

## § 36.411

(2) All other.

(b) Extended Area Services (EAS) settlements are directly assigned to the exchange operation.

(c) The expenses in this account are apportioned among the operations on the basis of the separation of the cost of the combined Big Three Expenses which include the following accounts:

### *Plant Specific Expenses*

Central Office Switching Expenses—Account 6210 (Class B Telephone Companies); Accounts 6211 and 6212 (Class A Telephone Companies)

Operators Systems Expenses—Account 6220

Central Office Transmission Expenses—Account 6230 (Class B Telephone Companies); Accounts 6231 and 6232 (Class A Telephone Companies)

Information Origination/Termination Expenses—Account 6310 (Class B Telephone Companies); Accounts 6311, 6341, 6351, and 6362 (Class A Telephone Companies)

Cable and Wire Facilities Expense—Account 6410 (Class B Telephone Companies); Accounts 6411, 6421, 6422, 6423, 6424, 6426, 6431, and 6441 (Class A Telephone Companies)

### *Plant Non-Specific Expenses*

Network Operations Expenses—Account 6530 (Class B Telephone Companies); Accounts 6531, 6532, 6533, 6534, and 6535 (Class A Telephone Companies)

### *Customer Operations Expenses*

Marketing—Account 6610 (Class B Telephone Companies); Accounts 6611 and 6613 (Class A Telephone Companies)

Services—Account 6620

[52 FR 17229, May 6, 1987, as amended at 69 FR 12552, Mar. 17, 2004]

## OPERATING TAXES

### **§ 36.411 Operating taxes—Account 7200 (Class B Telephone Companies); Accounts 7210, 7220, 7230, 7240, and 7250 (Class A Telephone Companies).**

(a) This account includes the taxes arising from the operations of the company, i.e.,

Operating Investment Tax Credits

Operating Federal Income Taxes

Operating State and Local Income Taxes

Operating Other Taxes

Provision for Deferred Operating Income Taxes

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### **§ 36.412 Apportionment procedures.**

(a) For apportionment purposes, the expenses in this account are segregated into two groups as follows: (1) Operating Federal, State and local income taxes and (2) all other operating taxes.

(b) Operating Federal, State and local income taxes are apportioned among the operations on the basis of the approximate net taxable income (positive or negative) applicable to each of the operations. The approximate net taxable income from each of the operations is the summation of the following amounts apportioned to each operation by means of the procedures set forth in this Manual:

(1) Operating revenues,

(2) Less operating expenses,

(3) Less operating taxes except the net income tax being apportioned and except any other tax not treated as a deductible item in the determination of taxable net income for this purpose.

(4) Less operating fixed charges.

(i) The amount of fixed charges attributable to the operations is obtained by subtracting the tax component (positive or negative) attributable to other than the operating fixed charges, i.e., fixed charges on non-operating investments are that proportion of total fixed charges which non-operating net investments are of total operating and non-operating net investments.

(ii) Operating fixed charges including interest on Rural Telephone Bank Stock are apportioned among the operations on the basis of the separation of the cost of telephone plant less appropriate reserves.

(c) Other operating taxes should be directly assigned to the appropriate jurisdiction where possible, e.g., Local Gross Receipts may be directly identified as applicable to one jurisdiction. Where direct assignment is not feasible, these expenses should be apportioned among the operations on the basis of the separation of the cost of Telecommunications Plant in Service—Account 2001.

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### EQUAL ACCESS EXPENSES

#### § 36.421 Equal access expenses.

(a) Equal access expenses include only initial incremental pre-subscription costs and other initial incremental expenditures related directly to the provision of equal access, that would not be required to upgrade the capabilities of the office involved absent the provision of equal access. Equal access expenses are limited to such expenditures for converting central offices that serve competitive interexchange carriers or where there has been a bona fide request for conversion to equal access.

(b) Equal access expenses are apportioned between the jurisdictions by first segregating them from all other expenses in the primary accounts and then allocating them on the same basis as equal access investment.

### Subpart E—Reserves and Deferrals

#### § 36.501 General.

For separations purposes, reserves and deferrals include the following accounts:

Other Jurisdictional Assets—Net.	Account 1500.
Accumulated Depreciation.	Account 3100.
Accumulated Depreciation—Property Held for Future Telecommunications Use.	Account 3200.
Accumulated Amortization—Capital Leases.	Account 3400 (Class B Telephone Companies); Account 3410 (Class A Telephone Companies).
Net Current Deferred Operating Income Taxes.	Account 4100.
Net Noncurrent Deferred Operating Income Taxes.	Account 4340.
Other Jurisdictional Liabilities and Deferred Credits—Net.	Account 4370.

[69 FR 12553, Mar. 17, 2004]

#### § 36.502 Other jurisdictional assets—Net—Account 1500.

(a) Amounts in this account are separated based upon analysis of the specific items involved.

#### § 36.503 Accumulated depreciation—Account 3100.

(a) Amounts recorded in this account shall be separated on the basis of the separation of the associated primary Plant Accounts or related categories, excluding amortizable assets.

#### § 36.504 Accumulated depreciation—Property held for future telecommunications use—Account 3200.

(a) Amounts in this account are apportioned among the operations on the basis of the separation of the costs of the related items carried in Account 2002—Property Held for Future Telecommunications Use.

#### § 36.505 Accumulated amortization—Tangible—Account 3400 (Class B Telephone Companies); Accumulated amortization—Capital Leases—Account 3410 (Class A Telephone Companies).

(a) Amounts in these accounts are apportioned among the operations on the basis of the separation of the related accounts.

#### § 36.506 Net current deferred operating income taxes—Account 4100, Net noncurrent deferred operating income taxes—Account 4340.

(a) Amounts in these accounts are maintained by plant account and are apportioned among the operations on the basis of the separations of the related plant accounts.

#### § 36.507 Other jurisdictional liabilities and deferred credits—Net—Account 4370.

(a) Amounts in this account are separated based upon an analysis of the specific items involved.

### Subparts F–G [Reserved]

#### APPENDIX TO PART 36—GLOSSARY

The descriptions of terms in this glossary are broad and have been prepared to assist in understanding the use of such terms in the separation procedures. Terms which are defined in the text of this part are not included in this glossary.

##### *Access Line*

A communications facility extending from a customer's premises to a serving central office comprising a subscriber line and, if