

Federal Communications Commission

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the par value of securities owned or held in sinking or other funds, the income from which is includable in this account. Amounts thus credited or charged shall be concurrently included in the accounts in which the securities are carried.

(e) Amounts charged to the telecommunications plant under construction account related to allowance for funds used during construction. (See § 32.2000(c)(2)(x).)

(f) Gains or losses resulting from:

(1) The disposition of land or artworks;

(2) The disposition of plant with traffic;

(3) The disposition of nonoperating telecommunications plant not previously used in the provision of telecommunications services.

(g) All other items of income and gains or losses from activities not specifically provided for elsewhere, including representative items such as:

(1) Fees collected in connection with the exchange of coupon bonds for registered bonds;

(2) Gains or losses realized on the sale of temporary cash investments or marketable equity securities;

(3) Net unrealized losses on investments in current marketable equity securities;

(4) Write-downs or write-offs of the book costs of investment in equity securities due to permanent impairment;

(5) Gains or losses of nonoperating nature arising from foreign currency exchange or translation;

(6) Gains or losses from the extinguishment of debt made to satisfy sinking fund requirements;

(7) Amortization of goodwill;

(8) Company's share of the earnings or losses of affiliated companies accounted for on the equity method; and

(9) The net balance of the revenue from and the expenses (including depreciation, amortization and insurance) of property, plant, and equipment, the cost of which is includable in Account 2006, Nonoperating plant.

(h) Costs that are typically given special regulatory scrutiny for rate-making purposes. Unless specific justification to the contrary is given, such costs are presumed to be excluded from the costs of service in setting rates.

(1) Lobbying includes expenditures for the purpose of influencing public opinion with respect to the election or appointment of public officials, referenda, legislation, or ordinances (either with respect to the possible adoption of new referenda, legislation or ordinances, or repeal or modification of existing referenda, legislation or ordinances) or approval, modification, or revocation of franchises, or for the purpose of influencing the decisions of public officials. This also includes advertising, gifts, honoraria, and political contributions. This does not include such expenditures which are directly related to communications with and appearances before regulatory or other governmental bodies in connection with the reporting utility's existing or proposed operations;

(2) Contributions for charitable, social or community welfare purposes;

(3) Membership fees and dues in social, service and recreational or athletic clubs and organizations;

(4) Penalties and fines paid on account of violations of statutes. This account shall also include penalties and fines paid on account of violations of U.S. antitrust statutes, including judgements and payments in settlement of civil and criminal suits alleging such violations; and

(5) Abandoned construction projects.

(i) Cash discounts on bills for material purchased shall not be included in this account.

[67 FR 5698, Feb. 6, 2002]

§ 32.7400 Nonoperating taxes.

This account shall include taxes arising from activities which are not a part of the central operations of the entity.

(a) This account shall be charged and Account 4330, Unamortized nonoperating investment tax credits—net, shall be credited with investment tax credits generated from qualified expenditures related to other operations which the company has elected to defer rather than recognize currently in income.

(b) This account shall be credited and Account 4330 shall be charged with the amortization of each year's investment tax credits included in such accounts relating to amortization of previously deferred investment tax credits of

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other property or regulated property, the amortization of which does not serve to reduce costs of service (but the unamortized balance does reduce rate base) for ratemaking purposes. Such amortization shall be determined with reference to the period of time used for computing book depreciation on the property with respect to which the tax credits relate.

(c) This account shall be charged and Account 4070, Income taxes—accrued, shall be credited for the amount of nonoperating Federal income taxes and state and local income taxes for the current period. This account shall also reflect subsequent adjustments to amounts previously charged.

(d) Taxes shall be accrued each month on an estimated basis and adjustments made as more current data becomes available.

(e) Companies that adopt the flow-through method of accounting for investment tax credits shall reduce the calculated provision in this account by the entire amount of the credit realized during the year. Tax credits, other than investment tax credits, if normalized, shall be recorded consistent with the accounting for investment tax credits.

(f) No entries shall be made to this account to reflect interperiod tax allocation.

(g) Taxes (both Federal and state) shall be accrued each month on an estimated basis and adjustments made as later data becomes available.

(h) This account shall be charged and Account 4080, Other taxes—accrued, shall be credited for all nonoperating taxes, other than Federal, state and local income taxes, and payroll related taxes for the current period. Among the items includable in this account are property, gross receipts, franchise and capital stock taxes. This account shall also reflect subsequent adjustments to amounts previously charged.

(i) This account shall be charged or credited, as appropriate, with contra entries recorded to the following accounts for nonoperating tax expenses that has been deferred in accordance with § 32.22: 4110 Net Current Deferred Nonoperating Income Taxes, 4350 Net Noncurrent Deferred Nonoperating Income Taxes.

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(j) Subsidiary record categories shall be maintained to distinguish between property and nonproperty related deferrals and so that the company may separately report the amounts contained herein that relate to Federal, state and local income taxes. Such subsidiary record categories shall be reported as required by part 43 of this chapter.

[67 FR 5699, Feb. 6, 2002]

§ 32.7500 Interest and related items.

(a) This account shall include the current accruals of interest on all classes of funded debt the principal of which is includable in Account 4200, Long term debt and funded debt. It shall also include the interest on funded debt the maturity of which has been extended by specific agreement. This account shall be kept so that the interest on each class of funded debt may be shown separately in the annual reports to this Commission.

(b) These accounts shall not include charges for interest on funded debt issued or assumed by the company and held by or for it, whether pledged as collateral or held in its treasury, in special deposits or in sinking or other funds.

(c) Interest expressly provided for and included in the face amount of securities issued shall be charged at the time of issuance to Account 1280, Prepayments, and cleared to this account as the term expires to which the interest applies.

(d) This account shall also include monthly amortization of balances in Account 4200, Long-term debt and funded debt.

(e) This account shall include the interest portion of each capital lease payment.

(f) This account shall include the monthly amortization of the balances in Account 1410, Other noncurrent assets.

(g) This account shall include all interest deductions not provided for elsewhere, e.g., discount, premium, and expense on notes maturing one year or less from date of issue.

(h) A list of representative items of indebtedness, the interest on which is chargeable to this account, follows: