or outside cables or wires to a large PBX. These cables or wires have always been recorded in account 234 and were not affected by the expensing required in Docket 79-105. Therefore, California's interpretation that intrasystem wiring should be recorded in account 234 is incorrect. emphasis supplied. See Order No. 83457; Final Rule released November 2, 1983, par. 61.

BellSouth argues that the intrasystem wiring definition in the Final Rule only applies to newly installed CPE and complex inside wire, not to embedded facilities. Upon review, we agree that the Final Rule addressed the detariffing of new intrasystem wiring installed with new CPE. However, we believe it is incongruous to conclude that new intrasystem wiring would be treated as inside wire while embedded intrasystem wiring would continue to be maintained as network cables.

As discussed previously, the FCC's Final Rule established the intrasystem wiring concept for new detariffed PBXs. This consisted of common equipment, a switchboard or switching equipment shared by all stations, station equipment, and intrasystem wiring. The FCC also detariffed new intrasystem wiring installed with new CPE systems and concluded that embedded intrasystem wiring would be addressed in Docket 81-893. See Order 83-457; Final Rule released November 2, 1983, effective May 2, 1984. The FCC further stated that wires it had defined as intrasystem wiring should be recorded in Account 232. See NPRM; Notice of Proposed Rulemaking released October 1, 1992, adopted September 23, 1982, par. 25.

Currently, it is required that intrasystem wiring be recorded in account 232 and that station equipment and PBXs be recorded in accounts 231 and 234. We are proposing herein that these accounts be amended to preclude the recording of this intrasystem wiring, station equipment and intrasystem PBX. (emphasis added)

(NPRM, Notice of Proposed Rulemaking, Docket No. 82-681, released October 1, 1982, adopted September 23, 1982)

With respect to BellSouth's argument on Note B of Account 242, we believe that prior to 1984, that note could be interpreted to include the facilities at issue. On the other hand, we believe that the FCC's Final Rule is clear that the FCC intended that embedded intrasystem wiring be recorded in Account 232 and amortized in accordance with its Expensing Order. Nonetheless, Note B continued to be reflected in Account 242 thereafter and the FCC never issued an Order requiring the reclassification of such facilities to Account 232.

We disagree that these facilities are network cable even if some time in the past they had been considered that way. The stipulation of facts Nos. 3 and 8 indicate that there is only one demarcation point, the facilities are on the customer's side of that designation, and BellSouth's tariff is for Series 2000 Channels defined as channels between different buildings on the same continuous property. These facilities are no longer considered network cables; they are complex inside wire.

Although we find that the facilities are complex inside wire, it does not appear BellSouth has violated any Florida rules, regulations or statutes. Further, given the apparent inconsistency between the FCC's Final Rule and Note B to Account 242, it is unclear whether any FCC rules or regulations have been violated.

V. RELIEF

Harris argues that by FPSC Order No. 20162, BellSouth should not have been charging for the wiring at issue since January 1, 1989 when the amortization of Account 232 - Inside Wire was complete. If BellSouth had reclassified the associated net investment from Account 242 to Account 232 and amortized it accordingly, then Harris would be correct. However, as discussed previously, BellSouth believes these facilities have always been network cables and therefore has continued to record this investment as buried cable in Account 242.

Decision

As demonstrated above, it is unclear whether BellSouth has violated rules, orders, or regulations regarding the accounting treatment of the facilities at issue. In light of this, we will not order a retroactive refund of charges to Harris.

However, as noted earlier, based on the stipulation of facts in this proceeding, we find the facilities constitute complex intrasystem wiring, a.k.a. complex inside wire, and it would have been appropriate for BellSouth to reclassify the associated investment to Account 232 and amortize it accordingly. As we stated earlier, it is incongruous to treat new complex intrasystem wiring as inside wire and maintain the embedded amounts as part of the network in Account 242.3. We note BellSouth could have recovered the investment in these facilities by January 1, 1989 through amortization; it chose not to avail itself of that opportunity. Even so, there should be little unrecovered investment remaining since these facilities went into service during the 1969 to 1984 time period. Further, BellSouth is achieving recovery of these facilities through normal accounting treatment as outside plant cables in Account 242.3 as well as through the tariff charges to Harris. See Stipulation of facts nos. 8 and 11.

We note that facilities such as these have been deregulated for many years. BellSouth was ordered in Order No. 20162 to eliminate the lease charge on complex station lines on January 1, 1989 coinciding with the full recovery of Account 232. Further, the Order stated that the ownership of the wire would remain with BellSouth; however, customers would be able to use it free of charge. Regardless of the ambiguity between the FCC's Final Rule and Note B in Account 242, we believe it would have been appropriate for BellSouth to reclassify these facilities to Account 232. If BellSouth had taken this action, it would have already recovered its investment.

Based on the foregoing, we find that, on a going forward basis, BellSouth shall no longer charge for the use of the facilities. Accordingly, BellSouth shall discontinue charging Harris the \$2,000 tariffed rate.

It is, therefore,

ORDERED by the Florida Public Service Commission that Harris Corporation's Petition and Complaint are resolved as set forth in the body of this Order. It is further

ORDERED that the facilities at issue are complex inside wire as discussed in the body of this Order.

ORDERED that BellSouth shall no longer charge for the use of the facilities as discussed in the body of this Order. It is further

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ORDERED that this docket is closed.

By ORDER of the Florida Public Service Commission, this 7th
day of April, 1997.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: Kay Flynn
Chief, Bureau of Records

(S E A L)

MMB

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.

Appendix Part 1

code of federal regulations

Telecommunication

AUDITING . . . & . . . FINANCIAL . . . ANALYSIS . . . DEPARTMENT

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PARTS 20 TO 69
Revised as of October 1, 1984



nary conduct of the business is contemplated, but which as a precautionary measure, are held for possible future contingencies instead of being junked, shall be excluded from this account and included in account 122, "Material and supplies."

NOTE E: An annual inventory shall be taken of all telephones in stock that are included in this account. The number of such telephones as determined by this inventory, together with the number of all other telephones included in this account, shall be compared with the corresponding number of telephones as shown by the respective control records. The original cost of any unreconciled differences thereby disclosed shall be adjusted through account 171, "Depreciation reserve." Appropriate verifications shall also be made at suitable intervals and necessary adjustments between this account and account 171 shall be made for all other station apparatus included in this account.

(Secs. 1, 2, 4, 201-205, 208, 215, 218, 220, 313, 314, 403, 404, 410, 602; 48 Stat., as amended; 1064, 1066, 1070, 1071, 1072, 1073, 1076, 1077, 1081, 1094, 1098, 1101; 47 U.S.C. 151, 152, 154, 201-205, 208, 215, 218, 313, 314, 403, 404, 410, 602)

[28 FR 13039, Dec. 5, 1963, as amended at 32 FR 2630, Feb. 8, 1967; 36 FR 8375, May 5, 1971; 46 FR 19490, Mar. 31, 1981; 48 FR 50544, Nov. 2, 1983]

§ 31.232 Station connections-inside wiring.

(a) This account shall include the original cost of installing or connecting items of station apparatus and the original cost of inside wiring and cabling. (See also accounts 231, 235, 262 and 605.)

(b) The investment in station connections-inside wiring is to be amortized to account 608, "Depreciation," with a corresponding credit to account 171, "Depreciation reserve," over a ten Year period commencing no later than October 1, 1981. In calculating this amortization, the company shall first determine the net book cost of station connections-inside wiring by subtracting the depreciation reserve attributable to station connections-inside wiring from the hook cost of station connection&inside wiring. This net book cost shall be divided by the number of months remaining in the ten year amortization period to determine the appropriate amortization for that month. For example, the amortization amount for the first month will be determined by dividing the net

book cost by 120. The second month, the net book cost will be divided by 110, the third month by 118, etc. Carriers are to assume that the first month's reserve balance for this account is zero. However, if from the studies required by Docket 20188 or the results of the represervation process any reserve is identified as applicable to the station connection-inside wiring, it will be added to the station connections-inside wiring reserve and should be deducted from the remaining investment to be amortized. Also, the amounts resulting from the amortization schedule should not be considered in the determination of the separate reserve established for e&h category of plant. The embedded investment on the books up to October 1, 1981, will be fully recovered by October 1, 1991. For carriers who adopt the phase-in approach, the growth in investment in inside wiring between October 1, 1981, and September 30, 1982, shall be specifically identified and amortized according to the schedule noted above over ten years with full amortization completed by October 1, 1002. The growth in investment between October 1, 1982 and September 30, 1983, and between October 1, 1983, and September 30, 1984, shall be handled in the same manner with full amortization on all station connections-inside wiring completed by September 30, 1994. Under no circumstances shall the cumulative amortization credits to account 171 exceed the balance of the investment for station connections-inside wiring.

(c) Effective no later than October 1, 1981, for carriers who select a phase-m approach, when a station apparatus is installed except as part of a replacement or an inside move, the station connections-inside wiring installation cost shall be charged to this account on the following basis: 75% between October 1, 1981, and September 30, 1982; 50% between October 1, 1982, and September 30, 1983; 25% between October 1, 1983, and September 30, 1984; and 0% after September 30, 1984. The remaining cost not chargeable to this account shall be charged to the appropriate subaccount of account 605. Effective no later than October 1, 1981, for carriers who select a flash-

cut approach, the otherwise capitalizable amount chargeable to the station connections—inside wiring account shall be expensed to the appropriate subaccount of account 605.

(d) When a station connection—inside wiring is physically removed, sold, destroyed, or abandoned, the original cost (actual or estimated average unit cost) carried in this account shall be credited hereto and charged to account 171, "Depreciation reserve"; or if a separate depreciation reserve account or accounts are established for station connections, the debit entry shall be made to the appropriate depreciation reserve account.

ITEMS

(Note 31.01-8)

The wires (or small cables) from the station apparatus to the point of connection with the outside plant cable or wire facilities. (See also accounts 221, 235 and 262.)

The wires (or small cables) used to connect station apparatus in the same building, such as main stations with extension stations, and stations of intercommunicating systems. (See also accounts 221, 235 and 262.)

The wires (or small cables) used to connect private branch exchange switchboards or their distributing frames with terminal stations located in the same building. (See also accounts 221 and 262.)

- The wires (or small cables) used to connect the various parts of a small private branch exchange, such as the cable or wires from distributing frames to switchboard. (See also accounts 221 and 262.)

- The wires (or small cables) installed specifically to serve as trunk, battery, or generator circuits from a small private branch exchange to the point of connection with the permanent house or outside cables or wires. (See also accounts 221 and 262.)

Connecting blocks, ground wires, ground rods, station protectors, clamps, cleats, nails, screws and other material used in the installation of station apparatus and inside wiring and cabling. (See also accounts 291, 235 and 262.)

Labor and other costs incurred in connection with station apparatus and station connection installations or additions thereto. (See also accounts 221, 235 and 262.)

NOTE A: Costs charged to this account prior to October 1, 1981, in connection with inside cabling are restricted to cables used in station installations instead of wires, such as those that run from wall outlets or floor

terminals to the station apparatus, and to cables used in installing systems in private branch exchanges. (See also accounts 103, 221, 235, 262 and 316.) The cost of wires or cabling used in installing equipment includable in account 234, "Large private branch exchanges," shall be included in that account and shall not be included or in part in account 232, and also accounts 108, 221, 262 and 316.) The cost of riser and distributing cables, including associated cross-connection boxes, terminals, distributing frames, etc. is chargeable to account 242:1, "Aerial cable."

NOTE B: The cost of outside plant, such as poles, wires, and cables, whether or not on private property, used to connect a private branch exchange with its terminal stations shall be charged to the appropriate pole, wire and cable accounts.

NOTE C: Provisional denials of service to stations for non-payment shall not be treated as stations disconnected unless the denials become final. Similarly, restoration of service to such stations subjected to provisional denials which have not become final shall not be treated as stations reconnected. The cost of disconnecting and reconnecting customers' lines at customers' premises at the System Network Interface or equivalent to effect such provisional denials and restorations shall be charged to account 504, "Installations and repairs of station equipment." If the disconnection is made in the outside cable plant, the cost thereof shall be charged to accounts 602:2, "Repairs of aerial cable," or 602:4, "Repairs of buried cable," as appropriate. If the disconnection and reconnection are made in central offices, the cost thereof shall be charged to account 504, "Repairs of central office equipment."

NOTE D: Any company so desiring may make the above revisions retroactive to an earlier date in calendar year 1981.

NOTE E: Effective October 1, 1981, to the extent applicable, the items shown above shall be charged to account 605, "Installations and repairs of station equipment."

NOTE F: The items shown above when provided on detariffed lease or sale basis shall be charged to account 108, "Miscellaneous physical property," or account 318, "Miscellaneous income," as appropriate.

(Secs. 1, 2, 4, 201-205, 208, 215, 218, 220, 313, 314, 403, 404, 410, 602; 48 Stat., as amended: 1064, 1066, 1070, 1071, 1072, 1073, 1076, 1077, 1087, 1094, 1098, 1102; 47 U.S.C. 151, 152, 154, 201-205, 208, 215, 218, 313, 314, 403, 404, 410, 602; secs. 4, 303, 48 Stat. 1066, 1082, as amended, 47 U.S.C. 154, 303)

[28 FR 13039, Dec. 5, 1963, as amended at 46 FR 19491, Mar. 31, 1981; 48 FR 28557, May 28, 1981; 48 FR 49848, Oct. 28, 1983; 48 FR 500 Nov. 2, 1983; 49 FR 3188, Jan. 28,

§ 31.234 Large private branch exchanges.

(a) This account shall include the original cost, including cost of installation, of multiple manual private branch exchanges, and of dial system private branch exchanges of types designed to accommodate 100 or more lines or which can normally be expanded to 100 or more lines, installed either for customers' or the company's use. This account shall also include the original cost of other large installations of station equipment (a) which do not constitute stations, (b) which require special or individualized treatment because of their complexity, special design, or other distinctive characteristics, and (c) for which individuals or other specialized cost records are appropriate. (See also account 231.)

(b) The embedded network terminating wire, wiring that runs from the house cable terminal to the demarcation point, must be separately identified and amortized over a five year period. The amortization should be charged to account 608, "Depreciation, with a corresponding credit to account 171, "Depreciation reserve." In calculating this amortization, the company shall first determine the net book cost for this equipment by subtracting the depreciation reserve attributable to this equipment. The net book cost shall be divided by the number of months remaining in the five year amortization period to determine the appropriate amortization for that month. When this equipment is physically removed, sold, destroyed or abandoned, the original cost (actual or estimated average cost) carried in this account for this category of plant shall be charged to account 171. Under no circumstances shall the accumulated amortization credits to account 171 exceed the balance of the investment for this category of plant.

Items

(Note § 31.01-8)

Cables or wires from distributing frame to switchboard.

Dial system private branch exchanges of types designed to accommodate 100 or more lines or which can normally be expanded to 100 or more lines, including any nonmultiple manual switchboards used as

attendants positions in connection with such dial system exchanges.
Distributing frames.

Multiple manual switchboards.

Operators' chairs.

Operators' head sets and transmitters.

Power equipment, including special foundations.

Switching and signaling devices in large installations, such as certain key systems for governmental agencies, including relay rack equipment, apparatus cabinets, key cabinets, key boxes, and other components of such systems,

Switching equipment at switching or relay centers of large private line teletypewriter systems.

Television program supply equipment and other television equipment on customers' premises except portable equipment subject to use in central offices.

Wires (or small cables used instead of wires) installed specifically to serve as trunk, battery or generator circuits from a large private branch exchange to the point of connection with the network interface lack (demarcation point).

NOTE A: The cost of riser and distributing cables in buildings other than central offices, which by their physical characteristics, methods of installation, and permanence constitute regular house cables shall be charged to account 242:1.

NOTE B: The cost of outside plant, such as poles, wires, and cables, whether or not on private property, used to connect a private branch exchange with its terminal stations shall be charged to the appropriate pole, wire, and cable accounts.

NOTE C: The cost of cross-connection boxes installed as a part of the house cable system, including those used as distributing frames, shall be charged to account 242:1.

NOTE D: New network terminating wire shall be charged to account 605, "Installations and repairs of station equipment."

NOTE E: The items shown above when provided on a detariffed lease or sale shall be charged to account 103, "Miscellaneous physical property," or account 316, "Miscellaneous income," as appropriate.

NOTE F: Large private branch exchanges and key systems. Including the associated cable/wiring, installed for company use shall be recorded in account 221, "Central office equipment," or account 282, "Other communications equipment," as appropriate.

[28 FR 13030, Dec. 5, 1963, as amended at 32 FR 2630, Feb. 8, 1967; 48 FR 50545, Nov. 2, 1983]

§ 31.235

§ 31.235 Public telephone equipment.

(a) This account shall include the original cost of coin-operated and coinless telephones in separate subclasses, "Public telephone equipment—coin-operated" and "Public telephone equipment—coinless." These subclasses shall also include the original cost of the premise wiring installed for use by the public telephones.

(b) This account shall also include the original cost of operating spares that are required to provide a continuity of service for public telephones. The operating spares shall not exceed six months supply in terms of turnover and available to installers from locations in reasonable proximity to the location of the installed equipment.

ITEMS

(Note § 31.01-8)

Enclosure—a complete installation with or without booth, directory hangers and shelves, shield and public telephone signs.

Mounting (pedestal, post or wall)—a complete installation with or without a base plate.

Directory stand or shelf (in proximity to public telephones)—a complete installation with or without directory hangers.

Telephone sets—a complete item (coin-operated and credit card).

NOTE A: The cost of replacing operating spares shall be charged to account 607, "Repair of public telephone equipment."

NOTE B: The cost of a detariffed telephone extension installed for use with a semi-public telephone shall be charged to account 103, "Miscellaneous physical property," or account 316, "Miscellaneous income," as appropriate.

[48 FR 50545, Nov. 2, 1983]

§ 31.241 Pole lines.

This account shall include the original cost of poles, crossarms, guys, and other material used in the construction of Pole lines.

ITEMS

(Note § 31.01-8)

Anchor.
A and H fixtures.
Bolts.
Braces, pole and back.
Bridge fixtures.
Cable arms.

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Clearing routes and tree trimming except maintenance of previous clearings. (Note also amount 602:1.)

Crossarms.

Extension arms.

Guard arms.

Guy clamps.

Guy stubs.

Guy wire or strand.

Permits and privileges and rights of way for construction. (Note also § 31.2-22(b)(7) and Note F to account 211.)

Pins.

Pole brackets.

Poles.

Pole steps.

River crossing and lone span fixtures.

Strain insulators.

Towers.

Treating and marking poles.

NOTE: The cost of poles that are considered part of a detariffed PBX or key system intrasystem shall be charged to account 103, "Miscellaneous physical property," or account 316, "Miscellaneous income," as appropriate.

[28 FR 13039, Dec. 5, 1963, as amended at 32 FR 2630, Feb. 8, 1967; 48 FR 50545, Nov. 3, 1983]

§ 31.242:1 Aerial cable.

This account shall include the original cost of aerial cable and other material used in the construction of such

ITEMS

(Note § 31.01-8)

Air dryers.

Bonds and ground.

Cable—block, feeder, main, subsidiary.

Cable—house, including riser and distributing cables extending to floor terminal boxes, cross-connections boxes and wall outlets, etc., when connection is made with inside wires.

Cable clamps.

Cable rings.

Cable terminals or boxes.

Closure and splice cases.

Cross-connection wires and fuses installed in the first equipment for service of cable terminals or boxes.

Drop and block wires served either by aerial cable or aerial wire, and their associated protectors, including ground rods, ground wire, brackets, bridle rings, insulators, knobs, span clamps, screws, strand, tubes, and other material used in the installation of aerial drop and block wires, trimming trees and other costs incurred in the installation of such wires.

Floor terminal boxes and cross-connection boxes at wall outlets.

Fuse boxes.

Loading coils, building-out condensers, carrier-line filters, and cases therefor.

Main-frame-terminating cable extending to outside cable.

Negative returns.

Permits and privileges for construction.

(Note also § 31.2-22(b)(7).)

Pole seats and balconies.

Pressure contractor-terminals.

Protectors and arresters.

Sleeves.

Strand suspension.

Tree guards.

NOTE A: House cables are considered to be extensions of aerial cable plant. They do not include the inside wires extending from terminal boxes of house cables to subscribers' stations which are included in account 232 or account 605 (effective October 1, 1981), or the cables for subscribers' private branch exchange switchboards which are included in account 222 or account 605 (effective October 1, 1981) or account 234, as appropriate.

NOTE B: The company's records shall be kept so that the miles of wire in aerial cable may be shown in the annual reports to this Commission, except that no such reporting is required as regards drop and block wires.

NOTE C: The cost of aerial cable, including house cable that is considered part of a detariffed PBX or key system intrasystem shall be charged to account 103, "Miscellaneous physical property," or account 316, "Miscellaneous income," as appropriate.

(Secs. 1, 2, 4, 201-205, 208, 215, 218, 220, 313, 914, 403, 404, 410, 602; 48 Stat., as amended; 1064, 1066, 1070, 1071, 1072, 1073, 1076, 1077, 1087, 1094, 1098, 1102; 47 U.S.C. 151, 152, 154, 201-205, 208, 215, 218, 313, 314, 403, 404, 410, 602; secs. 4, 303, 48 Stat. 1066, 1082, as amended, 47 U.S.C. 154, 303)

[28 FR 13039, Dec. 5, 1963, as amended at 32 FR 2630, Feb. 8, 1967; 46 FR 19491, Mar. 31, 1981; 48 FR 49849, Oct. 28, 1983; 48 FR 50545, Nov. 2, 1983]

§ 31.242:2 Underground cable.

This account shall include the original cost of underground cable in conduit and other material used in the construction of such cable.

ITEMS

(Note § 31.01-8)

Air dryers.

Bonds and grounds.

Cable-feeder, main, subsidiary.

Cable terminals or boxes.

Closure and splice cases.

Cross-connection wires and fuses installed in the first equipment for service of cable terminals or boxes.

Electrolysis surveys made in the course of installing cable.

Fuse boxes.

Loading coils, building-out condensers, carrier-line filters, and cases therefor.

Main-frame-terminating cable extending to outside cable.

Negative returns.

Permits and privileges for construction.

(Note also § 31.2-22(b)(7).)

Pressure contractor-terminals.

Protectors and arresters.

Pumping out and cleaning manholes and ducts in underground cable construction work. (See also Note A to this account.)

Sleeves.

Splicing boxes.

NOM A: The cost of pumping water out of manholes and of cleaning manholes and ducts in connection with the maintenance or operation of telephone plant shall be charged to account 602:4 or 602:7, as appropriate.

NOTE B: The cost of small cables used in the installation of station apparatus is included in account 232 or account 605 (effective October 1, 1981). However, the cost of small cables used as drop or block wires shall be charged to account 242:1 or account 242:3, as appropriate.

NOTE C: The cost of cable leading from central office main frames to other central office equipment shall be charged to account 221.

NOTE D: House cables are considered to be extensions of aerial cable plant. They do not include the inside wires extending from terminal boxes of house cables to subscribers' stations which are included in account 232 or account 605, or the cables for subscribers' private branch exchange switchboards which are included in account 222, account 605 or account 234, as appropriate.

NOTE E: The company's records shall be kept so that the miles of wire in underground cable may be shown in the annual reports to the Commission.

NOM F: The cost of underground cable that is considered part of a detariffed PBX or key system intrasystem shall be charged to amount 103, "Miscellaneous physical property," or amount 316, "Miscellaneous income," as appropriate.

(Secs. 1, 2, 4, 201-205, 208, 215, 218, 220, 313, 314, 403, 404, 410, 602; 48 Stat., as amended; 1064, 1066, 1070, 1071, 1072, 1073, 1076, 1077, 1087, 1094, 1098, 1102; 47 U.S.C. 151, 152, 154, 201-205, 208, 215, 218, 313, 314, 403, 404, 410, 603; secs. 4, 303, 48 Stat. 1066, 1082, as amended, 47 U.S.C. 154, 903)

[28 FR 13039, Dec. 5, 1963, as amended at 32 FR 2630, Feb. 8, 1967; 46 FR 19491, Mar. 31,

§ 21.2423

1981; 48 FR 49849, Oct. 28, 1983; 48 FR 50545, Nov. 2, 1983]

§ 31.242:3 Buried cable.

This account shall include the original cost of buried cable and other material used in the construction of such cable.

ITEMS

(Note § 31.01-8)

Air dryers.
Cable—feeder, main.
Cable terminals or boxes.
Closure and splice cases.
Cross-connection wires and fuses installed in the first equipment for service of cable terminals or boxes.
Drop and block wires served either by buried cable or underground cable and their associated protectors, including all material and other costs associated with the installation of such wires.
Loading coils, building-out condensers, carrier-line filters, and cases therefor.
Main-frame-terminating cable extending to outside cable.
Negative returns.
Pedestals.
Permits and privileges and rights of way for construction. (Note also § 31.2-22(b)(7) and Note F to amount 211.)
Pressure contractor-terminals.
Protective covering for buried cable, i.e., cable not run in regular conduit, such as fiber or other material (except when constructed so as to be reusable in place for other cable) and the cost of manholes, etc., designed specifically for use in such construction.
Protectors and arresters.
Pumping out and cleaning manholes in buried cable construction work. (See also Note A to this amount.)
Sleeves.
Splicing boxes.
Trenching for and burying cable not run in regular conduit.
Wire when buried and used as a part of the general distribution system.

NOTE A: The cost of pumping water out of manholes and of cleaning manholes and ducts in connection with the maintenance or operation of telephone plant shall be charged to account 602:4 or 602:7, as appropriate.

NOTE B: The company's records shall be kept so that the miles of wire in buried cable may be shown in the annual reports to this Commission, except that no such reporting is required as regard drop and block wires.

NOTE C: The cost of buried cable that is considered part of a detariffed PBX or key

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system intrasystem shall be charged to account 103. "Miscellaneous physical property," or account 316. "Miscellaneous Income," as appropriate.

(Secs. 4, 303, 48 Stat. 1066, 1082, as amended, 47 U.S.C. 154, 303)

[28 FR 13039, Dec. 5, 1963, as amended at 32 FR 2630, Feb. 8, 1967; 48 FR 49849, Oct. 28, 1983; 48 FR 50545, Nov. 2, 1983]

§ 31.242:4 Submarine cable.

This account shall include the original cost of submarine cable and other material used in the construction of such cable.

ITEMS

(Note § 31.01-8)

Air dryers.
Cable—feeder, main.
Cable terminals or boxes.
Loading coils, building-out condensers, carrier-line filters, and cases therefor.
Permits and privileges and rights of way for construction. (Note also § 31.2-22(b)(7) and Note F to account 211.)
Pressure contractor-terminals.
Protectors and arresters.
Sleeves.
Submarine cable terminal huts.

NOTE: The company's records shall be kept so that the miles of wire in submarine cable may be shown in the annual reports to this Commission.

[28 FR 13039, Dec. 5, 1963, as amended at 32 FR 2631, Feb. 8, 1967]

§ 31.243 Aerial wire.

This account shall include the original cost of aerial wire other than drop and block wires, including insulators, tie wires, and other material used in the construction of aerial wire plant. The company shall exercise such precautions as are necessary to prevent credits to this account for drop and block wires removed=

ITEMS

(Note § 31.01-8)

Bridle rings.
Bridle wire.
Ground wire, clamps, and rods.
Insulators and thimbles.
Loading coils, building-out condensers, carrier-line filters, and cases therefor.
Permits and privileges for construction. (Note also § 31.2-22(b)(7).)
Protectors and arresters.
Repeating coils.

Appendix Part 2

Testing equipment and tools, central office.
(See also Note D to this account.)

Test tables.
Ticket holders.
Toll ticket carriers.
Traffic load counting equipment.
Turrets.
Water stills for battery service.

NOTE A: The cost of desks and tables not equipped with central office equipment and of kitchen and dining room equipment, chairs of the same types as used in other offices, typewriters, portable electric fans, etc., shall be charged to account 261.

NOTE B: The cost of Gables leading from the main frame to outside plant shall be included in the plant account appropriate for the cost of Gables with which they connect.

NOTE C: The cost of loading coils on circuits leading from the main frame to outside plant shall be included in the account charged with the cost of the circuit of which they are a part.

NOTE D: The cost of portable testing equipment and tools other than those regularly used in central offices shall be charged to account 264.

NOTE E: The cost of wires or Gables used for company used equipment that handles switching of customer traffic that was previously recorded in account 232 or account 234 shall be included in this account.

NOTE F: The cost of company used equipment that handles official company business shall be charged to account 262.

NOTE G: Company used equipment that cost \$200 or less shall be charged to the appropriate expense account, including the inside wiring installed to be used with this equipment.

[28 FR 13030, Dec. 5, 1963, as amended at 32 FR 2629, Feb. 8, 1967; 48 FR 50543, Nov. 2, 1983]

§ 31.231 Station apparatus.

(a) This account shall include the original cost of station apparatus, including small private branch exchanges installed for customers' use. (Note also accounts 221, 235 and 262.) This account shall also include the cost of materials in stock which are normally used as station apparatus or additions thereto, as distinguished from items normally used for repair purposes. (Note also accounts 106, 221, 235 and 262.) Items included in this account which are normally used as station apparatus shall remain herein until finally disposed of or until used in such manner as to be includible in other accounts.

(b) Each company shall prepare a list of items of station apparatus which shall be used as its list of disposition units for this account the cost of which when finally disposed of shall be credited to this account and charged to the depreciation reserve. Each company having annual operating revenues exceeding \$1,000,000 shall submit to the Commission a copy of such a list not later than the date it is to be made effective for use by the company, together with the company's plan for determining disposition unit costs and the methods to be used to insure that an equitable portion of the cost of other items, supply expense, and other amounts included in this account will be credited hereto and charged to account 171. "Depreciation reserve," upon the ultimate disposal of any disposition unit. Revisions made during any year to the effective list of disposition units filed with the Commission shall be submitted to the Commission not later than March 1 of the following year.

(c) The embedded company used equipment that costs \$200 or less (Note § 31.2-20(d)) must be separately identified and amortized over a five year period. The amortization should be charged to account 608, "Depreciation," with a corresponding credit to account 171, "Depreciation reserve." In calculating this amortization, the company shall first determine the net book cost for this equipment by subtracting the depreciation reserve attributable to this equipment. This net book cost shall be divided by the number of months remaining in the five year amortization for that month. When this equipment is physically removed, sold, destroyed or abandoned, the original cost (actual or estimated average cost) carried in this account for this category of plant shall be charged to account 171. Under no circumstances shall the accumulated amortization credits to account 171 exceed the balance of the investment for this category of plant.

Items

(Note § 31.01-8)

Amplifying equipment,
Answering equipment.

- Attendants' cabinets.
- Attendants' desks.
- Backboards.
- Code call units.
- Code sending sets.
- Data sets.
- Desk sets, hand sets, wall sets, and combined sets, including those used at main, extension, private branch exchange, and private line stations, etc. (See also paragraph (c) and Note C to this account.)
- Distributing frames.
- Extension bells.
- Facsimile equipment.
- Hand-set mountings.
- Messenger, and similar signalling devices.
- Mobile telephone equipment.
- Operators' chairs.
- Operators' head sets and transmitters. (See also paragraph (c) and Note C to this account.)
- Ordering receiving tables.
- Order turrets.
- Power equipment.
- Printer—telegraph equipment.
- Private branch exchange equipment—non-multiple manual and cordless switchboards and dial equipment of types designed to accommodate fewer than 100 lines and which cannot normally be expanded to more than 99 lines. (See also accounts 221 and 262.)
- Program supply equipment—other than television.
- Public address equipment.
- Station switching and signalling devices, including apparatus cabinets, keys, key cabinets, and other devices used as parts of intercommunicating systems. (See also account 221, 234 and 262.)
- Subscriber sets.
- Telegraph equipment.
- Teletypewriter equipment, including switching equipment. (See also accounts 221, 224 and 262.)

NOTE A: The cost of installation (including customers' station protectors, and wiring on the customer's side of the protector or equivalent) shall be charged to account 232, "Station connections-inside wiring," and/or account 605, "Installations and repairs of station equipment," as appropriate. (See also account 235.)

NOTE B: The cost of cross-connection boxes installed as a part of the hose cable system, including those used as distributing frames, shall be charged to account 242:1, "Aerial cable."

NOTE C: Operators' head sets and transmitters in central offices and at large private branch exchanges, and test sets such as those used by wire chiefs, linemen and others, shall be included in account 221. "Central office equipment," account 234, "Large private branch exchanges," account 262, "Other communications equipment," as appropriate.

NOTE D: Items of station apparatus in stock for which no further use in the ordinary conduct of the business is contemplated, but which as a precautionary measure, are held for possible future contingencies instead of being junked, shall be excluded from this account and included in account 132, "Material and supplies."

NOR E: An annual inventory shall be taken of all telephones in stock that are included in this account. The number of such telephones as determined by this inventory, together with the number of all other telephones included in this account, shall be compared with the corresponding number of telephones as shown by the respective control records. The original cost of any unreconciled differences thereby disclosed shall be adjusted through account 171, "Depreciation reserve." Appropriate verifications shall also be made at suitable intervals and necessary adjustments between this account and account 171 shall be made for all other station apparatus included in this account.

(Secs. 1, 2, 4, 201-205, 208, 215, 218, 220, 313, 314, 403, 404, 410, 602; 48 Stat., as amended; 1064, 1066, 1070, 1071, 1072, 1073, 1076, 1077, 1087, 1094, 1098, 1102; 47 U.S.C. 151, 152, 154, 201-205, 208, 215, 218, 313, 314, 403, 404, 410, 602)

[28 FR 13039, Dec. 5, 1963, as amended at 32 FR 2630, Feb. 8, 1967; 36 FR 8375, May 5, 1971; 46 FR 19490, Mar. 31, 1981; 48 FR 50544, Nov. 2, 1983; 49 FR 46382, Nov. 26, 1984]

§ 31.232 Station connections-inside wiring,

(a) This account shall include the original cost of installing or connecting items of station apparatus and the original cost of inside wiring and cabling. (See also accounts 221, 235, 262 and 605.)

(b) The investment in station connections—inside wiring is to be amortized to account 608, "Depreciation," with a corresponding credit to account 171, "Depreciation reserve," over a ten year period commencing no later than October 1, 1981. In calculating this amortization, the company shall first determine the net book cost of station connections-inside wiring by subtracting the depreciation reserve attributable to station connections—inside wiring from the book cost of station connections-inside wiring. This net book cost shall be divided by the number of months remaining in the ten year amortization period to determine the appropriate amortization

for that month's amortization amount will be determined by the net book cost of the net book 119, the third month's reserve account is zero. The results of the studies require that the amount of any reserve be to the at wiring. It will connections—should be determined by the amount of amortization scheduled in the depreciation reserve category of plant ment on the 1981, will be October 1, 1991. For phase-in appropriate investment in October 1, 1981, shall be specified account noted above amortization 1992. The growth between October 30, 1983, and September 30, 1984, shall be amortized on inside wiring October 30, 1994. Under the cumulative account 171 investment in inside wiring.

(c) Effective 1981, for cost approach, when installed excess connections—cost shall be on the following October 1, 1982; 50% by and September 1, 1984; and 0% The remainder this account

NOTE D: Items of *station apparatus* in stock for which no further use in the ordinary conduct of the business is contemplated, but which as a precautionary measure, are held for possible future contingencies instead of being junked, shall be excluded from this account and included in account 21, "Material and supplies."

NOTE E: An annual inventory shall be taken of all telephones in stock that are included in this account. The number of such telephones as determined by this inventory, together with the number of all other telephones included in this account, shall be compared with the corresponding number of telephones as shown by the respective control records. The original cost of any unexplained differences thereby disclosed shall be adjusted through account 171, "Depreciation reserve." Appropriate verifications shall also be made at suitable intervals and necessary adjustments between this account and account 171 shall be made for all station apparatus included in this account.

CS. 1, 2, 4, 201-205, 208, 215, 218, 220, 313, 314, 316, 333, 404, 410, 602; 48 Stat., as amended; 48 FR 666, 1070, 1071, 1072, 1073, 1078, 1077, 1079, 1094, 1098, 1102; 47 U.S.C. 151, 152, 201-205, 208, 215, 218, 313, 314, 403, 404, 602)

FR 13039, Dec. 5, 1963, as amended at 32 FR 200, Feb. 8, 1967; 36 FR 8375, May 5, 1971; 36 FR 19490, Mar. 31, 1981; 48 FR 44, Nov. 2, 1983; 49 FR 46382, Nov. 26, 1984

1.2 Station connections-inside wiring.

a) This account shall include the original **COST** of installing or connecting items of station apparatus and the original cost of inside wiring and cabling. (See also accounts 221, 235, 262 and 605.)

b) The investment in station connections-inside wiring is to be amortized to account 608, "Depreciation," with a corresponding credit to account 171, "Depreciation reserve," over 8 ten-year periods commencing no later than October 1, 1981. In calculating this amortization, the company shall first determine the net book cost of station connections-inside wiring by subtracting the depreciation reserve attributable to station connections-inside wiring from the book cost of station connections-inside wiring. The net book cost shall be divided by the number of months remaining in the ten-year amortization period to determine the appropriate amortization

for that month. For example, the amortization amount for the first month will be determined by dividing the net book cost by 120. The second month, the net book cost will be divided by 119, the third month by 118, etc. Carriers are to assume that the first month's reserve balance for this account is zero. However, if from the studies required by Docket 20188 or the results of the re-prescription process any reserve is identified as applicable to the station connection-inside wiring, it will be added to the station connections-inside wiring reserve and should be deducted from the remaining investment to be amortized. Also, the amounts resulting from the amortization schedule should not be considered in the determination of the separate reserve established for each category of plant. The embedded investment on the books up to October 1, 1981, will be fully recovered by October 1, 1991. For carriers who adopt the phase-in approach, the growth in investment in inside wiring between October 1, 1981, and September 30, 1982, shall be specifically identified and amortized according to the schedule noted above over ten years with full amortization completed by October 1, 1992. The growth in investment between October 1, 1982, and September 30, 1983, and between October 1, 1983, and September 30, 1984, shall be handled in the same manner with full amortization on all station connections-inside wiring completed by September 30, 1994. Under no circumstances shall the cumulative amortization credits to account 171 exceed the balance of the investment for station connections-inside wiring.

(c) Effective no later than October 1, 1981, for carriers who select a phase-in approach, when a station apparatus is installed except as part of a replacement or an inside move, the station connections-inside wiring installation cost shall be charged to this account on the following basis: 75% between October 1, 1981, and September 30, 1982; 50% between October 1, 1982, and September 30, 1983, 25% between October 1, 1983, and September 30, 1984; and 0% after September 30, 1984. The remaining cost not chargeable to this account shall be charged to the

appropriate subaccount of account 605. Effective no later than October 1, 1981, for carriers who select a flash-cut approach, the otherwise capitalizable amount chargeable to the station connections-inside wiring account shall be expensed to the appropriate subaccount of account 605.

(d) When a station connection-inside wiring is physically removed, sold, destroyed, or abandoned, the original cost (actual or estimated average unit cost) carried in this account shall be credited hereto and charged to account 171, "Depreciation reserve"; or if a separate depreciation reserve account or accounts are established for station connections, the debit entry shall be made to the appropriate depreciation reserve account.

ITEMS

(Note 31.01-8)

The wires (or small cables) from the station apparatus to the point of connection with the outside plant cable or wire facilities. (See also accounts 221, 235 and 262.)

The wires (or small cables) used to connect station apparatus in the same building, such as main stations with extension stations, and stations of intercommunicating system. (See also accounts 221, 235 and 262.)

The wires (or small cables) used to connect private branch exchange switchboards or their distributing frames with terminal stations located in the same building. (See also accounts 221 and 262.)

The wires (or small cables) used to connect the various parts of a small private branch exchange, such as the cable or wires from distributing frames to switchboard. (See also accounts 221 and 262.)

The wires (or small cables) installed specifically to serve as trunk, battery, or generator circuits from a small private branch exchange to the point of connection with the permanent house or outside cables or wires. (See also accounts 221 and 262.)

Connecting blocks, ground wires, ground rods, station protectors, clamps, cleats, nails, screws and other material used in the installation of station apparatus and inside wiring and cabling. (See also accounts 221, 235 and 262.)

Labor and other costs incurred in connection with station apparatus and station connection installations or additions thereto. (See also accounts 221, 235 and 262.)

NOTE A: Costa charged to this account prior to October 1, 1981, in connection with inside cabling are restricted to cables used in section installations instead of wires, such as those that run from wall outlets or floor terminals to the station apparatus, and to cables used in installing small private branch exchanges. (See also accounts 106, 221, 235, 262 and 317.) The cost of wires or cabling used in installing equipment includable in account 234, "Large private branch exchanges," shall be included in that account and shall not be included in whole or in part in account 233. (See also accounts 106, 221, and 262.) The cost of riser and distributing cables, including associated cross-connection boxes, terminals, distributing frames, etc., is chargeable to account 242:1, "Aerial cable."

NOTE B: The cost of outside plant, such as poles, wires, and cables, whether or not on private property, used to connect a private branch exchange with its terminal stations shall be charged to the appropriate pole, wire and cable accounts.

NOTE C: Provisional denials of service to stations for non-payment shall not be treated as stations disconnected unless the denials become final. Similarly, restoration of service to such stations subjected to provisional denials which have not become final shall not be treated as stations reconnected. The cost of disconnecting and reconnecting customers' lines at customers' premises at the System Network Interface or equivalent to effect such provisional denials and restorations shall be charged to account 605, "Installations and repairs of station equipment." If the disconnection is made in the outside cable plant, the cost thereof shall be charged to accounts 602:2, "Repairs of aerial cable," or 602:4, "Repairs of buried cable," as appropriate. If the disconnection and reconnection are made in central offices, the cost thereof shall be charged to account 604, "Repairs of central office equipment."

NOTE D: Any company so desiring may make the above revisions retroactive to an earlier date in calendar year 1981.

NOTE E: Effective October 1, 1981, to the extent applicable, the items shown above shall be charged to account 605, "Installations and repairs of station equipment."

NOTE F: The items shown above when provided on detariffed lease or sale basis shall be charged to account 103, "Miscellaneous physical property," or account 326, "Miscellaneous income," as appropriate.

(Secs. 1, 2, 4, 201-205, 208, 215, 218, 220, 313, 314, 403, 404, 410, 602; 48 Stat., as amended: 1064, 1066, 1070, 1071, 1072, 1073, 1076, 1077, 1087, 1094, 1098, 1102; 47 V.S.C. 151, 152, 154, 201-205, 208, 215, 218, 313, 314, 403, 404, 410, 602; secs. 4, 303, 48 Stat. 1066, 1082, as amended, 47 V.S.C. 154, 303)

[28 FR 13039, Dec. 5, 1963, as amended at 46 FR 10491, Mar. 31, 1981; 46 FR 28657, May 28, 1981; 48 FR 49848, Oct. 28, 1983; 48 FR 50544, Nov. 2, 1983; 48 FR 3186, Jan. 28, 1984; 48 FR 46382, Nov. 26, 1984]

§ 31.234 Large private branch exchanges.

(a) This account shall include the original cost, including cost of installation, of multiple manual private branch exchanges, and of dial system private branch exchanges of types designed to accommodate 100 or more lines or which can normally be expanded to 100 or more lines, installed either for customers' or the company's use. This account shall also include the original cost of other large installations of station equipment (a) which do not constitute stations, (b) which require special or individualized treatment because of their complexity, special design, or other distinctive characteristics, and (c) for which individuals or other specialized cost records are appropriate. (See also account 231.)

(b) The embedded network terminating wire, wiring that runs from the house cable terminal to the demarcation point, must be separately identified and amortized over a five year period. The amortization should be charged to account 608, "Depreciation," with a corresponding credit to account 171, "Depreciation reserve." In calculating this amortization, the company shall first determine the net book cost for this equipment by subtracting the depreciation reserve attributable to this equipment. The net book cost shall be divided by the number of months remaining in the five year amortization period to determine the appropriate amortization for that month. When this equipment is physically removed, sold, destroyed or abandoned, the original cost (actual or estimated average cost) carried in this account for this category of plant shall be charged to account 171. Under no circumstances shall the accumulated amortization credits to account 171 exceed the balance of the investment for this category of plant.

ITEMS

(Note § 31.01-8)

Cables or wires from distributing frame to switchboard.

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NOTE A: The cables in bullfices, which tics, methods, nence constirbe charged to

NOTE B: The poles, wires, private propert branch excha shall be char wire, and cabl

NOTE C: T boxes installe system, includ frames, shall

NOTE D: N shall be char tions and rep

NOTE F: La and key syst cable/wiring, shall be reco office equipr communicati ate.

[28 FR 13039 FR 2630, Feb 1883; 49 FR 4

131.235 Pul

(a) This original COS

[28 FR 13039, Dec. 5, 1963, as amended at 48 FR 19491, Mar. 31, 1981; 48 FR 28657, May 28, 1981; 48 FR 49848, Oct. 28, 1983; 48 FR 50544, Nov. 2, 1983; 49 FR 3188, Jan. 26, 1984; 49 FR 46382, Nov. 1, 1984]

§ 31.234 Large private branch exchanges.

(a) This account shall include the original cost, including cost of installation, of multiple manual private branch exchanges, and of dial system private branch exchanges of types designed to accommodate 100 or more lines or which can normally be expanded to 100 or more lines, installed either for customers' or the company's use. This account shall also include the original cost of other large installations of station equipment (a) which do not constitute stations, (b) which require special or individualized treatment because of their complexity, special design, or other distinctive characteristics, and (c) for which individuals or other specialized cost records are appropriate. (See also account 231.)

(b) The embedded network terminating wire, wiring that runs from the house cable terminal to the demarcation point, must be separately identified and amortized over a five year period. The amortization should be charged to account 808, "Depreciation," with a corresponding credit to account 171, "Depreciation reserve." In calculating this amortization, the company shall first determine the net book cost for this equipment by subtracting the depreciation reserve attributable to this equipment. The net book cost shall be divided by the number of months remaining in the five year amortization period to determine the appropriate amortization for that month. When this equipment is physically removed, sold, destroyed or abandoned, the original cost (actual or estimated average cost) carried in this account for this category of plant shall be charged to account 171. Under no circumstances shall the accumulated amortization credits to account 171 exceed the balance of the investment for this category of plant.

ITEMS

(Note § 31.01-8)

Subles or wires from distributing frame to switchboard.

Dial system private branch exchanges Of types designed to accommodate 100 or more lines or which can normally be expanded to 100 or more lines, including nonmultiple manual switchboards used as attendants positions in connection with such dial system exchanges.

Distributing frames.

Multiple manual switchboards.

operators' chairs.

Operators' head sets and transmitters.

Power equipment, including special foundations.

Switching and signaling devices in large installation & such as certain key systems for governmental agencies, including relay rack equipment, apparatus cabinets, key cabinets, key boxes, and other components of such systems.

Switching equipment at switching or relay centers of Large private line teletypewriter systems.

Television program supply equipment and other television equipment on customers' premises except portable equipment subject to use in central offices.

Wires (or small cables used instead of wires) installed specifically to serve as trunk, battery or generator circuits from a Large private branch exchange to the point of connection with the network Interface jack (demarcation point).

NOTE A: The cost of riser and distributing cables in buildings other than central offices, which by their physical characteristics, methods of installation, and permanence constitute regular house cable shall be charged to account 242:1.

NOTE B: The cost of outside plant, such as poles, wires, and cables, whether or not on private property, used to connect a private branch exchange with its terminal stations shall be charged to the appropriate pole, wire, and cable accounts.

NOTE C: The cost of cross-connection boxes installed as a part of the house cable system, including those used as distributing frames, shall be charged to account 242:1.

NOTE D: New network terminating wire shall be charged to account 605, "Installations and repairs of station equipment."

NOTE E: Large private branch exchanges and key systems, including the associated cable/wiring, installed for company use shall be recorded in account 221, "Central office equipment," or account 262, "Other communications equipment," as appropriate.

[28 FR 13030, Dec. 5, 1963, as amended at 32 FR 2830, Feb. 8, 1967; 48 FR 50545, Nov. 2, 1983; 49 FR 46383, Nov. 26, 1984]

§ 31.235 Public telephone equipment

(a) This account shall include the original cost of coin-operated and coin-

less telephones in separate subclasses. "Public telephone equipment—coin-operated," and "Public telephone equipment—coinless." These subclasses shall also include the original cost of the premise wiring installed for use by the public telephones.

(b) This account shall also include the original cost of operating spares that are required to provide a continuity of service for public telephones. The operating spares shall not exceed, six months supply in terms of turnover and available to installers from locations in reasonable proximity to the location of the installed equipment.

ITEMS

(Note § 31.01-8)

Enclosure—a complete installation with or without booth, directory hangers and shelves, shield and public telephone signs.

Mounting (pedestal, post or wall)—a complete installation with or without a base plate.

Directory stand or shelf (in proximity to public telephones)—a complete installation with or without directory hangers.

Telephone sets—a complete item (coin-operated and credit card).

NOTE A: The cost of replacing operating spares shall be charged to account 807, "Repair of public telephone equipment."

[48 FR 50645, Nov. 2, 1983, as amended at 40 FR 46383, Nov. 26, 1984]

§ 31.241 Pole lines.

This account shall include the original cost of poles, crossarms, guys, and other material used in the construction of pole lines.

ITEMS

(Note § 31.01-8)

Anchors.

A and H fixtures.

Bolts.

Braces, pole and back.

Bridge fixtures.

Cable arms.

Clearing routes and tree trimming except maintenance of previous clearings. (Note also account 602:1.)

Crossarms.

Extension arms.

Guard arms.

Guy clamps.

Guy stubs.

Guy wire or strand.

§ 31.242:1

Permits and privileges and rights of way for construction. (Note also § 31.2-22(b)(7) and Note F to account 211.)

- Pins.
- Pole brackets.
- Poles.
- Pole steps.
- River crossing and long span fixtures.
- Strain insulators.
- Towers.
- Treating and marking poles.

[28 FR 13038, Dec. 5, 1963, as amended at 32 FR 2630, Feb. 8, 1967; 48 FR 50545, Nov. 2, 1983; 49 FR 46383, Nov. 26, 1984]

§ 31.242:1 Aerial cable.

This account shall include the original cost of aerial cable and other material used in the construction of such cable.

ITEMS

(Note § 31.01-8)

- Air dryers.
- Bonds and ground.
- Cable—block, feeder, main, subsidiary.
- Cable—house, including riser and distributing cables extending to floor terminal boxes, cross-connections boxes and wall outlets, etc., where connection is made with inside wires.
- Cable clamps.
- Cable rings.
- Cable terminals or boxes.
- Closure and splice cases.
- Cross-connection wires and fuses installed in the first equipment for service of cable terminals or boxes.
- Drop and block wires served either by aerial cable or aerial wire, and their associated protectors, including ground rods, ground wire, brackets, bridle rings, insulators, knobs, span clamps, screws, strand, tubes, and other material used in the installation of aerial drop and block wires, trimming trees and other costs incurred in the installation of such wires.
- Floor terminal boxes and cross-connection boxes at wall outlets.
- Fuse boxes.
- Loading coils, building-out condensers, carrier-line filters, and cases therefor.
- Main-frame-terminating cable extending to outside cable.
- Negative returns.
- Permits and privileges for construction. (Note also 31.2-22(b)(7).)
- Pole seats end balconies.
- Pressure contactor-terminals.
- Protectors and arresters.
- Sleeves.
- Strand suspension.
- Tree guards.

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NOTE A: House cables are considered to be extensions of aerial cable plant. They do not include the inside wires extending from terminal boxes of house cables to subscribers' stations which are included in account 232 or account 605 (effective October 1, 1981), or the cables for subscribers' private branch exchange switchboards which are included in account 232 or account 605 (effective October 1, 1981) or account 234, as appropriate.

NOTE B: The company's records shall be kept so that the miles of wire in aerial cable may be shown in the annual reports to this Commission, except that no such reporting is required as regards drop and block wires.

(Secs. 1, 2, 4, 201-205, 208, 215, 218, 220, 313, 314, 403, 404, 410, 602; 48 Stat., as amended: 1064, 1066, 1070, 1071, 1072, 1073, 1076, 1077, 1087, 1004, 1098, 1102; 47 U.S.C. 151, 152, 154, 201-205, 208, 215, 218, 313, 314, 403, 404, 410, 602; secs. 4, 303, 48 Stat. 1066, 1083, as amended, 47 U.S.C. 154.303)

[28 FR 13030, Dec. 5, 1963, as amended at 32 FR 2630, Feb. 8, 1967; 46 FR 19491, Mar. 31, 1981; 48 FR 40849, Oct. 28, 1983; 48 FR 90545, Nov. 2, 1983; 49 FR 46383, Nov. 26, 1984]

§ 31.242:2 Underground cable.

This account shall include the original cost of underground cable in conduit and other material used in the construction of such cable.

ITEMS

(Note § 31.01-8)

- Air dryers.
- Bonds and grounds.
- Cable—feeder, main, subsidiary.
- Cable terminals or boxes.
- Closure and splice cases.
- Cross-connection wires and fuses installed in the first equipment for service of cable terminals or boxes.
- Electrolysis surveys made in the course of installing cable.
- Fuse boxes.
- Loading coils, building-out condensers, carrier-line filters, and cases therefor.
- Main-frame-terminating cable extending to outside cable.
- Negative returns.
- Permits and privileges for construction. (Note also § 31.2-22(b)(7).)
- Pressure contractor-terminals.
- Protectors and arresters.
- Pumping out and cleaning manholes and ducts in underground cable construction work. (See also NOTE A to this account.)
- Sleeves.
- Splicing boxes.

Federal Co

NOTE A: Tl manholes a ducts in cor or operator charged to a priate.

NOTE B: T the installat cluded in ac tive October small cables shall be char 242:3, as app

NOTE C: T central offic office equip count 221.

NOTE D: H extensions of include the l minal boxes stations whic or account 6(private bra which are in 605 or accour

NOTE E: T kept so that ground cable reports to the

(Secs. 1, 2, 4, 314, 403, 404, 1064, 1066, 1070, 1071, 1072, 1073, 1076, 1077, 1087, 1094, 1154, 201-205, 410, 602; secs amended, 47 1

[28 FR 13039, FR 2630, Feb 1981; 48 FR 50545, Nov. 2 1984]

§ 31.242:3 Bt

This accou nal cost of 1 terial used i cable.

- Air dryers.
- Cable-feeder
- Cable termin
- Closure and s
- Cross-connect in the first terminals or
- Drop and b. buried cabl their associ material an the installa

NOTE A: House cables are considered to be extensions of aerial cable plant. They do not include the inside wires extending from terminal boxes of house cables to subscribers' stations which are included in account 232 or account 605 (effective October 1, 1981), or the cables for subscribers' private branch exchange switchboards which are included in account 232 or account 605 (effective October 1, 1981) or account 234, as appropriate.

NOTE B: The company's records shall be kept so that the miles of wire in aerial cable may be shown in the annual reports to this Commission, except that no such reporting is required as regards drop and block wires.

(Secs. 403, 404, 201-205, 208, 218, as amended, 1070, 1071, 1072, 1073, 1076, 1077, 1087, 1094, 201-205, 208, 47 U.S.C. 151, 152, 410, 602; secs. 4, 303, 4218, 313, 314, 403, 404, as amended, 47 U.S.C. 154, 303)

[28 FR 13039, Dec. 5, 1963, as amended at FR 2630, Feb. 8, 1967; 49 FR 49649, Oct. 28, 1983; 48 FR 50545, Nov. 2, 1983; 49 FR 46383, Nov. 26, 1984]

NOTE C: The cost of cable leading from central office main frames to other central office equipment shall be charged to account 221.

NOTE D: House cables are considered to be extensions of aerial cable plant. They do not include the inside wires extending from terminal boxes of house cables to subscribers' stations which are included in account 232 or account 605, or the cables for subscribers' private branch exchange switchboards which are included in account 232, account 605 or account 234, as appropriate.

NOTE E: The company's records shall be kept so that the miles of wire in underground cable may be shown in the annual reports to the Commission.

§ 31.242:2 Underground cable.

This account shall include the original cost of underground cable in conduit and other material used in the construction of such cable.

ITEMS

(Note § 31.01-8)

Air dryers.
Bonds and grounds.
Cable-feeder, main, subsidiary.
Cable terminals or boxes.
Closure and splice cases.

Cross-connection wires and fuses installed in the first equipment for service of cable terminals or boxes.

Electrolysis surveys made in the course of installing cable.

Fuse boxes.
Loading coils, building-out condensers, carrier-line filters, and cases therefor.

Main-frame-terminating cable extending to outside cable.

Negative returns.
Permits and privileges for construction. (Note also § 31.2-22(b)(7).)

Pressure contractor-terminals.
Protectors and arresters.

Pumping out and cleaning manholes and ducts in underground cable construction work. (See also Note A to this account.)

Sleeves.
Splicing boxes.

NOTE A: The cost of pumping water out of manholes and of cleaning manholes and ducts in connection with the maintenance or operation of telephone plant shall be charged to account 602:4 or 602:7, as appropriate.

NOTE B: The cost of small cables used in the installation of station apparatus is included in account 232 or account 805 (effective October 1, 1981). However, the cost of small cables used as drop or block wires shall be charged to account 242:1 or account 242:3, as appropriate.

NOTE C: The cost of cable leading from central office main frames to other central office equipment shall be charged to account 221.

NOTE D: House cables are considered to be extensions of aerial cable plant. They do not include the inside wires extending from terminal boxes of house cables to subscribers' stations which are included in account 232 or account 605, or the cables for subscribers' private branch exchange switchboards which are included in account 232, account 605 or account 234, as appropriate.

NOTE E: The company's records shall be kept so that the miles of wire in underground cable may be shown in the annual reports to the Commission.

(Secs. 1, 2, 4, 201-205, 208, 215, 218, 220, 313, 314, 403, 404, 410, 602; 48 Stat., as amended: 1064, 1066, 1070, 1071, 1072, 1073, 1076, 1077, 1087, 1094, 1098, 1102; 47 U.S.C. 151, 152, 154, 201-205, 208, 215, 218, 313, 314, 403, 404, 410, 602; secs. 4, 303, 48 Stat. 1068, 1082, as amended, 47 U.S.C. 154, 303)

[28 FR 13039, Dec. 5, 1963, as amended at FR 2630, Feb. 8, 1967; 46 FR 19491, Mar. 31, 1981; 48 FR 49849, Oct. 28, 1983; 48 FR 50545, Nov. 2, 1983; 40 FR 413383, Nov. 28, 1984]

§ 31.242:3 Buried cable.

This account shall include the original cost of buried cable and other material used in the construction of such cable.

ITEMS

(Note § 31.01-8)

Air dryers.
Cable-feeder, main.
Cable terminals or boxes.
Closure and splice cases.

Cross-connection wires and fuses installed in the first equipment for service of cable terminals or boxes.

Drop and block wires served either by buried cable or underground cable and their associated vrotectom. including all material and other costs associated with the installation of such wires.

Loading coils, building-out condensers, carrier-line filters, and cases therefor.
Main-frame-terminating cable extending to outside cable.

Negative returns.
Pedestals.
Permits and privileges and rights of way for construction. (Note also § 31.2-22(b)(7) and Note F to account 211.)

Pressure contractor-terminals.
Protective covering for buried cable, is cable not run in regular conduit, such as fiber or other material (except when constructed so as to be reusable in place for other cable) and the cost of manholes, etc., designed specifically for use in such construction.

Protectors and arresters.
Pumping out and cleaning manholes in buried cable construction work. (See also Note A to this account.)

Sleeves.
Splicing boxes.
Trenching for and burying cable not run in regular conduit.

Wire when buried and used as a part of the general distribution system.

NOTE A: The cost of pumping water out of manholes and of cleaning manholes and ducts in connection with the maintenance or operation of telephone plant shall be charged to account 602:4 or 602:7, as appropriate.

NOTE B: The company's records shall be kept so that the miles of wire in buried cable may be shown in the annual reports to this Commission, except that no such reporting is required as regard drop and block wires.

(Secs. 4, 303, 48 Stat. 1066, 1082, as amended, 47 U.S.C. 154, 303)

[28 FR 13039, Dec. 5, 1963, as amended at FR 2630, Feb. 8, 1967; 48 FR 49649, Oct. 28, 1983; 48 FR 50545, Nov. 2, 1983; 49 FR 46383, Nov. 26, 1984]

§ 31.242:4 Submarine cable.

This account shall include the original cost of submarine cable and other material used in the construction of such cable.

ITEMS

(Note § 31.01-8)

Air dryers.
Cable-feeder, main.
Cable terminals or boxes.
Loading coils, building-out condensers, carrier-line filters, and cases therefor.
Permits and privileges and rights of way for construction. (Note also § 31.2-22(b)(7) and Note F to account 211.)
Pressure contractor-terminals.



Appendix Part 3

Code of federal regulations

Telecommunication

47

PARTS 20 TO 39
Revised as of October 1, 1986



Federal Communications Commission

§ 31.231

NOTE D: The cost of portable testing equipment and tools other than those regularly used in central offices shall be charged to account 264.

NOTE E: The cost of wires or cables used for company used equipment that handles switching of customer traffic that was previously recorded in account 232 or account 234 shall be included in this account.

NOTE F: The cost of company used equipment that handles official company business shall be charged to account 262.

NOTE G: Company used equipment that cost \$200 or less shall be charged to the appropriate expense account, including the inside wiring installed to be used with this equipment.

128 FR 13039, Dec. 5, 1963, as amended at 32 FR 2629, Feb. 8, 1967; 48 FR 50543, Nov. 2, 1983

§ 31.231 Station apparatus.

(a) This account shall include the original cost of station apparatus, including small private branch exchanges installed for customers' use. (Note also accounts 221, 235 and 262.) This account shall also include the cost of materials in stock which are normally used as station apparatus or additions, thereto, as distinguished from items normally used for repair purposes. (Note also accounts 106, 221, 235 and 262.) Items included in this account which are normally used as station apparatus shall remain herein until finally disposed of or until used in such manner as to be includible in other accounts.

(b) Each company shall prepare a list of items of station apparatus which shall be used as its list of disposition units for this account the cost of which when finally disposed of shall be credited to this account and charged to the depreciation reserve. Each company having annual operating revenues exceeding \$1,000,000 shall submit to the Commission a copy of such a list not later than the date it is to be made effective for use by the company, together with the company's plan for determining disposition unit costs and the methods to be used to insure that an equitable portion of the cost of other items, supply expense, and other amounts included in this account will be credited hereto and charged to account 171, "Depreciation reserve," upon the ultimate disposal of any disposition unit. Revisions made

during any year to the effective list of disposition units filed with the Commission shall be submitted to the Commission not later than March 1 of the following year.

(c) The embedded company used equipment that costs \$200 or less (Note § 31.2-20(d)) must be separately identified and amortized over a five year period. The amortization should be charged to account 608, "Depreciation," with a corresponding credit to account 171, "Depreciation reserve." In calculating this amortization, the company shall first determine the net book cost for this equipment by subtracting the depreciation reserve attributable to this equipment. This net book cost shall be divided by the number of months remaining in the five year amortization for that month. When this equipment is physically removed, sold, destroyed or abandoned, the original cost (actual or estimated average cost) carried in this account for this category of plant shall be charged to account 171. Under no circumstances shall the accumulated amortization credits to account 171 exceed the balance of the investment for this category of plant.

Items

(Note § 31.01-8)

- Amplifying equipment.
- Answering equipment.
- Attendants' cabinets.
- Attendants' desks.
- Backboards.
- Code call units.
- Code sending sets.
- Data sets.
- Desk sets, hand sets, wall sets, and combined sets, including those used at main, extension, private branch exchange, and private line stations, etc. (See also paragraph (c) and Note C to this account.)
- Distributing frames.
- Extension bells.
- Facsimile equipment.
- Hand-set mountings.
- Messenger, and similar signalling devices.
- Mobile telephone equipment.
- Operators' chairs.
- Operators' head sets and transmitters. (See also paragraph (c) and Note C to this account.)
- Ordering receiving tables.
- Order turrets.
- Power equipment.
- Printer-telegraph equipment.

§ 31.232

Private branch exchange equipment—non-multiple manual and cordless switchboards and dial equipment of types designed to accommodate fewer than 100 lines and which cannot normally be expanded to more than 99 lines. (See also accounts 221 and 262.)

