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32.6220 Operator systems expense.
32.6230 Central office transmission expense.
32.6231 Radio systems expense.
32.6232 Circuit equipment expense.
32.6310 Information origination/termination expenses.
32.6311 Station apparatus expense.
32.6341 Large private branch exchange expense.
32.6351 Public telephone terminal equipment expense.
32.6362 Other terminal equipment expense.
32.6410 Cable and wire facilities expenses.
32.6411 Poles expense.
32.6421 Aerial cable expense.
32.6422 Underground cable expense.
32.6423 Buried cable expense.
32.6424 Submarine and deep sea cable expense.
32.6426 Intra-building network cable expense.
32.6431 Aerial wire expense.
32.6441 Conduit systems expense.
32.6510 Other property, plant and equipment expenses.
32.6511 Property held for future telecommunications use expense.
32.6512 Provisioning expense.
32.6530 Network operations expenses.
32.6531 Power expense.
32.6532 Network administration expense.
32.6533 Testing expense.
32.6534 Plant operations administration expense.
32.6535 Engineering expense.
32.6540 Access expense.
32.6560 Depreciation and amortization expenses.
32.6561 Depreciation expense—telecommunications plant in service.
32.6562 Depreciation expense—property held for future telecommunications use.
32.6563 Amortization expense—tangible.
32.6564 Amortization expense—intangible.
32.6565 Amortization expense—other.
32.6610 Marketing.
32.6611 Product management and sales.
32.6613 Product advertising.
32.6620 Services.
32.6621 Call completion services.
32.6622 Number services.
32.6623 Customer services.
32.6720 General and administrative.
32.6790 Provision for uncollectible notes receivable.

Subpart F—Instructions for Other Income Accounts

32.6999 General.
32.7100 Other operating income and expenses.
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32.7210 Operating investment tax credits—net.
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32.7230 Operating state and local income taxes.
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32.7910 Income effect of jurisdictional rate-making differences—net.
32.7990 Nonregulated net income.

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32.9000 Glossary of terms.

AUTHORITY: 47 U.S.C. 154(i), 154(j) and 220 as amended, unless otherwise noted.

SOURCE: 51 FR 43499, Dec. 2, 1986, unless otherwise noted.

Subpart A—Preface

§ 32.1 Background.

The revised Uniform System of Accounts (USOA) is a historical financial accounting system which reports the results of operational and financial events in a manner which enables both management and regulators to assess these results within a specified accounting period. The USOA also provides the financial community and others with financial performance results. In order for an accounting system to fulfill these purposes, it must exhibit consistency and stability in financial reporting (including the results published for regulatory purposes). Accordingly, the USOA has been designed to reflect stable, recurring financial data based to the extent regulatory considerations permit upon the consistency of the well established body of accounting theories and principles commonly referred to as generally accepted accounting principles.

§ 32.2 Basis of the accounts.

(a) The financial accounts of a company are used to record, in monetary terms, the basic transactions which occur. Certain natural groupings of these transactions are called (in different contexts) transaction cycles, business processes, functions or activities. The concept, however, is the same in each case; i.e., the natural groupings represent what happens within the

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company on a consistent and continuing basis. This repetitive nature of the natural groupings, over long periods of time, lends an element of stability to the financial account structure.

(b) Within the telecommunications industry companies, certain recurring functions (natural groupings) do take place in the course of providing products and services to customers. These accounts reflect, to the extent feasible, those functions. For example, the primary bases of the accounts containing the investment in telecommunications plant are the functions *performed by* the assets. In addition, because of the anticipated effects of future innovations, the telecommunications plant accounts are intended to permit technological distinctions. Similarly, the primary bases of plant operations, customer operations and corporate operations expense accounts are the functions *performed by* individuals. The revenue accounts, on the other hand, reflect a market perspective of natural groupings based primarily upon the products and services *purchased by* customers.

(c) In the course of developing the bases for this account structure, several other alternatives were explored. It was, for example, determined that, because of the variety and continual changing of various cost allocation mechanisms, the financial accounts of a company should not reflect an *a priori* allocation of revenues, investments or expenses to products or services, jurisdictions or organizational structures. (Note also §32.14 (c) and (d) of subpart B.) It was also determined that costs (in the case of assets) should not be recorded based solely upon physical attributes such as location, description or size.

(d) Care has been taken in this account structure to avoid confusing a function with an organizational responsibility, particularly as it relates to the expense accounts. Whereas in the past, specific organizations may have performed specific functions, the future environment with its increasing mechanization and other changes will result in entirely new or restructured organizations. Thus, any relationships drawn between organizations and ac-

counts would become increasingly meaningless with the passage of time.

(e) These accounts, then, are intended to reflect a functional and technological view of the telecommunications industry. This view will provide a stable and consistent foundation for the recording of financial data.

(f) The financial data contained in the accounts, together with the detailed information contained in the underlying financial and other subsidiary records required by this Commission, will provide the information necessary to support separations, cost of service and management reporting requirements. The basic account structure has been designed to remain stable as reporting requirements change.

§ 32.3 Authority.

This Uniform System of Accounts has been prepared under the following authority: Section 4 of the Communications Act of 1934, as amended, 47 U.S.C. section 154 (1984); sections 219, 220 of the Communications Act of 1934, as amended, 47 U.S.C. sections 219, 220, (1984).

§ 32.4 Communications Act.

Attention is directed to the following extract from section 220 of the Communications Act of 1934, 47 U.S.C. 220 (1984):

(e) Any person who shall willfully make any false entry in the accounts of any book of accounts or in any record or memoranda kept by any such carrier, or who shall willfully destroy, mutilate, alter, or by any other means or device falsify any such account, record, or memoranda, or who shall willfully neglect or fail to make full, true, and correct entries in such accounts, records, or memoranda of all facts and transactions appertaining to the business of the carrier, shall be deemed guilty of a misdemeanor, and shall be subject, upon conviction, to a fine of not less than \$1,000 nor more than \$5,000 or imprisonment for a term of not less than one year nor more than three years, or both such fine and imprisonment: Provided, that the Commission may in its discretion issue orders specifying such operating, accounting or financial papers, records, books, blanks, or documents which may, after a reasonable time, be destroyed, and prescribing the length of time such books, papers, or documents shall be preserved.