AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

(2) Within the interexchange classification, there are three broad types of plant, i.e., operator systems, switching plant, and trunk transmission equipment. Within the exchange classification there are four board types of plant, i.e., operator systems, switching plant, truck equipment and subscriber plant. Subscriber plant comprises lines to the subscriber.

(3) In general, the basis for apportioning telecommunications plant used jointly for state and interstate operations are:

(i) Operator work time expressed in weighted standard work seconds is the basis for measuring the use of operator systems.

(ii) Holding-time-minutes is the basis for measuring the use of local and toll switching plant.

(iii) Conversation-minute-kilometers or conversation minutes is the basis for measuring the use of interexchange circuit plant and holding-time minutes is the basis for measuring the use of exchange trunk plant. While the use of holding-time-minute-kilometers is the basic fundamental allocation factor for interexchange circuit plant and exchange trunk plant, the use of conversation-minute-kilometers or conversation-minutes for the allocation of interexchange circuit plant and holding-time minutes for the allocation of exchange trunk plant are considered practical approximations for separations between state and interstate operations when related to the broad types of plant classifications used herein.

(iv) Message telecommunications subscriber plant shall be apportioned on the basis of a Gross Allocator which assigns 25 percent to the interstate jurisdiction and 75 percent to the state jurisdiction.

(c) Property rented to affiliates, if not substantial in amount, is included as used property of the owning company with the associated revenues and expenses treated consistently: Also such property rented from affiliates is not included with the used property of the company making the separations; the rent paid is included in its expenses. If substantial in amount, the following treatment is applied:

(1) In the case of property rented to affiliates, the property and related expenses and rent revenues are excluded from the telephone operations of the owning company, and

(2) In the case of property rented from affiliates, the property and related expenses are included with, and the rent expenses are excluded from, the telephone operations of the company making the separation.

(d) Property rented to or from non-affiliates is usually to be included as used property of the owning company with the associated revenues and expenses treated consistently. In the event the amount is substantial, the property involved and the revenues and expenses associated therewith may be excluded from or included in the telecommunications operations of the company. When required, the cost of property rented to or from non-affiliates is determined using procedures that are consistent with the procedures for the allocation of costs among the operations.

(e) Costs associated with services or plant billed to another company which have once been separated under procedures consistent with general principles set forth in this part, and are thus identifiable as entirely interstate or State in nature, shall be directly assigned to the appropriate operation and jurisdiction.

[52 FR 17229, May 6, 1987, as amended at 58 FR 44905, Aug. 25, 1993; 71 FR 65745, Nov. 9, 2006]

§ 36.3 Freezing of jurisdictional separations category relationships and/or allocation factors.

(a) Effective July 1, 2001, through June 30, 2006, all local exchange carriers subject to part 36 rules shall apportion costs to the jurisdictions using their study area and/or exchange specific jurisdictional allocation factors calculated during the twelve month period ending December 31, 2000, for each of the categories/sub-categories as specified herein. Direct assignment of private line service costs between jurisdictions shall be updated annually. Other direct assignment of investment, expenses, revenues or taxes between jurisdictions shall be updated annually. Local exchange carriers that invest in

telecommunications plant categories during the period July 1, 2001, through June 30, 2006, for which it had no separations allocation factors for the twelve month period ending December 31, 2000, shall apportion that investment among the jurisdictions in accordance with the separations procedures in effect as of December 31, 2000 for the duration of the freeze.

(b) Effective July 1, 2001, through June 30, 2006, local exchange carriers subject to price cap regulation, pursuant to §61.41, shall assign costs from the part 32 accounts to the separations categories/sub-categories, as specified herein, based on the percentage relationships of the categorized/sub-categorized costs to their associated part 32 accounts for the twelve month period ending December 31, 2000. If a part 32 account for separations purposes is categorized into more than one category, the percentage relationship among the categories shall be utilized as well. Local exchange carriers that invest in types of telecommunications plant during the period July 1, 2001, through June 30, 2006, for which it had no separations category investment for the twelve month period ending December 31, 2000, shall assign such investment to separations categories in accordance with the separations procedures in effect as of December 31, 2000. Local exchange carriers not subject to price cap regulation, pursuant to §61.41 of this chapter, may elect to be subject to the provisions of §36.3(b). Such election must be made prior to July 1, 2001. Local exchange carriers electing to become subject to §36.3(b) shall not be eligible to withdraw from such regulation for the duration of the freeze. Local exchange carriers participating in Association tariffs, pursuant to §69.601 of this chapter et seq., shall notify the Association prior to July 1, 2001, of such intent to be subject to the provisions of §36.3(b). Local exchange carriers not participating in Association tariffs shall notify the Commission prior to July 1, 2001, of such intent to be subject to the provisions of §36.3(b).

(c) Effective July 1, 2001, through June 30, 2006, any local exchange carrier that sells or otherwise transfers exchanges, or parts thereof, to another carrier's study area shall continue to utilize the factors and, if applicable, category relationships as specified in §§36.3(a) and (b).

