

PLUG-IN EQUIPMENT DISPOSITION PROCEDURES

<u>CONTENTS</u>	<u>PAGES</u>
1. GENERAL.....	2
2. RESPONSIBILITIES.....	3
3. SALES METHOD.....	7
4. PLUG-IN EQUIPMENT DISPOSITION PROCESS.....	7
5. ADMINISTRATION.....	10
 <u>EXHIBITS</u>	
1 - LOGIC JUNKING REPORT.....	11
2 - PURCHASING ORDER.....	12
3 - RETURNED MATERIAL NOTICE.....	13
4 - SW4113 - LOGISTICS SERVICES CREDITING MEMORANDUM...	14
5 - SW4490 - NOTIFICATION OF MISCELLANEOUS TRANSFER....	15

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1. GENERAL

- 1.01 This instruction provides information about the disposition of central office plug-in equipment which is processed through the Plug-in Inventory Control System/Detailed Continuing Property Record (PICS/DCPR) System and plug-in equipment classified as Network Channel Terminating Equipment (NCTE). This procedure includes information about the receipt of plug-in equipment, the method of disposition, and the administration associated with the sale or disposal of such material.
- 1.02 When this practice is reissued, the reason for the reissue will be cited in this paragraph.
- 1.03 The primary responsible groups involved in the disposition process for plug-in equipment include: the Plug-in Central Stock (PICS) group, Plug-in Administrators (PIAs), Inventory Management, Warehouse Returns personnel, and the Manager-Reuse Sales within the Logistics District.
- 1.04 Plug-in equipment/material can be defined as central office or special services circuit equipment that is easily installed or disconnected via a "plug-in" feature. Circuit boards and other plug-in units which simplify maintenance procedures are considered, for purposes of this practice, to be plug-in equipment/material.
- 1.05 PICS Plug-in equipment is retired mechanically via PICS/DCPR and NCTE Plug-in equipment is retired manually by Inventory Management (Procurement Services). Technology disposition lists of plug-in material are used within SWBT to make decisions about junking.

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2. RESPONSIBILITIES

2.01 This section provides information about responsibilities related to the sale or disposal of plug-in equipment or material.

2.02 Logistics - It is the role of the Logistics District to ensure the following with regard to the disposal or sale of plug-in equipment/material:

- (a) Handle the disposition of reusable material in accordance with Operating Practice No. 123, Disposition Services Policy and Procedures;
- (b) Ensure that the disposition of plug-in equipment/material is performed economically and in a manner in which investment recovery is maximized;
- (c) Make decisions regarding the sale or scrapping (via the MARC Center) of plug-in equipment/material when such material is made available to Logistics. Scrapping can be defined as selling scrap material for its intrinsic value as a metal;
- (d) Perform all sales of plug-in equipment/material for SWBT territory;
- (e) In conjunction with Procurement Contracting, assist in the development of contracts with scrap vendors or communications equipment vendors for the sale of plug-in equipment; and
- (f) Coordinate all disposition activities related to plug-in sales, for example, completing Returned Material notices and AMIS reports, maintaining a ledger to track plug-ins junked, invoicing, processing payments, and issuing salvage credit.

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- 2.03 Plug-in Administrators - PIAs are responsible for the retiring plug-in equipment via PICS/DCPR.
- 2.04 LOGIC System Support Personnel - are responsible for assisting Logistics in obtaining reports out of the Logistics Integrated Control (LOGIC) System. The following information from LOGIC reports is used to salvage plug-ins received for disposition:
- (a) Total number of plug-ins junked, and
 - (b) The specific state and accounting for the plug-ins junked.
- 2.05 Field Personnel - This group consists of Network Central Office Engineering, Network Distribution Services, Special Services, and other field personnel who may be involved in returning plug-in equipment. Field personnel are responsible for the following:
- (a) Complete applicable paperwork required to return plug-in material;
 - (b) Identify the status of the plug-ins which are returned to the Materials Distribution Center (MDC), e.g., defective or good.
 - (c) Package plug-ins in electro static discharge (ESD) protective packaging, bubble wrap, or anti-static bags when returning plug-ins in "good" condition to the MDC.
- 2.06 Inventory Management - This group within Procurement Services is responsible for the following related to NCTE plug-ins:
- (a) Develop keep-lists to determine NCTE unit quantities to maintain in inventory;

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- (b) Make decisions related to the NCTE inventory and which NCTE units to junk;
- (c) Provide to Logistics reports out of the SWIMS database of the total number of NCTE units junked on an as needed basis; and
- (d) Issue retirements (Form SN-726) for all states based on disconnect orders from the TIRKS database.

