

(c) Local exchange carriers that do not bill or collect from end users on behalf of interexchange carriers shall allocate five percent of the expenses assigned this classification to the interstate jurisdiction, and ninety-five percent of the expenses assigned this classification to the state jurisdiction.

(d) Effective July 1, 2001, through December 31, 2024, study areas subject to price cap regulation, pursuant to § 61.41 of this chapter, shall assign the balance of Account 6620-Services to the Other billing and collecting expense classification based on the relative percentage assignment of the balance of Account 6620 to those subcategory during the twelve-month period ending December 31, 2000.

(e) Effective July 1, 2001, through December 31, 2024, all study areas shall apportion Other billing and collecting expense among the jurisdictions using the allocation factor utilized, pursuant to paragraph (b) or (c) of this section, for the twelve-month period ending December 31, 2000.

[53 FR 33011, Aug. 29, 1988, as amended at 62 FR 15416, Apr. 1, 1997; 66 FR 33208, June 21, 2001; 75 FR 30301, June 1, 2010; 76 FR 30841, May 27, 2011; 79 FR 36239, June 26, 2014]

§ 36.381 Carrier access charge billing and collecting expense.

(a) This classification includes the revenue accounting functions associated with the billing and collecting of access charges to interexchange carriers.

(b) Of access charges other than end user common line access charges are assessed for the origination or termination of intrastate services in a particular state, one-half of such expense shall be apportioned to interstate operations. If no such access charges are assessed in a particular state, all such expense shall be assigned to interstate operations.

(c) Effective July 1, 2001, through December 31, 2024, study areas subject to price cap regulation, pursuant to § 61.41 of this chapter, shall assign the balance of Account 6620-Services to the Carrier access charge billing and collecting expense classification based on the relative percentage assignment of the balance of Account 6620 to that

classification during the twelve-month period ending December 31, 2000.

(d) Effective July 1, 2001, through December 31, 2024, all study areas shall apportion Carrier access charge billing and collecting expense among the jurisdictions using the allocation factor, pursuant to paragraph (b) of this section, for the twelve-month period ending December 31, 2000.

[52 FR 17229, May 6, 1987, as amended at 66 FR 33208, June 21, 2001; 75 FR 30301, June 1, 2010; 76 FR 30841, May 27, 2011; 79 FR 36239, June 26, 2014]

§ 36.382 Category 3—All other customer services expense.

(a) Effective July 1, 2001, through December 31, 2024, study areas subject to price cap regulation, pursuant to § 61.41 of this chapter, shall assign the balance of Account 6620-Services to this category based on the relative percentage assignment of the balance of Account 6620 to this category during the twelve-month period ending December 31, 2000.

(b) Category 3 is apportioned on the basis of Categories 1 and 2.

[66 FR 33208, June 21, 2001, as amended at 75 FR 30301, June 1, 2010; 76 FR 30841, May 27, 2011; 79 FR 36239, June 26, 2014]

CORPORATE OPERATIONS EXPENSE

§ 36.391 General.

Corporate Operations Expenses are included in the following account:

General and Administrative Account 6720.

[69 FR 12552, Mar. 17, 2004]

§ 36.392 General and administrative—Account 6720.

(a) These expenses are divided into two categories:

- (1) Extended Area Services (EAS).
- (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:

TABLE 1 TO PARAGRAPH (c)

Plant Specific Expenses	
Central Office Switching Expenses.	Account 6210.
Operators Systems Expenses	Account 6220.
Central Office Transmission Expenses.	Account 6230.
Information Origination/Termination Expenses.	Account 6310.
Cable and Wire Facilities Expense.	Account 6410.
Plant Non-Specific Expenses	
Network Operations Expenses	Account 6530.
Customer Operations Expenses	
Marketing	Account 6610.
Services	Account 6620.

[52 FR 17229, May 6, 1987, as amended at 69 FR 12552, Mar. 17, 2004; 83 FR 63587, Dec. 11, 2018]

OPERATING TAXES

§ 36.411 Operating taxes—Account 7200.

This account includes the taxes arising from the operations of the company, *i.e.*:

- (a) Operating Investment Tax Credits.
- (b) Operating Federal Income Taxes.
- (c) Operating State and Local Income Taxes.
- (d) Operating Other Taxes.
- (e) Provision for Deferred Operating Income Taxes.

[83 FR 63587, Dec. 11, 2018]

§ 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.

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.