(d) Effective July 1, 2001, through June 30, 2006, any local exchange carrier that buys or otherwise acquires exchanges or part thereof, shall calculate new, composite factors and, if applicable, category relationships based on a weighted average of both the seller's and purchaser's factors and category relationships calculated pursuant to §§36.3(a) and 36.3(b). This weighted average should be based on the number of access lines currently being served by the acquiring carrier and the number of access lines in the acquired exchanges.

(1) To compute the composite allocation factors and, if applicable, the composite category percentage relationships of the acquiring company, the acquiring carrier shall first sum its existing (pre-purchase) access lines (A) with the total access lines acquired from selling company (B). Then, multiply its factors and category relationship percentages by (A/(A+B)) and those of the selling company by (B/(A+B)) and sum the results.

(2) For carriers subject to a freeze of category relationships, the acquiring carrier should remove all categories of investment from the selling carrier's list of frozen category relationships where no such category investment exists within the sold exchange(s). The seller's remaining category relationships must then be increased proportionately to total 100 percent. Then, the adjusted seller's category relationships must be combined with those of the acquiring carrier as specified in §36.3(d)(1) to determine the category relationships for the acquiring carrier's post-transfer study area.

(e) Any local exchange carrier study area converting from average schedule company status, as defined in §69.605(c) of this chapter, to cost company status during the period July 1, 2001, through June 30, 2006, shall, for the first twelve months subsequent to conversion categorize the telecommunications plant and expenses and develop separations allocation factors in accordance with the separations procedures in effect as of December 31, 2000. Effective July 1,

2001 through June 30, 2006, such companies shall utilize the separations allocation factors and account categorization subject to the requirements of §§36.3(a) and (b) based on the category relationships and allocation factors for the twelve months subsequent to the conversion to cost company status.

[66 FR 33204, June 21, 2001]

Subpart B—Telecommunications Property

GENERAL

§ 36.101 Section arrangement.

(a) This subpart is arranged in sections as follows:

GENERAL

Telecommunications Plant in Service—Account 2001—36.101 and 36.102.
General Support Facilities—Account 2110—36.111 and 36.112.
Central Office Equipment—Accounts 2210, 2220, 2230—36.121 thru 36.126.
Information Origination/Termination Equipment—Account 2310—36.141 and 36.142.
Cable and Wire Facilities—Account 2410—36.151 thru 36.157.
Amortization Assets—Accounts 2680 and 2690—36.161 and 36.162.
Telecommunications Plant—Other Accounts 2002 thru 2005—36.171.
Rural Telephone Bank Stock—36.172.
Material and Supplies—Accounts 1220, and Cash Working Capital—36.181 and 36.182.
Equal Access Equipment—36.191.

[60 FR 12138, Mar. 6, 1995]

§ 36.102 General.

(a) This section contains an outline of the procedures used in the assignment of Telecommunications Plant in Service—Account 2001 to categories and the apportionment of the cost assigned to each category among the operations.

(b) The treatment of rental plant is outlined in §§36.2(c) through 36.2(e). If the amount of such plant is substantial, the cost may be determined by using the general procedures set forth for the assignment of the various kinds of property to categories.

(c) The amount of depreciation deductible from the book cost or ''value'' is apportioned among the operations in proportion to the separation of the cost of the related plant accounts.

GENERAL SUPPORT FACILITIES

§ 36.111 General.

(a) The costs of the general support facilities are contained in Account 2110, Land and Support Assets. This account contains land, buildings, motor vehicles, aircraft, special purpose vehicles, garage work equipment, other work equipment, furniture, office equipment and general purpose computers.

§ 36.112 Apportionment procedure.

(a) The costs of the general support facilities of Class A Companies (which are defined in part 32 of the Commission's Rules) are apportioned among the operations on the basis of the separation of the costs of the combined Big Three Expenses which include the following accounts:

Plant Specific Expenses

Central Office Switching Expenses—Accounts 6211 and 6212
Operators Systems Expenses—Account 6220
Central Office Transmission Expenses—Accounts 6231 and 6232
Information Origination/Termination Expenses—Accounts 6311, 6341, 6351, and 6362
Cable and Wire Facilities Expenses—Accounts 6411, 6421, 6422, 6423, 6424, 6426, 6431, and 6441

Plant Non-Specific Expenses

Network Operations Expenses—Accounts 6531, 6532, 6533, 6534, and 6535

Customer Operations Expenses

Marketing—Account 6611 and 6613
Services—Account 6620

(b) The costs of the general support facilities for Class B Companies (which are defined by part 32 of the Commission's Rules) are apportioned among the operations on the basis of the separation of the costs of Central Office Equipment, Information Origination/Termination Equipment, and Cable and Wire Facilities, combined.

[52 FR 17229, May 6, 1987, as amended at 53 FR 33012, Aug. 29, 1988; 69 FR 12549, Mar. 17, 2004]