Program supply equipment—other than television.

Public address equipment.

Station switching and signalling devices, including apparatus cabinets, keys, key cabinets, and other devices used as parts of intercommunicating systems. (See also account 221.234 and 262.)

Subscriber sets.

Telegraph equipment.

Teletypewriter equipment, including switching equipment. (See also accounts 221, 234 and 262.)

NOTE A: The cost of installation (including customers' station protectors, and wiring on the customer's side of the protector or equivalent) shall be charged to account 232, "Station connections—inside wiring," and/o; account 605, "Installations and repairs of station equipment," as appropriate. (See also account 235.)

NOTE B: The cost of cross-connection boxes installed as a part of the hose cable system, including those used as distributing frames, shall be charged to account 242.1, "Aerial cable."

NOTE C: Operators' head sets and transmitters in central offices and at large private branch exchanges, and test sets such as those used by wire chiefs, linesmen and others, shall be included in account 221, "Central office equipment," account 234, "Large private branch exchanges," account 262, "Other communications equipment," as appropriate.

NOTE D: Items of station apparatus in stock for which no further use in the ordinary conduct of the business is contemplated, but which as a precautionary measure, are held for possible future contingencies instead of being junked, shall be excluded from this account and included in account 122, "Material and supplies."

NOTE E: An annual inventory shall be taken of all telephones in stock that are included in this account. The number of such telephones as determined by this inventory, together with the number of all other telephones included in this account, shall be compared with the corresponding number of telephones as shown by the respective control records. The original cost of any unreconciled differences thereby disclosed shall be adjusted through account 171, "Depreciation reserve." Appropriate verifications shall also be made at suitable intervals and necessary adjustments between this account and account 171 shall be made for all

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other station apparatus included in this account.

(Secs. 1, 2, 4, 201-205, 208, 215, 218, 220, 313, 314, 403, 404, 410, 602; 48 Stat., as amended: 1064, 1066, 1070, 1071, 1072, 1073, 1076, 1077, 1087, 1094, 1098, 1102; 47 U.S.C. 151, 152, 154, 201-205, 208, 215, 218, 313, 314, 403, 404, 410, 802)

[28 FR 13039, Dec. 5, 1963, as amended at 32 FR 2630, Feb. 8, 1967; 36 FR 8375, May 3, 1971; 48 FR 19490, Mar. 31, 1981; 48 FR 50544, Nov. 2, 1983; 49 FR 46382, Nov. 26, 1984]

§ 31.222 Station connections—inside wiring.

(a) This account shall include the original cost of installing or connecting items of station apparatus and the original cost of inside wiring and cabling. (See also accounts 221, 235, 262 and 605.)

(b) The investment in station connections—inside wiring is to be amortized to account 608, "Depreciation," with a corresponding credit to account 171, "Depreciation reserve," over a ten year period commencing no later than October 1, 1981. In calculating this amortization, the company shall first determine the net book cost of station connections—inside wiring by subtracting the depreciation reserve attributable to station connections—inside wiring from the book cost of station connections—inside wiring. This net book cost shall be divided by the number of months remaining in the ten year amortization period to determine the appropriate amortization for that month. For example, the amortization amount for the first month will be determined by dividing the net book cost by 120. The second month, the net book cost will be divided by 119, the third month by 118, etc. Carriers are to assume that the first month's reserve balance for this account is zero. However, if from the studies required by Docket 20188 or the results of the represcription process any reserve is identified as applicable to the station connection—inside wiring, it will be added to the station connections—inside wiring reserve and should be deducted from the remaining investment to be amortized. Also, the amounts resulting from the amortization schedule should not be considered in the determination of the sepa-

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rate reserve established for each category of plant. The embedded investment on the books up to October 1, 1981, will be fully recovered by October 1, 1991. For carriers who adopt the phase-in approach, the growth in investment in inside wiring between October 1, 1981, and September 30, 1982, shall be specifically identified and amortized according to the schedule noted above over ten years with full amortization completed by October 1, 1992. The growth in investment between October 1, 1982 and September 30, 1983, and between October 1, 1983, and September 30, 1984, shall be handled in the same manner with full amortization on all station connections—inside wiring completed by September 30, 1994. Under no circumstances shall the cumulative amortization credits to account 171 exceed the balance of the investment for station connections—inside wiring.

(c) Effective no later than October 1, 1981, for carriers who select a phase-in approach, when a station apparatus is installed except as part of a replacement or an inside move, the station connections—inside wiring installation cost shall be charged to this account on the following basis: 75% between October 1, 1981, and September 30, 1982; 50% between October 1, 1982, and September 30, 1983, 25% between October 1, 1983, and September 30, 1984; and 0% after September 30, 1984. The remaining cost not chargeable to this account shall be charged to the appropriate subaccount of account 605. Effective no later than October 1, 1981, for carriers who select a flash-cut approach, the otherwise capitalizable amount chargeable to the station connections—inside wiring account shall be expensed to the appropriate subaccount of account 605.

(d) When a station connection—inside wiring is physically removed, sold, destroyed, or abandoned, the original cost (actual or estimated average unit cost) carried in this account shall be credited hereto and charged to account 171, "Depreciation reserve"; or if a separate depreciation reserve account or accounts are established for station connections the debit entry shall be made to the ap-

propriate depreciation reserve account.

ITEMS

(Note 31.01-8)

The wires (or small cables) from the station apparatus to the point of connection with the outside plant cable or wire facilities. (See also accounts 221, 235 and 262.)

The wires (or small cables) used to connect station apparatus in the same building, such as main stations with extension stations, and stations of intercommunicating systems. (See also accounts 221, 235 and 262.)

The wires (or small cables) used to connect private branch exchange switchboards or their distributing frames with terminal stations located in the same building. (See also accounts 221 and 262.)

The wires (or small cables) used to connect the various parts of a small private branch exchange, such as the cable or wires from distributing frames to switchboard. (See also accounts 221 and 262.)

The wires (or small cables) installed specifically to serve as trunk, battery, or generator circuits from a small private branch exchange to the point of connection with the permanent house or outside cables or wires. (See also accounts 221 and 262.)

Connecting blocks, ground wires, ground rods, station protectors, clamps, cleats, nails, screws and other material used in the installation of station apparatus and inside wiring and cabling. (See also accounts 221, 235 and 262.)

Labor and other costs incurred in connection with station apparatus and station connection installations or additions thereto. (See also accounts 221, 235 and 262.)

NOTE A: Costs charged to this account prior to October 1, 1981, in connection with inside cabling are restricted to cables used in section installations instead of wires, such as those that run from wall outlets or floor terminals to the station apparatus, and wires used in installing small private branch exchanges. (See also accounts 106, 221, 235, 202 and 317.) The cost of wires or cabling used in installing equipment includable in account 234, "Large private branch exchanges," shall be included in that account and shall not be included in whole or in part in account, 232. (See also accounts 106, 221, and 262.) The cost of riser and distributing cables, including associated cross-connection boxes, terminals, distributing frames, etc., is chargeable to account 242:1, "Aerial cable."

NOTE a: The cost of outside plant, such as poles, wires, and cables, whether or not on private property, used to connect a private

branch exchange with its terminal stations shall be charged to the appropriate pole, wire and cable accounts.

NOTE C: Provisional denials of service to stations for non-payment shall not be treated as stations disconnected unless the denials become final. Similarly, restoration of service to such stations subjected to provisional denials which have not become final shall not be treated as stations reconnected. The cost of disconnecting and reconnecting customers' lines at customers' premises at the System Network Interface or equivalent to effect such provisional denials and restorations shall be charged to account 605, "Installations and repairs of station equipment." If the disconnection is made in the outside cable plant, the cost thereof shall be charged to accounts 602.2, "Repairs of aerial cable," or 602.4, "Repairs of buried cable," as appropriate. If the disconnection and reconnection are made in central offices, the cost thereof shall be charged to account 604, "Repairs of central office equipment."

NOTE D: Any company so desiring may make the above revisions retroactive to an earlier date in calendar year 1981.

NOTE E: Effective October 1, 1981, to the extent applicable, the items shown above shall be charged to account 605, "Installations and repairs of station equipment."

NOTE F: The items shown above when provided on detariffed lease or sale basis shall be charged to account 103, "Miscellaneous physical property," or account 316, "Miscellaneous income," as appropriate.

(Secs. 1, 2, 4, 201-205, 208, 215, 218, 220, 313, 314, 403.404, 410, 602; 48 Stat., as amended: 1064, 1066, 1070, 1071, 1072, 1073, 1076, 1077, 1087, 1094, 1098, 1102; 47 U.S.C. 151, 152, 154, 201-205, 208, 215, 218, 313, 314, 403.404, 410, 602; secs. 4, 303, 48 Stat. 1066, 1082, as amended, 47 U.S.C. 154, 303)

[28 FR 13039, Dec. 5, 1963, as amended at 46 FR 19491, Mar. 31, 1981; 46 FR 28657, May 28, 1981; 48 FR 49848, Oct. 28, 1983; 48 FR 50544, Nov. 2, 1983; 40 FR 3186, Jan. 26, 1984; 49 FR 48382, Nov. 26, 1984]

§ 31.234 Large private branch exchanges.

(a) This account shall include the original cost, including cost of installation, of multiple manual private branch exchanges, and of dial system private branch exchanges of types designed to accommodate 100 or more lines of which can normally be expanded to 100 or more lines, installed either for customers' or the company's use. This account shall also include the original cost of other large installations of station equipment (a) which do not constitute stations, (b) which require special or individualized treat-

ment because of their complexity, special design, or other distinctive characteristics, and (c) for which individuals or other specialized cost records are appropriate. (See also account 231.)

(b) The embedded network terminating wire, wiring that runs from the house cable terminal to the demarcation point, must be separately identified and amortized over a five year period. The amortization should be charged to account 608, "Depreciation," with a corresponding credit to account 171, "Depreciation reserve." In calculating this amortization, the company shall first determine the net book cost for this equipment by subtracting the depreciation reserve attributable to this equipment. The net book cost shall be divided by the number of months remaining in the five year amortization period to determine the appropriate amortization for that month. When this equipment is physically removed, sold, destroyed or abandoned, the original cost (actual or estimated average cost) carried in this account for this category of plant shall be charged to account 171. Under no circumstances shall the accumulated amortization credits to account 171 exceed the balance of the investment for this category of plant.

ITEMS

(Note § 31.01-8)

- Cables or wires from distributing frame to switchboard.
- Dial system private branch exchanges of types designed to accommodate 100 or more lines or which can normally be expanded to 100 or more lines, including any nonmultiple manual switchboards used as attendants positions in connection with such dial system exchanges.
- Distributing frames.
- Multiple manual switchboards.
- Operators' chairs.
- Operators' head sets and transmitters.
- Power equipment, including special foundations.
- Switching and signaling devices in large installations, such as certain key systems for governmental agencies, including relay rack equipment, apparatus cabinets, key cabinets, key boxes, and other components of such systems.
- Switching equipment at switching or relay centers of large private line teletypewriter systems.

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[28 FR 13039, D
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§ 31.236 Public

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Federal Communications Commission

§ 31.242:1

ITEMS

(Note § 31.01-8)

Enclosure—a complete installation with or without booth, directory hangers and shelves, shield and public telephone signs. Mounting (pedestal, post or wall)—a complete installation with or without a base plate.

Directory stand or shelf (in proximity to public telephones)—a complete installation with or without directory hangers.

Telephone sets—a complete item (coin-operated and credit card).

NOTE A: The cost of replacing operating spares shall be charged to account 607, "Repair of public telephone equipment."

148 FR 50545, Nov. 2, 1983, as amended at 49 FR 46383, Nov. 26, 1984

831.241 Pole lines.

This account shall include the original cost of poles, crossarms, guys, and other material used in the construction of pole lines.

ITEMS

(Note § 31.01-8)

Anchors.

A and H fixtures.

Bolts.

Braces, pole and back.

Bridge fixtures.

Cable arms.

Clearing routes and tree trimming except maintenance of previous clearings. (Note also account 602:1.)

Crossarms.

Extension arms.

Guard arms.

Guy clamps.

Guy stubs.

Guy wire or strand.

Permits and privileges and rights of way for construction. (Note also § 31.2-22(b)(7) and Note F to account 211.)

Pins.

Pole brackets.

Poles.

Pole steps.

River crossing and long span fixtures.

strain insulators.

Towers.

Treating and marking poles.

128 FR 13039, Dec. 5, 1963, as amended at 32 FR 2630, Feb. 8, 1967; 48 FR 50545, Nov. 2, 1983; 49 FR 40383, Nov. 26, 1984

§ 31.242:1 Aerial cable.

This account shall include the original cost of aerial cable and other ma-

Television program supply equipment and other television equipment on customers' premises except portable equipment subject to use in central offices.

Wires (or small cables used instead of wires) installed specifically to serve as trunk, battery or generator circuits from a Large private branch exchange to the point of connection with the network interface jack (demarcation point).

NOTE A: The cost of riser and distributing cables in buildings other than central offices, which by their physical characteristics, methods of installation, and Permanence constitute regular house cables shall be charged to account 242:1.

NOTE B: The cost of outside plant, such as poles, wires, and cables, whether or not on private property, used to connect a private branch exchange with its terminal stations shall be charged to the appropriate pole, wire, and cable accounts.

NOTE C: The cost of cross-connection boxes installed as a part of the house cable system, including those used as distributing frames, shall be charged to account 242:1.

NOTE D: New network terminating wire shall be charged to account 605, "Installations and repairs of station equipment."

NOTE E: [Reserved]

NOTE F: Urge private branch exchanges and key systems, including the associated cable/wiring, installed for company use shall be recorded in account 221, "Central office equipment," or account 262, "Other communications equipment," as appropriate.

128 FR 13039, Dec. 5, 1963, as amended at 32 FR 2630, Feb. 8, 1967; 48 FR 50545, Nov. 2, 1983; 49 FR 48388, Nov. 26, 1984

§ 31.235 Public telephone equipment.

(a) This account shall include the original cost of coin-operated and coinless telephones in separate subclasses, "Public telephone equipment-coin-operated," and "Public telephone equipment-coinless." These subclasses shall also include the original cost of the premise wiring installed for use by the public telephones.

(b) This account shall also include the original cost of operating spares that are required to provide a continuity of service for public telephones. The operating spares shall not exceed six months supply in terms of turnover and available to installers from locations in reasonable proximity to the location of the installed equipment.

§ 31.242-2:

terial used in the construction of such cable.

ITEMS

(Note § 31.01-8)

- Air dryers.
- Bonds and ground.
- Cable—block, feeder, main, subsidiary.
- Cable-house, including riser and distributing cables extending to floor terminal boxes, cross-connections boxes and wall outlets, etc., where connection is made with inside wires.
- Cable clamps.
- Cable rings.
- Cable terminals or boxes.
- Closure and splice cases.
- Cross-connection wires and fuses installed in the first equipment for service of cable terminals or boxes.
- Drop and block wires served either by aerial cable or aerial wire, and their associated protectors, including ground rods, ground wire, brackets, bridle rings, insulators, knob, span clamps, screws, strand, tubes. End other material used in the installation of aerial drop and block wires, trimming trees and other costs incurred in the installation of such wires.
- Floor terminal boxes and cross-connection boxes at wall outlets.
- Fuse boxes.
- Loading coils, building-out condensers, carrier-line filters, and cases therefor.
- Main-frame-terminating cable extending to outside cable.
- Negative returns.
- Permits and privileges for construction. (Note also 31.2-22(b)(7).)
- Pole seats and balconies.
- Pressure contactor-terminals.
- Protectors and arresters.
- Sleeves.
- Strand suspension.
- Tree guards.

NOTE A: House cables are considered to be extensions of aerial cable plant. They do not include the inside wires extending from terminal boxes of house cables to subscribers' stations which are included in account 232 or account 605 (effective October 1, 1981) or the cables for subscribers' private branch-exchange switchboards which are included in account 232 or account 605 (effective October 1, 1981) or account 234, as appropriate.