2.07 Procurement Contracting - is responsible for the following related to the disposition of surplus junked plug-in material.

- (a) Formulating and maintaining a buyers list to be used for soliciting quotations for scrap material.
- (b) Developing and submitting Request For Quotation (RFQ) packages as directed by Logistics in conjunction with competitive quotation requirements.
- (c) Reviewing RFQ packages with Logistics for approval and concurrence before distribution to prospective buyers.
- (d) Receiving, analyzing and providing RFQ results to Logistics along with a recommendation of the most qualified buyer.
- (e) Securing appropriate documentation from the buyer(s) which may include the following:
 - (1) Signed contract;
 - (2) Signed Sales Agreement; and
 - (3) LOC/Surety Bond.

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- (f) Executing contracts and sales agreement(s) per the Schedule of Authorization (Section 7.4 Disposition and Sale of Material and Section 7.2 Contracts) and distributing such contracts to Logistics.
- (g) Administering and interpreting contracts developed in conjunction with Logistics. Such administration includes performing the following:
 - (1) Maintain contract files;
 - (2) Amend, terminate or re-bid contracts as appropriate, or as directed by Logistics;
 - (3) Interpret clauses to buyers, Logistics, etc., when requested;
 - (4) Contact buyer(s) and arrange for payment of delinquent accounts, (Reports are provided to Procurement Contracting by Logistics which contain past due/outstanding balances);
 - (5) Formally inform buyers if breach of contract occurs;
 - (6) Formally respond to correspondence from buyers;
 - (7) Distribute to Logistics a summary status of all contracts by location on a monthly basis; and
 - (8) Coordinate all matters with the Legal Department.
- (h) Releasing/executing Letters of Credit or Surety Bonds when required.

2.08 MDC Returns Personnel - are responsible for the following when receiving NCTE plug-in equipment which has been returned: (NOTE: The MDC receives Stocked and Non-Stocked NCTE units)

Stocked Returns

- (a) Reviewing keep-lists and making junking decisions,
- (b) Processing transactions in SWIMS related to NCTE plug-ins and completing paperwork related to plug-in returns,
- (c) Packaging plug-in equipment classified as resale in ESD protective packaging for shipment to the vendor,

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- (d) Counting Stocked NCTE units which have been junked and placing such units in shipping containers (gaylord boxes) with Non-Stocked NCTE units for shipment to a scrap vendor for disposition.

Non-Stocked Returns

- (e) Maintaining a weekly total of Non-Stocked NCTE units received for disposition, and add to that total the quantity of Stocked NCTE units junked;
- (f) Placing Non-Stocked NCTE units to be disposed in a shipping container (gaylord box) and for tracking purposes, identify each box. The box should be marked with a unique number, or a recognizable label (marked with a unique number) should be adhered to the shipping container. The unique numbers allow for tracking of plug-ins by container. Retain log which contains: quantity of NCTE units, Box Identification Number, and ship date (date the plug-ins are shipped to the scrap vendor);
- (g) NCTE units which are clearly not reparable should be placed in containers designated for the MARC Center;
- (h) If NCTE units are received in ESD protective packaging, leave in protective packaging for shipment to scrap vendor;
- (i) Weekly provide to the Manager-Reuse Sales a list which contains: the quantity of NCTE units shipped to the vendor, the unique number of each box associated with each shipment, and the date shipped (For example, Box 1 - 200 units; Box 2 - 202 units; and Box 3 - 211 units; Ship date 10/23/93); and
- (j) Staging material appropriately for vendor pick up.

