

## Federal Communications Commission

## § 32.2

- 32.7110 Income from custom work.
- 32.7130 Return from nonregulated use of regulated facilities.
- 32.7140 Gains and losses from foreign exchange.
- 32.7150 Gains and losses from the disposition of land and artworks.
- 32.7160 Other operating gains and losses.
- 32.7199 Content of accounts.
- 32.7200 Operating taxes.
- 32.7210 Operating investment tax credits—net.
- 32.7220 Operating Federal income taxes.
- 32.7230 Operating state and local income taxes.
- 32.7240 Operating other taxes.
- 32.7250 Provision for deferred operating income taxes—net.
- 32.7299 Content of accounts.
- 32.7300 Nonoperating income and expense.
- 32.7310 Dividend income.
- 32.7320 Interest income.
- 32.7330 Income from sinking and other funds.
- 32.7340 Allowance for funds used during construction.
- 32.7350 Gains or losses from the disposition of certain property.
- 32.7360 Other nonoperating income.
- 32.7370 Special charges.
- 32.7399 Content of accounts.
- 32.7400 Nonoperating taxes.
- 32.7410 Nonoperating investment tax credits—net.
- 32.7420 Nonoperating Federal income taxes.
- 32.7430 Nonoperating state and local income taxes.
- 32.7440 Nonoperating other taxes.
- 32.7450 Provision for deferred nonoperating income taxes—net.
- 32.7499 Content of accounts.
- 32.7500 Interest and related items.
- 32.7510 Interest on funded debt.
- 32.7520 Interest expense—capital leases.
- 32.7530 Amortization of debt issuance expense.
- 32.7540 Other interest deductions.
- 32.7599 Content of accounts.
- 32.7600 Extraordinary items.
- 32.7610 Extraordinary income credits.
- 32.7620 Extraordinary income charges.
- 32.7630 Current income tax effect of extraordinary items—net.
- 32.7640 Provision for deferred income tax effect of extraordinary items—net.
- 32.7899 Content of accounts.
- 32.7910 Income effect of jurisdictional rate-making differences—net.
- 32.7990 Nonregulated net income.

### Subpart G—Glossary

- 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 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,

### § 32.3

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 accounts 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

### 47 CFR Ch. I (10–1–00 Edition)

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.

For regulations governing the periods for which records are to be retained, see part 42, Preservation of Records of Communications Common Carriers, of this chapter which relates to preservation of records.

### Subpart B—General Instructions

#### § 32.11 Classification of companies.

(a) For accounting purposes, companies are divided into classes as follows:

(1) *Class A.* Companies having annual revenues from regulated telecommunications operations that are equal to or above the indexed revenue threshold.