NOTE B: The company's records shall be kept so that the miles of wire in aerial cable may be shown in the annual reports to this Commission, except that no such reporting is required as regards drop and block wires:

(Secs. 1, 2, 4, 201-205, 208, 215, 218, 220, 313, 314, 403, 404, 410, 602; 48 Stat., as amended; 1064, 1066, 1070, 1071, 1072, 1073, 1076, 1077, 1087, 1094, 1098; 1102; 47 U.S.C. 151, 152,

47 CFR Ch. I (10-1-86 Edition):

154, 201-205, 208, 215, 218, 313, 314, 403, 404, 410, 602; sec. 4, 303; 48 Stat. 1066, 1082; as amended, 47 U.S.C. 154, 303); [28 FR 13039, Dec. 5, 1963, as amended at 32 FR 2630, Feb. 8, 1967; 46 FR 19491, Mar. 31, 1981; 48 FR 49849, Oct. 28, 1983; 48 FR 50545, Nov. 2, 1983; 49 FR 45353, Nov. 25, 1984]

9 31.242-2 Underground cable.

This account shall include the original cost of underground cable in conduit and other material used in the construction of such cable.

ITEMS

(Note § 31.01-8)

- Air dryers.
- Bonds and grounds.
- Cable—feeder, main, subsidiary.
- Cable terminals or boxes.
- Closure and splice cases.
- Cross-connection wires and fuses installed in the first equipment for service of cable terminals or boxes.
- Electrolysis surveys made in the course of installing cable.
- Fuse boxes.
- Loading coils, building-out condensers, carrier-line filters, and cases therefor.
- Main-frame-terminating cable extending to outside cable.
- Negative returns.
- Permits and privileges for construction. (Note also § 31.2-22(b)(7).)
- Pressure contactor-terminals.
- Protectors and arresters.
- Pumping out and cleaning manholes and ducts in underground cable construction work. (See also Note A to this account.)
- Sleeves.
- Splicing boxes.

NOTE A: The cost of pumping water out of manholes and of cleaning manholes and ducts in connection with the maintenance or operation of telephone plant shall be charged to account 602:4 or 602:7, as appropriate.

NOTE B: The cost of small cables used in the installation of station apparatus is included in account 232 or account 605 (effective October 1, 1981). However, the cost of small cables used as drop or block wires shall be charged to account 242:1 or account 242:3, as appropriate.

NOTE C: The cost of cable leading from central office main frames to other central office equipment shall be charged to account 221.

NOTE D: House cables are considered to be extensions of aerial cable plant. They do not include the inside wires extending from terminal boxes of house cables to subscribers'

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(Secs. 1, 2 314, 403, 4 1064, 1066 1087, 109 154, 201-2 410, 602; amended. [28 FR 13 FR 2630, 1981; 48 50545, No 1984]

§ 31.242-3

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Pumping
buried
Note A
Sleeves.

stations which are included in account 232 or account 605, or the cables for subscribers' private branch exchange switchboards which are included in account 333, account 605 or account 234, as appropriate.

NOTE E: The company's records shall be kept so that the miles of wire in underground cable may be shown in the annual reports to the Commission.

(Secs. 1, 2, 4, 201-205, 208, 215, 218, 220, 313, 324, 403, 404, 410, 602; 48 Stat. as amended: 1064, 1066, 1070, 1071, 1072, 1073, 1076, 1077, 1087, 1004, 1098, 1102; 47 U.S.C. 151, 152, 154, 201-205, 208, 215, 218, 313, 314, 403, 404, 410, 602; secs. 4, 303, 48 Stat. 1066, 1082, as amended, 47 U.S.C. 154, 303)

(28 FR 13030, Dec. 5, 1963, as amended at 32 FR 2630, Feb. 8, 1967; 46 FR 10401, Mar. 31, 1981; 40 FR 40840, Oct. 28, 1983; 48 FR 50545, Nov. 2, 1983; 40 FR 46383, Nov. 26, 1984)

§ 31.242:3 Buried cable.

This account shall include the original cost of buried cable and other material used in the construction of such cable.

ITEMS

(Note § 31.01-8)

Air dryers.

Cable-feeder, main.

Cable terminals or boxes

Closure and splice cases.

Cross-connection wires and fuses installed in the first equipment for service of cable-terminal or boxes.

Drop and block wires served either by buried cable or underground cable and their mated protectors, including all material and other costs associated with the installation of such wires.

Loading coils, building-out condensers, carrier-line filters, and cases therefor.

Main-frame-terminating cable extending to outside cable.

Negative returns.

Pedestal

Permits and privileges and rights of way for construction. (Note also § 31.2-22(b)(7) and Note F to account 211.)

Pressure contractor-terminals.

Protective covering for buried cable; Is: cable not run in regular conduit, such as fiber or other material (except when constructed so as to be reusable in place for other cable) and the cost of manholes, etc., designed specifically for use in such construction.

Protectors and arresters.

Pumping out and cleaning manholes in buried cable construction work. (See also Note A to this account.)

Sleeves.

Splicing boxes.

Trenching for and burying cable not run in regular conduit.

Wire when buried and used as a part of the general distribution system.

NOTE A: The cost of pumping water out of manholes and of cleaning manholes and ducts in connection with the maintenance or operation of telephone plant shall be charged to account 602:4 or 602:7, as appropriate.

NOTE B: The company's records shall be kept so that the miles of wire in buried cable may be shown in the annual reports to the Commission, except that no such reporting is required as regard drop and block wires.

(Secs. 4, 303, 48 Stat. 1066, 1082, as amended, 47 U.S.C. 154, 303)

(28 FR 13030, Dec. 5, 1963, as amended at 32 FR 2630, Feb. 8, 1967; 48 FR 49849, Oct. 28, 1983; 48 FR 50545, Nov. 2, 1983; 49 FR 46383, Nov. 26, 1984)

§ 31.242:4 Submarine cable.

This account shall include the original cost of submarine cable and other material used in the construction of such cable.

ITEMS

(Note § 31.01-8)

Air dryers.

Cable-feeder, main.

Cable terminals or boxes.

Loading coils, building-out condensers, carrier-line filters, and cases therefor.

Permits and privileges and rights of way for construction. (Note also § 31.2-22(b)(7) and Note F to account 211.)

Pressure contractor-terminals.

Protectors and arresters.

Sleeves.

Submarine cable terminal huts.

NOTE: The company's records shall be kept so that the miles of wire in submarine cable may be shown in the annual reports to this Commission.

(28 FR 13030, Dec. 5, 1963, as amended at 32 FR 2630, Feb. 8, 1967)

§ 31.243 Aerial wire.

This account shall include the original cost of aerial wire other than drop and block wires, including insulators, tie wires, and other material used in the construction of aerial wire plant. The company shall exercise such precautions as are necessary to prevent

§ 31.244

credits to this account for drop and block wires removed.

ITEMS

(Note § 31.01-8)

- Bridle rings.
- Bridle wire.
- Ground wire, clamps, and rods.
- Insulators and thimbles.
- Loading colla, building-out condensers, carrier-line filters, and cases therefor.
- Permits and privileges for construction. (Note also § 31.2-22(b)(7).)
- Protectors and arresters.
- Repeating coils.
- Rural and urban distribution wire.
- Tie wires.
- Transposition brackets.
- Transposition of the circuits in initial construction work and any additions or betterments resulting from transposing or retransposing existing circuits.

NOTE A: The cost of drop and block wires shall be included in accounts 242:1 or 242:3, as appropriate.

(Secs. 4, 303, 48 Stat. 1066, 1962, as amended (47 U.S.C. 154, 303))
 [28 FR 13039, Dec. 5, 1963, as amended at 32 FR 2631, Feb. 8, 1967; 48 FR 49850, Oct. 28, 1983; 48 FR 50545, Nov. 2, 1983; 49 FR 46383, Nov. 26, 1984]

§ 31.244 Underground conduit.

This account shall include the original coat of tile, pipe, and other conduit, whether underground, in tunnels or on bridges, and of manholes, handholes, and service boxes, including cable racks, and other furnishings, thereof, and the cost of riser pipe. It shall include the cost of opening trench and repaving in the construction of such plant and the cost of permits and privileges and rights of way for construction. (Note also § 31.2-22(b)(7) and Note F to account 2113)

NOTE A: The cost of protective covering for buried cable, i.e., cable not run in regular conduit, such as fibre or other material (except when constructed so as to be reusable in place for other cable) and the cost of trenching, manholes, etc., designed specifically for use in such construction shall be charged to account 242:3.

NOTE B: The cost of pipes or other protective covering for underground drop and block wires shall be charged to accounts 242:1 or 242:3, as appropriate. However, the cost of pipes or other protective covering for inside wiring shall be charged account 232 or account 605 (effective October 1, 1981).

47 CFR CH. P (10-1-88 Edition)

(Secs. 1, 2, 4, 201-205, 208, 215, 218, 220, 313, 314, 403, 404, 410, 602; 48 Stat., as amended, 1064, 1066, 1070, 1071, 1072, 1073, 1076, 1077, 1087, 1094, 1098, 1102; 47 U.S.C. 151, 152, 154, 201-205, 208, 215, 218, 313, 314, 403, 404, 410, 602; secs. 4, 303, 48 Stat. 1066, 1067, as amended, 47 U.S.C. 154, 303)
 [28 FR 13030, Dec. 5, 1963, as amended at 46 FR 10402, Mar. 31, 1981; 48 FR 49850, Oct. 28, 1983; 48 FR 50545, Nov. 2, 1983; 49 FR 46383, Nov. 26, 1984]

§ 31.261 Furniture and office equipment.

This account shall include the original cost not provided for in other accounts, of furniture and equipment in offices, storerooms, shops, and other quarters. (Note also § 31.2-20(d) and accounts 221 and 234.)

ITEMS

(Note § 31.01-8)

- Air conditioning units, portable.
- Beds; cots, and couches.
- Bins, counters, and shelves.
- Bookcases.
- Cabinets and filing cases.
- Chairs, carpets, and rugs.
- Data processing equipment.
- Davenport.
- Dehumidifying units, portable.
- Desks.
- Drapes.
- Equipment in rest, dining, recreation and medical rooms.
- Fans, electric, portable.
- Fire-extinguisher equipment, portable.
- Floor-scrubbing and polishing machines.
- Gas and electric fixtures, portable.
- Lockers and wardrobes, portable.
- Microfilm equipment.
- Office devices, including addressing, billing, blueprinting, computing, duffing, duplicating, mailing, photostat and recording machines, cash registers, check writers, postage meter machines, typewriters, etc.
- Pianos and phonographs.
- Projection equipment.
- Radio sets.
- Racks—magazine, newspaper, umbrella, and clothing.
- Refrigerators, portable.
- Safes.
- Stoves.
- Switchboards, special type: public demonstration.
- Tables.
- Television sets.
- Vacuum sweepers.
- Vending machines.
- Water coolers.

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NOTE: The cost of constituting a... charged to account [28 FR 13039; Dec. 5, 1963; 48 FR 2631, Feb. 8, 1967]

§ 31.261 Other

ment.
 This account: nal cost of pri and key systema tion apparatus, inside wiring, company use. (E

- Data sets includin
 - Desk sets, hand bined sets inclu wiring. This exz as part of a pr key system intr to this account.
 - Distributing fram
 - Facsimile equipa inside wiring.
 - Multiple manual Operators' chaira
 - Operators' heada
 - Power equipmen tions.
 - Printer-telegraph clated inside wt
 - Private branch es equipment (pe board on swite all stations); a telephones on k wires, connectir and the station nat' boxes or c the cable or wr branch exchan face. (See also l
 - Station switchin large installati tems, including paratus cabinig telephone seta common equi sets plus thiet netow poting connect the lo interface. (Se count).
 - Switching equi centers of tele
 - Teletypewriters wiring.
- NOTE A:** The cables in built floor, which by time method

Appendix Part 4

128 FR 12039, Dec. 5, 1963, as amended at 32 FR 2630, Feb. 8, 1967; 36 FR 8375, May 5, 1971; 46 FR 19490, Mar. 31, 1981; 48 FR 50544, Nov. 2, 1983; 49 FR 46382, Nov. 26, 1984)

§ 31.232 Station connections & inside wiring.

(a) This account shall include the original cost of installing or connecting items of station apparatus and the original cost of inside wiring and cabling. (See al.80 accounts 221, 235, 262 and 605.)

(b) The investment in station connections—inside wiring is to be amortized to account 608, "Depreciation," with a corresponding credit to account 171, "Depreciation reserve," over a ten year period commencing no later than October 1, 1981. In calculating this amortization, the company shall first determine the net book cost of station connections—inside wiring by subtracting the depreciation reserve attributable to station connections—inside wiring from the book cost of station connections—inside wiring. This net book cost shall be divided by the number of months remaining in the ten year amortization period to determine the appropriate amortization for that month. For example, the amortization amount for the first month will be determined by dividing the net book cost by 120. The second month, the net book cost will be divided by 119, the third month by 118, etc. Carriers are to assume that the first month's reserve balance for this account is zero. However, if from the studies required by Docket 20188 or the results of the represervation process any reserve is identified as applicable to the station connection—inside wiring, it will be added to the station connections—inside wiring reserve and should be deducted from the remaining investment to be amortized. Also, the amounts resulting from the amortization schedule should not be considered in the determination of the separate reserve established for each category of plant. The embedded investment on the book up to October 1, 1981, will be fully recovered by October 1, 1991. For carriers who adopt the phase-in approach, the growth in investment in inside wiring between October 1, 1981, and September 30, 1982, shall be specifically identified and am-

ortized according to the schedule noted above over ten years with full amortization completed by October 1, 1992. The growth in investment between October 1, 1982 and September 30, 1983, and between October 1, 1983, and September 30, 1984, shall be handled in the same manner with full amortization on all station connection inside wiring completed by September 30, 1994. Under no circumstances shall the cumulative amortization credits to account 171 exceed the balance of the investment for station connections—inside wiring.

(c) Effective no later than October 1, 1981, for carriers who select a phase-in approach, when a station apparatus is installed except as part of a replacement or an inside move, the station connections—inside wiring installation cost shall be charged to this account on the following basis: 75% between October 1, 1981, and September 30, 1982; 50% between October 1, 1981, and September 30, 1983, 25% between October 1, 1983, and September 30, 1984; and 0% after September 30, 1984. The remaining cost not chargeable to this account shall be charged to the appropriate subaccount of account 605. Effective no later than October 1, 1981, for carriers who select a flash-cut approach, the otherwise capitalizable amount chargeable to the station connections—inside wiring account shall be expensed to the appropriate subaccount of account 605.

(d) When a station connection—inside wiring is physically removed, sold, destroyed, or abandoned, the original cost (actual or estimated average unit cost) carried in this account shall be credited hereto and charged to account 171, "Depreciation reserve"; or if a separate depreciation reserve account or accounts are established for station connections, the debit entry shall be made to the appropriate depreciation reserve account.

ITEMS

(Note 31.01-8)

The wires (or small cables) from the station apparatus to the point of connection with the outside plant cable- or wire facilities. (See also accounts 221, 235 and 262.)

§ 31.234

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The wires (or small cables) used to connect station apparatus in the same building, such as main stations with extension stations, and stations of intercommunicating systems. (See also accounts 221, 235 and 262.)

The wires (or small cables) used to connect private branch exchange switchboards or their distributing frames with terminal stations located in the same building. (See also accounts 221 and 262.)

The wires (or small cables) used to connect the various parts of a small private branch exchange, such as the cable or wires from distributing frames to switchboard. (See also accounts 221 and 262.)

The wires (or small cables) installed specifically to serve as trunk, battery, or generator circuits from a small private branch exchange to the point of connection with the permanent house or outside cables or wires. (See also accounts 221 and 262.)

Connecting blocks, ground wires, ground rods, station protectors, clamps, cleats, nails, screws and other material used in the installation of station apparatus and inside wiring and cabling. (See also accounts 221, 231 and 262.)

Labor and other costs incurred in connection with station apparatus and station connection installations or additions thereto. (See also accounts 221, 236 and 262.)

NOTE A: Costs charged to this account prior to October 1, 1982, in connection with inside cabling are restricted to cables used in section installations instead of wires, such as those that run from wall outlets or floor terminals to the station apparatus, and to cables used in installing small private branch exchanges. (See also accounts 106, 221, 235, 282 and 317.) The cost of wires or cabling used in installing equipment includible in account 236 "Large private branch exchanges," shall be included in that account and shall not be included in whole or in part in account 232. (See also accounts 106, 221, and 262.) The cost of riser and distributing cables, including associated cross-connection boxes, terminals, distributing frames, etc., is chargeable to account 242:1, "Aerial cable."

NOTE B: The cost of outside plant, such as poles, wires, and cables, whether or not on private property, used to connect a private branch exchange with its terminal stations shall be charged to the appropriate pole, wire and cable accounts.

NOTE C: Provisional denials of service to stations for non-payment shall not be treated as stations disconnected unless the denial becomes final. Similarly, restoration of service to such stations subjected to provisional denials which have not become final shall not be treated as stations reconnected. The cost of disconnecting and reconnecting

customers' lines at customers' premises at the System Network Interface or equivalent to effect such provisional denials and restorations shall be charged to account 805, "Installations and repairs of station equipment." If the disconnection is made in the outside cable plant, the cost thereof shall be charged to accounts 602:2, "Repairs of aerial cable," or 602:4, "Repairs of buried cable," as appropriate. If the disconnection and reconnection art made in central offices, the cost thereof shall be charged to account 604, "Repairs of central office equipment."

NOTE D: Any company so-desiring may make the above revisions retroactive to an earlier date in calendar year 1981.

NOTE E: Effective October 1, 1981, to the extent applicable, the items shown above shall be charged to account 605, "Installations and repairs of station equipment."

NOTE F: The items shown above when provided on detariffed lease or sale basis shall be charged to account 103, "Miscellaneous physical property," or account 316, "Miscellaneous income," as appropriate.

(Secs. 1.2, 4, 201-205, 208, 215, 218, 220, 313, 314, 403; 404, 410, 602; 48 Stat., as amended; 1064, 1066, 1070, 1071, 1072, 1073, 1076, 1077, 1087, 1094, 1098, 1102; 47 U.S.C. 151, 152, 154, 201-205, 208, 215, 218, 313, 314, 403, 404, 410, 602; sec. 4, 303, 48 Stat. 1066, 1082, as amended, 47 U.S.C. 154, 303)

[28 FR 13039, Dec. 5, 1953, as amended at 46 FR 19491, Mar. 31, 1981; 48 FR 26857, May 29, 1983; 48 FR 49848, Oct. 23, 1983; 48 FR 50544, Nov. 2, 1983; 49 FR 3156, Jan. 26, 1984; 49 FR 45352, Nov. 26, 1984]

§ 31.234 Large private branch exchanges.

(a) This account shall include the original cost, including cost of installation, of multiple manual private branch exchange and of dial system private branch exchanges of types designed to accommodate 100 or more lines or which can normally be expanded to 100 or more lines, installed either for customers' or the company's use. This account & all also include the original cost of other large h&al-l&ions of station equipment (a) which do not constitute stations, (b) which require special or individualized treatment because of their complexity, special design, or other distinctive characteristics, and (c) for which individuals or other specialized cost records are appropriate. (See also account 231.)

(b) The embedded network terminating wire, wiring that runs from the house cable terminal to the demarcation point, must be separately identi-

fied and amortized over a five year period. The cost shall be charged to account 171, "In calculating company share book cost for deducting the distributable to book coat share number of month five year amortize the appro that month W physically remain abandoned, the estimated average account for shall be charged no circumstances ed amortization exceed the balance for this category

(Not

- Cables or wires for switchboard.
- Dial system private types designed more lines or expanded to 100 or nonmultiple man attendants posit such dial system.
- Distributing frame Multiple manual sv Operators' chairs. Operators' head set Power equipment, tions.
- Switching and sign stallations, such a governmental ag rack equipment, cabinets, key be nents of such syst
- Switching equipme centers of Large ; er systems.
- Television program other television e premises except ; ject to use in cent
- Wires (or small cabl installed specific battery or general private branch es connection with Jack (demarcation

premises at equivalent and restoration 605, "Installation equipment made in the of shall be of aerial uried cable," ction and re- offices, the account 604, ent." desiring may ective to an 81, to the own above 5, "Install- eat." when pro- als shall miscellaneous 316, "Miscel- 220, 313, as amended: 1076, 1077, 151, 152, 403,404, 66, 1083, as ed at 48 657, May 1963: 48 FR 36, Jan. 26, hanges. clude the of installa- private system types de- or more be ex- nstalled ompany's nclude instal- b) which ed treat- ty, spe- charac- ividuals rds are 31.) rminat- from the demarca- identi-

fied and amortized over a five year period. The amortization should be charged to account 608, "Depreciation," with a corresponding credit to account 171. "Depreciation reserve." In calculating this amortization, the company shall first determine the net book Cost for this equipment by subtracting the depreciation reserve attributable to this equipment. The net book cost shall be divided by the number of months remaining in the five Year amortization period to determine the appropriate amortization for that month. When this equipment is physically removed, sold, destroyed or abandoned, the original cost (actual or estimated average cost) carried in this account for this category of plant shall be charged to account 171. Under no circumstances shall the accumulated amortization credits to account 171 exceed the balance of the investment for this category of plant.

ITEMS

(Note § 31.01-8)

- Cables or wires from distributing frame to switchboard.
- Dial system private branch exchanges of types designed to accommodate 100 or more lines or which can normally be expanded to 100 or more lines, including any nonmultiple manual switchboards used as attendants Positions in connection with such dial system exchanges.
- Distributing frames.
- Multiple manual switchboards.
- Operators chairs.
- Operators' head sets and transmitters.
- Power equipment, including special foundations.
- Switching and signaling devices la large installations, such as certain key systems for governmental agencies, including relay rack equipment, apparatus cabinets, key cabinets, key boxes, and other components of such systems.
- Switching equipment at switching or relay centers of Large private line teletypewriter systems.
- Television program supply equipment and other television equipment on customers' premises except portable equipment subject to use in central offices.
- Wires (or small cables used instead of wires) installed specifically to serve as trunk, battery or generator circuits from a Large private branch exchange to the Point of connection with the network interface Jack (demarcation point).

NOTE A: The cost of riser and distributing cables in buildings other than central offices, which by their physical characteristics, methods of installation, and permanence constitute regular house cables shall be charged to account 242:1.

NOTE B: The cost of outside plant, such as poles, wires, and cables, whether or not on private property, used to connect a private branch exchange with its terminal stations shall be charged to the appropriate pole, wire, and cable accounts.

NOTE C: The cost of cross-connection boxes installed as a part of the house cable system, including those used as distributing frames, shall be charged to account 242:1.

NOTE D: New network terminating wire shall be charged to account 605, "Installations and repairs of station equipment."

NOTE E: [Reserved]

NOTE F: Large private branch exchanges and key systems, including the associated cable/wiring, installed for company use shall be recorded in account 221, "Central office equipment," or account 262, "Other communications equipment," as appropriate.

[28 FR 13039, Dec. 5, 1963, as amended at 32 FR 2630, Feb. 8, 1967; 48 FR 60545, Nov. 2, 1982; 49 FR 46383, Nov. 26, 1984]

§ 31.236 Public telephone equipment.

(a) This account shall include the original cost of coin-operated and coinless telephones in separate subclasses, "Public telephone equipment—coin-operated," and "Public telephone equipment—coinless." These subclasses shall also include the original cost of the premise wiring installed for use by the public telephones.

(b) This account shall also include the original Cost of operating spares that are required to provide a continuity of service for public telephones. The operating spares shall not exceed six months supply in terms of turnover and available to installers from locations in reasonable proximity to the location of the installed equipment,

ITEMS

(Note § 31.01-8)

- Enclosure—a complete installation with or without booth, directory hangers and shelves, shield and public telephone signs.
- Mounting (pedestal, post or wall)—a complete installation with or without a base plate.
- Directory stand or shelf (in proximity to Public telephones)—a complete installation with or without directory hangers.

Telephone sets—a complete item (coin-operated and credit card).

Note A: The cost of replacing operating spares shall be charged to account 607, "Repair of public telephone equipment."

148 FR 50545, Nov. 2, 1983, as amended at 40 FR 46383, Nov. 26, 1984

9 31.241 Pole lines.

This account shall include the original cost of poles, crossarms, guys, and other material used in the construction of pole lines.

ITEMS

(Note § 31.01-8)

- Anchors.
- A and H fixtures.
- Bolts.
- Braces, pole and back.
- Bridge fixtures.
- Cable arms.
- Clearing routes and tree trimming except maintenance of previous clearings. (Note also account 602:1.)
- Crossarms.
- Extension arms.
- Guard arms.
- Guy clamps.
- Guy stubs.
- Guy wire or strand.
- Permits and privileges and rights of way for construction. (Note also § 31.2-22(b)(7) and Note F to account 211.)
- Pins.
- Pole brackets.
- Poles.
- Pole steps.
- River crossing and long span fixtures.
- Strain insulators.
- Towers.
- Treating and marking poles.

[28 FR 13039, Dec. 5, 1963, as amended at 32 FR 2630, Feb. 8, 1967; 48 FR 50545, Nov. 2, 1983; 49 FR 46383, Nov. 26, 1984]

§ 31.242:1 Aerial cable.

This account shall include the original cost of aerial cable and other material used in the construction of such cable.

ITEMS

(Note § 31.01-8)

- Air dryers.
- Bonds and ground.
- Cable—block, feeder, main, subsidiary.
- Cable—house, including riser and distributing cables extending to floor terminal boxes, cross-connections boxes and wall outlets, etc., where connection is made with inside wires.

- Cable clamps.
- Cable rings.
- Cable terminals or boxers
- Closure and splice cases.
- Cross-connection wires and fuses installed in the first equipment for service of cable terminals or boxes.
- Drop and block wires served either by aerial cable or aerial wire, and their associated protectors, including ground rods, ground wire, brackets, bridle rings, insulators, knob & span clamps, screws, strand, tubing, and other material used in the installation of aerial drop and block wires, trimming trees and other costs incurred in the installation of such wires.
- Floor terminal boxes and cross-connection boxes at wall outlets.
- Fuse boxes.
- Loading coils, building-out condensers, carrier-line filters, and cases therefor.
- Main-frame-t cable extending to outside cable.
- Negative return & Permits and privileges for construction. (Note also 31.2-22(b)(7).)
- Pole seats and balconies.
- Pressure contactor-terminals.
- Protectors and arresters.
- Sleeves.
- Strand suspension.
- Tree guards.

Note A: House cables are considered to be extensions of aerial cable plant. They do not include the inside wires extending from terminal boxes of house cables to subscribers' stations which are included in account 232 or account 605 (effective October 1, 1981), or the cables for subscribers' private branch exchange switchboards which are included in account 232 or account 605 (effective October 1, 1981) or account 234, as appropriate.

Note B: The company's records shall be kept so that the miles of wire in aerial cable may be shown in the annual reports to this Commission, except that no such reporting is required as regards drop and block wires.

(Secs. 1, 2, 4, 201-205, 208, 215, 218, 220, 313, 314, 408; 404, 410, 602; 48 Stat. as amended; 1064, 1066, 1070, 1071, 1072, 1073, 1074, 1077, 1087, 1094, 1098, 1109; 47 U.S.C. 151, 152, 154, 201-205, 208, 215, 218, 313, 314, 403, 404, 410, 602; secs. 4, 303, 48 Stat. 1066, 1082, as amended, 47 U.S.C. 154, 303)

[28 FR 13039, Dec. 5, 1963, as amended at 32 FR 2630, Feb. 8, 1967; 46 FR 19491, Mar. 31, 1981; 48 FR 49849, Oct. 28, 1983; 48 FR 50545, Nov. 2, 1983; 49 FR 46383, Nov. 26, 1984]

§ 31.2486 Underground cable.

This account shall include the original cost of underground cable in con-

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(Secs. 1,
314, 403,
1064, 106
1087, 108
154, 201-

duit and other material used in the construction of such cable.

ITEMS

(Note § 31.01-8)

Air dryers.
 Bonds and grounds.
 cable-feeder, main, subsidiary.
 cable terminals or boxes.
 Closure and splice cases.
 Cross-connection wires and fuses installed in the first equipment for service of cable terminals or boxes.
 Electrolysis surveys made in the course of installing cable.
 Fuse boxes.
 Loading coils, building-out condensers, carrier-line filters, and cases therefor.
 Main-frame-terminating cable extending to outside cable.
 Negative returns.
 Permits and privileges for construction. (Note also § 31.2-22(b)(7).)
 pressure contractor-terminals.
 Protectors and arresters.
 Pumping out and cleaning manholes and ducts in underground cable construction work. (See also Note A to this account.)
 Sleeves.
 Splicing boxes.

NOTE A: The cost of pumping water out of manholes and of cleaning manholes and ducts in connection with the maintenance or operation of telephone plant shall be charged to account 602:4 or 602:7, as appropriate.

NOTE B: The cost of small cables used in the installation of station apparatus is included in account 232 or account 605 (effective October 1, 1981). However, the cost of small cables used as drop or block wires shall be charged to account 242:1 or account 242:3, as appropriate.

NOTE C: The cost of cable leading from central office main frames to other central office equipment shall be charged to account 221.

NOTE D: House cables are considered to be extensions of aerial cable plant. They do not include the inside wires extending from terminal boxes of house cables to subscribers' stations which are included in account 232 or account 605, or the cables for subscribers' Private branch exchange switchboards which are included in account 232, account 605 or account 234, as appropriate.

NOTE E: The company's records shall be kept so that the miles of wire in underground cable may be shown in the annual reports to the Commission.

(Secs. 1, 2.4, 201-205, 208, 215, 218, 220, 313, 314, 403, 404, 410, 602; 48 Stat., as amended: 1064, 1066, 1070, 1071, 1072, 1073, 1076, 1077, 1087, 1094, 1098, 1102; 47 U.S.C. 151, 152, 154, 201-205, 208, 215, 218, 313, 314, 403, 404,

410, 602; secs. 4, 303, 48 Stat. 1066, 1082, as amended, 47 U.S.C. 154, 303)

[28 FR 13039, Dec. 5, 1963, as amended at 32 FR 2630, Feb. 8, 1967; 46 FR 19491, Mar. 31, 1981; 48 FR 49849, Oct. 23, 1983; 48 FR 50545, Nov. 2, 1983; 49 FR 46383, Nov. 26, 1984]

§ 31.242-3 Buried cable.

This account shall include the original cost of buried cable and other material used in the construction of such cable.

ITEMS

(Note § 31.01-8)

Air dryers.
 Cable-feeder, main.
 Cable terminals or boxes.
 Closure and splice cases.
 Cross-connection wires and fuses installed in the first equipment for service of cable terminals or boxes.
 Drop and block wires served either by buried cable or underground cable and their associated protectors, including all material and other costs associated with the installation of such wires.
 Loading coils, building-out condensers, carrier-line filters, and cases therefor.
 Main-frame-terminating cable extending to outside cable.
 Negative returns.
 Pedestals.
 Permits and privileges and rights of way for construction. (Note also § 31.2-22(b)(7) and Note F to account 211.)
 Pressure contactor-terminals.
 Protective covering for buried cable, i.e., cable not run in regular conduit, such as fiber or other material (except when constructed so as to be reusable in place for other cable) and the cost of manholes, etc., designed specifically for use in such construction.
 Protectors and arresters.
 Pumping out and cleaning manholes in buried cable construction work (See also Note A to this account.)
 Sleeves.
 Splicing boxes.
 Trenching for and burying cable not run in regular conduit.
 Wire when buried and used as a part of the general distribution system.
NOTE A: The cost of pumping water out of manholes and of cleaning manholes and ducts in connection with the maintenance or operation of telephone plant shall be charged to account 602:4 or 602:7, as appropriate.
NOTE B: The company's records shall be kept so that the miles of wire in buried

§ 31.242:4

cable may be shown in the annual reports to this Commission, except that no such reporting is required as regard drop and block wires.

(Secs. 4, 303, 48 Stat. 1066, 1082, as amended. 47 U.S.C. 154,303)
 [28 FR 13039, Dec. 5, 1963, as amended at 32 FR 2630, Feb. 8, 1967; 48 FR 49849, Oct. 28, 1983; 48 FR 50545, Nov. 2, 1983; 49 FR 46383, Nov. 26, 1984]

§ 31.242:4 Submarine cable.

This account shall include the original cost of submarine cable and other material used in the construction of such cable.

ITEMS

(Note § 31.01-8)

- Air dryers.
- Cable—feeder, main.
- Cable terminals or boxes.
- Loading coils, building-out condensers, carrier-line filters, and cases therefor.
- Permits and privileges and rights of way for construction. (Note also § 31.2-22(b)(7) and Note F to account 211.)
- Pressure contractor-t
- Protectors and arresters.
- Sleeves.
- Submarine cable terminal huts.

NOTE: The company's records shall be kept so that the miles of wire in submarine cable may be shown in the annual reports to this commission.

[28 FR 13039, Dec. 5, 1963, as amended at 33 FR 2631, Feb. 8, 1967]

§ 31.243 Aerial wire.

This account shall include the original cost of aerial wire other than drop and block wires, including insulators, tie wires, and other material used in the construction of aerial wire plant. The company shall exercise such precautions as are necessary to prevent credits to this account for drop and block wires removed.

ITEMS

(Note § 31.01-8)

- Bridle rings.
- Bridle wire.
- around wire, clamps, and rods.
- Insulators and thimbles.
- Loading coils, building-out condensers, carrier-line filters, and cases therefor.
- Permits and privileges for construction. (Note also § 31.2-22(b)(7).)
- Protectors and arresters.
- Repeating coils.

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Rural and urban distribution wire.

Tie wires.

Transposition brackets.

Transposition of the circuit in initial construction work and any additions or betterments resulting from transposing or retransposing existing circuits.

NOTE A: The cost of drop and block wires shall be included in accounts 242:1 or 242:3, as appropriate.

(Secs. 4, 303, 48 Stat. 1066, 1082, as amended (47 U.S.C. 154, 303))

[28 FR 13039, Dec. 5, 1963, as amended at 32 FR 3531, Feb. 8, 1967; 48 FR 49850, Oct. 28, 1983; 48 FR 50545, Nov. 2, 1988; 49 FR 46383, Nov. 26, 1984]

§ 31.244 Underground conduit.

This account shall include the original cost of tile, pipe, and other conduit, whether underground, in tunnels or on bridges, and of manholes, handholes, and service boxes, including cable racks and other furnishings, thereof, and the cost of tier pipe. It shall include the cost of opening trench and repaving in the construction of such plant and the cost of permits and privileges and rights of way for construction. (Note also § 31.2-22(b)(7) and Note F to account 211.)

NOTE A: The cost of protective covering for buried cable, i.e., cable not run in regular conduit, such as fibre or other material (except when constructed so as to be reusable in place for other cable) and the cost of trenching, manholes, etc., designed specifically for use in such construction shall be charged to account 242:3.

NOTE B: The cost of pipes or other protective covering for underground drop and block wires shall be charged to accounts 242:1 or 242:3, as appropriate. However, the cost of pipes or other protective covering for inside wiring shall be charged account 232 or account 605 (effective October 1, 1981).

(Secs. 1, 2, 4, 201-205, 208, 215, 218, 220, 315; 314, 403, 404, 410, 602; 48 Stat., as amended: 1064, 1066, 1070, 1071, 1072, 1073, 1076, 1077; 1087, 1094, 1098, 1102; 47 U.S.C. 151, 152; 154, 201-205, 208, 215, 218, 313, 314, 403, 404, 410, 602; secs. 4, 303, 48 Stat. 1066, 1082, as amended, 47 U.S.C. 154, 303)

[28 FR 13039, Dec. 5, 1963, as amended at 46 FR 19492, Mar. 31, 1981; 48 FR 49850, Oct. 28, 1983; 48 FR 50545, Nov. 2, 1983; 49 FR 46383, Nov. 26, 1984]

§ 31.261 Furniture and office equipment.

This account shall include the original cost not provided for in other ac-

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counts, of offices, at quarters, accounts;

Air condition
 Beds, cots, a
 Bins, counte
 Bookcases.
 Cabinets and
 Chairs, carp
 Data process
 Davenporta.
 Dehumidifyh
 Desks.

Drapes.
 Equipment in
 medical roo
 Fans, electric.
 Fire-extinguis
 Floor-scrubbi
 Gas and elect
 Lockers and w
 Microfilm equ
 Office devicea
 blueprinting,
 ing, mailing;
 chines, cash
 age meter ma
 Pianos and pit
 Projection equi
 Radio sets.
 Racks—magazi
 clothing.
 Refrigerator, p
 Safes.
 Stoves.
 Switchboards,
 station.
 Tables.
 Television seta.
 Vacuum sweeper.
 Vending machine
 Water cooler.

NOTE: The cost constituting a I charged to accou
 [28 FR 13039, De
 FR 2631, Feb. 8, 1

§ 31.262 Other ment.

This account
 nal cost of pri
 and key system
 tion apparatus,
 inside wiring,
 company use. (S

Appendix Part 5

§ 32.2310

count also excludes such equipment which is an integral component of a major unit which is classifiable to other accounts.

(c) Subsidiary record categories shall be maintained in order that the company may separately report the amounts contained herein that relate to digital and analog. Such subsidiary record categories shall be reported as required by Part 43 of this Commission's Rules and Regulations.

§ 32.2310 Information origination/termination.

This account shall be used by Class B companies to record the original cost of information origination/termination equipment of the type and character required of Class A companies in Accounts 2311 through 2362.

§ 32.2311 Station apparatus.

(a) This account shall include the original cost of station apparatus, including teletypewriter equipment, telephone and miscellaneous equipment, small private branch exchange and radio equipment (excluding mobile), installed for customer's use. Items included in this account shall remain herein until finally disposed of or until wed in such manner as to warrant inclusion in other accounts.

(b) Each company shall prepare a list of station apparatus which shall be used as its list of disposition units for this account, the cost of which when finally disposed of shall be credited to this account and charged to Account 3100, Accumulated Depreciation.

(c) The cost of cross-connection boxes, distributing frames or other distribution points which are installed to terminate intrabuilding network cable shall be charged to Account 2426, Intrabuilding Network Cable.

(d) Operator head sets and transmitters in central offices and at private branch exchanges, and test sets such as those used by wire chiefs, outside plant technicians, and others, shall be included in Account 2116, Other Work Equipment, Account 2221, Operator Systems, or Account 2341, Large Private Branch Exchanges, as appropriate.

(e) Station apparatus for company official use shall be included in Account 2123, Office Equipment.

(f) An annual inventory shall be taken of all station apparatus in stock that are included in this account. The number of such station apparatus items as determined by this inventory, together with the number of all other station apparatus items included in this account, shall be compared with the corresponding number of station apparatus items as shown by the respective control records. The original cost of any unreconciled differences thereby disclosed shall be adjusted through Account 3100, Accumulated Depreciation. Appropriate verifications shall be made at suitable intervals and necessary adjustments between this account and Account 3100 shall be made for all station apparatus included in this account.

(g) Items of station apparatus in stock for which no further use in the ordinary conduct of the business is contemplated, but which as a precautionary measure are held for possible future contingencies instead of being discarded shall be excluded from this account and included in Account 1220, Inventories.

(h) Embedded CPE is that equipment or inventory which was tariffed or otherwise subject to the jurisdictional separations process as of January 1, 1983,

[51 FR 43499, Dec. 2, 1986, as amended at 52 FR 6561, Mar. 4, 1987; 52 FR 39535, Oct. 22, 1987]

§ 32.2321 Customer premises wiring.

(a) This account shall include all amounts transferred from the former Account 232, Station Connections, inside wiring subclass.

(b) Embedded Customer Premises Wiring is that investment in customer premises wiring equipment or inventory which was capitalized prior to October 1, 1984.

[51 FR 43499, Dec. 2, 1986, as amended at 52 FR 6561, Mar. 4, 1987]

§ 32.2341 Large private branch exchange.

(a) This account shall include the original cost, including the cost of in-

stallation, of a branch exchange private branch signed to account lines or which panded to 100 for customers' also include the large installations: (1) Which vidualized treatment, complexity, sp distinctive character which individual records also Account 23

(b) The cost work cables in cross-connection distributing frame Account 2426, Cable.

(c) The cost a er or not on- I with intrabuildi be charged to t plant account%

(d) [Reserved]

(e) [Reserved]

(f) Private t company officia in Account 2123

(g) Embedded ment or invent otherwise subje separations pro 1983. Invent-on branch exchange cluded in Accou

[51 FR 43499, Dec. FR 6562, Mar. 4, 1 1987]

§ 32.2351 Public ment.

(a) This acco original cost of (including pub credit card. an stalled for use b

(b) This acco the original cos that are require ity of service 1 The operating s six months sup er and be avail

stallation, of multiple manual private branch exchanges and of dial system private branch exchanges of types designed to accommodate 100 or more lines or which can normally be expanded to 100 or more lines, installed for customers' use. This account shall also include the original cost of other large installations of station equipment.: (1) Which do not constitute stations, (2) which require special or individualized treatment because of their complexity, special design, or other distinctive characteristics, and (3) for which individual or other specialized cost records are appropriate. (Note also Account 2311, Station Apparatus.)

(b) The cost of intrabuilding network cables including their associated cross-connection boxes, terminals, distributing frames, etc., is chargeable to Account 2436, Intrabuilding Network Cable.

(c) The cost of outside plant, whether or not on private property, used with intrabuilding network cable shall be charged to the appropriate outside plant accounts.

(d) [Reserved]

(e) [Reserved]

(f) Private branch exchanges for company official use shall be included in Account 2123, Office Equipment.

(g) Embedded CPE is that equipment or inventory which is tariffed or otherwise subject to the jurisdictional separations process as of January 1, 1983. Inventories of Large private branch exchanges equipment are included in Account 1230, Inventories.

[51 FR 43499, Dec. 2, 1986, as amended at 52 FR 6562, Max. 4, 1987; 52 FR 39535, Oct. 22, 1987.]

§ 32.2351 Public telephone terminal equipment.

(a) This account shall include the original cost of coinless, coin-operated (including public and semi-public), credit card and pay telephone installed for use by the public.

(b) This account shall also include the original cost of operating spares that are required to provide a continuity of service for public telephones. The operating spares shall not exceed six months supply in terms of turnover and be available to installers from

locations in reasonable proximity to the location of the installed equipment.

(c) The original cost of installing public telephone equipment shall not include the labor and minor materials costs of installing the public telephone equipment or premises wiring. These costs as well as the cost of replacing a public telephone shall be charged to Account 6351 Public Telephone Terminal Equipment Expense. The labor and minor materials costs of removal of public telephones will also be charged to Account 6351.

C51 FR 43499, Dec. 2, 1986, as amended at 52 FR 29019, Aug. 5, 1987]

§ 32.2362 Other terminal equipment.

(a) This account shall include the original cost of other Non-CPE terminal equipment not specifically provided for elsewhere and items such as specialized communications equipment provided to meet the needs of the disabled, over-voltage protection equipment, multiplexing equipment to deliver multiple channels to customers, etc.

(b) Each company shall prepare a list of other terminal equipment which shall be used as its list of retirement units for this account, the cost of which when finally disposed of shall be credited to this account and charged to Account 3100, Accumulated Depreciation.

§ 32.2416 Cable and wire facilities.

This account shall be used by Class B companies to record the original cost of cable and wire facilities of the type and character required of Class A companies in Accounts 2411 through 2441.

§ 32.2411, Poles.

This account shall include the original cost of poles, crossarms, guys and other material used in the construction of pole lines and shall include the cost of towers when not associated with buildings. This account shall also include the cost of clearing pole line routes and of tree trimming, but shall exclude the cost of maintaining previously cleared routes.

§ 32.2421

§ 32.2421 Aerial cable.

(a) This account shall include the original cost of aerial cable and of drop and block wires served by such cable or aerial wire as well as the cost of other material used in construction of such plant. Subsidiary record categories, as defined below, are to be maintained for nonmetallic, aerial cable and metallic aerial cable.

(1) **Nonmetallic cable.** This subsidiary record category shall include the original cost of optical fiber cable and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(2) **Metallic cable.** This subsidiary record category shall include the original cost of single or paired conductor cable, wire and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

§ 32.2422 Underground cable.

(a) This account shall include the original cost of underground cable installed in conduit and of other material used in the construction of such plant. Subsidiary record categories, as defined below, are to be maintained for nonmetallic underground cable and metallic underground cable.

(1) **Nonmetallic cable.** This subsidiary record category shall include the original cost of optical fiber cable and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(2) **Metallic cable.** This subsidiary record category shall include the original cost of single or paired conductor cable, wire and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of pumping water out of manholes and of cleaning manholes and ducts in connection with construction work and the cost of permits and privileges for the construction of cable and wire facilities shall be included in

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the account chargeable with such construction.

(c) The cost of drop and block wires served by underground cable shall be included in Account 2423, Buried Cable.

(d) The cost of cables leading from the main distributing frame or equivalent to central office equipment shall be included in the appropriate switching, transmission or other operations asset account.

§ 32.2423 Buried cable.

(a) This account shall include the original cost of buried cable as well as the cost of other material used in the construction of such plant. This account shall also include the cost of trenching for and burying cable run in conduit not classifiable to Account 2441, Conduit Systems. Subsidiary record categories, as defined below, are to be maintained for nonmetallic buried cable and metallic buried cable.

(1) **Nonmetallic cable.** This subsidiary record category shall include the original cost of optical fiber cable and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(2) **Metallic cable.** This subsidiary record category shall include the original cost of single or paired conductor cable, wire and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of pumping water out of manholes and of cleaning manholes and ducts in connection with construction work and the cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

§ 32.2424 Submarine cable.

(a) This account shall include the original cost of submarine cable and other material used in the construction of such plant. Subsidiary record categories, as defined below, are to be maintained for nonmetallic submarine cable and metallic submarine cable.

(1) **Nonmetallic cable.** This subsidiary record category shall include the

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original cost of other associated constructing and transmission signals.

(2) **Metallic record category.** This subsidiary record category shall include the original cost of cable, wire and other material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

§ 32.2425 Deep

(a) This account shall include the original cost of material used in the construction of such plant. Subsidiary record categories, as defined below, are to be maintained for nonmetallic and metallic

(1) **Nonmetallic cable.** This subsidiary record category shall include the original cost of optical fiber cable and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(2) **Metallic cable.** This subsidiary record category shall include the original cost of single or paired conductor cable, wire and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

§ 32.2426 Inter

(a) This account shall include the original cost of cable and other material used in the construction of such plant. Subsidiary record categories, as defined below, are to be maintained for nonmetallic and metallic submarine cable.

original cost of Optical fiber cable and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(2) **Metallic cable.** This subsidiary record category shall include the original cost of single or paired conductor Cable, wire and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

§ 32.2425 Deep sea cable.

(a) This account includes the original cost of deep sea cable and other material used in the construction of such plant. Subsidiary record categories, as defined below, are to be maintained for nonmetallic deep sea cable and metallic deep sea cable.

(1) **Nonmetallic cable.** This subsidiary record Category shall include the original cost Of optical fiber cable and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(2) **Metallic cable.** This subsidiary record category shall include the original cost of single or paired conductor cable, wire and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

§ 32.2426 Intrabuilding network cable.

(a) This account shall include the original cost of cables and wires located on the company's side of the demarcation point or standard network interface inside subscribers' buildings or between buildings on one customer's same premises. **Intrabuilding** network cables are used to distribute network access facilities to equipment rooms, cross-Connection or other distribution points at which connection is made with customer premises wiring.

Subsidiary record categories, as defined below, are to be maintained for nonmetallic intrabuilding network Cable and metallic intrabuilding network cable.

(1) **Nonmetallic cable.** This subsidiary record category shall include the original cost of optical fiber cable and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(2) **Metallic cable.** This subsidiary record category shall include the original cost of single or paired conductor cable, wire and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of pumping water out of manholes and of cleaning manholes and ducts in connection with construction work and the cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

(c) **Intrabuilding** network cable does not include the cost of cables or ties which are classifiable as network terminating wire, nor the cables or wires from the demarcation point or standard network interface to subscribers' stations.

§ 32.2431 Aerial wire.

(a) This account shall include the original cost of bare line wire and other material used in the construction of such plant.

(b) The cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction.

(c) The cost of drop and block wires served by aerial wire shall be included in Account 2421. Aerial Cable.

§ 32.2441 Conduit systems.

(a) This account shall include the original cost of conduit, whether underground, in tunnels or on bridges, which is reusable in place. It shall also include the cost of opening trenches and of any repaving necessary in the construction of conduit plant.