3. SALES METHOD

3.01 Sales of surplus, obsolete or retired plug-in equipment/material made by Logistics will be conducted via a Competitive Bidding process.

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3.02 The sales methods used by Logistics are described in more detail in Operating Practice No. 123, Disposition Services Policy and Procedures. Plug-ins will be sold based on contracts established by Logistics in conjunction with Procurement Contracting. Such contracts will be developed with scrap vendors or vendors within the telecommunications industry.

4.0 PLUG-IN EQUIPMENT DISPOSITION PROCESS

4.01 The process following describes the flow of plug-in equipment from the point of receipt by the MDC through the final disposition of the plug-in material. While there are some difference in accounting for PICS and NCTE plug-ins, the process is virtually the same.

STEP 1: Reports provide information about plug-in equipment junked to the Manager-Reuse Sales.

- (a) Report out of LOGIC (See Exhibit 1) provides junking quantities by state and the specific FRC (Field Reporting Code) to issue salvage to.
- (b) Report out of SWIMS provides junking quantities.

STEP 2: The Manager-Reuse Sales makes entries of plug-in quantities which were junked onto a ledger.

STEP 3: Plug-ins classified as resale at the MDC are properly packaged (ESD protective packaging) and staged for vendor pick up. For PICS plug-ins, LOGIC conveys by HECI Code whether a plug-in is scrap or resale based on prior agreement with vendor. Note: Plug-ins which clearly have no reuse potential are sent to the MARC Center. Such decisions are made by receiving personnel in conjunction with the vendor.

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- STEP 4: The vendor picks up the plug-in equipment and submits a Purchase Order (PO) to the Manager-Reuse Sales. The purpose of the PO (See Exhibit 2) is to convey the number of plug-ins picked up by the vendor and to provide an authority to bill the vendor for the material.
- STEP 5: The Manager-Reuse Sales creates reports to be input into AMIS (Account Management and Invoicing System) and a Returned Material Notice (See Exhibit 3). The Shipping Report out of AMIS generates an invoice. The invoice is forwarded to the vendor.
- STEP 6: The vendor sends a check (the amount based on the contract) to Logistics for the plug-ins purchased.
- STEP 7: The Manager-Reuse Sales updates the ledger.
- STEP 8: Logistics issues an SW4113 (See Exhibit 4) as salvage credit for the amount of the sale, and an SW4490 (See Exhibit 5) to process the check. The SW4113 and the RMN are sent to St. Louis Disbursement Accounting, and the SW4490 and the check are sent to the St. Louis Treasury Office.
- STEP 9: The Finance Department processes the transactions and updates the company books via DOPAC.
- STEP 10: DOPAC provides budget reports which indicate how salvage for plug-in equipment was applied.

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5. ADMINISTRATION

- 5.01 This section explains the accounting process involved when plug-in sales are made by the Logistics organization.
- 5.02 PICS plug-in material is processed through the LOGIC System. LOGIC provides accounting information by state for salvage to be issued correctly. For example, LOGIC reports provide specific FRCs, plug-in quantities, and the state to receive the salvage credit.
- 5.03 NCTE plug-in equipment is retired by the Procurement Services Inventory Management group. Retirements are made at a state level to the 858X and the 358X Accounts. Salvage credit is issued on a state prorated basis based on retirements. Salvage is issued to the individual states and to the following Location Codes, Estimate Numbers, and Responsibility Codes: (This accounting is reviewed annually and changed as necessary.)

<u>State</u>	<u>Prorate</u>	<u>Location</u>	<u>Estimate</u>	<u>RCC</u>
ARK	4%	HH8580	080XXXX	SK10XXXXX
KAN	9%	KK0858	0801XXX	SK10XXXXX
MO	7%	CC0858	0801XXX	SK11XXXXX
OK	8%	RR0858	0801XXX	SK11XXXXX
TX	72%	TT0858	089XXXX	S875XXXXX

- 5.04 Actual salvage credit for plug-in equipment is applied at the time payment is received from the vendor. Salvage credit is generated via an SW4113 and is applied to the "X" account or FRC designated by LOGIC for PICS plug-ins and to the authorities (account 858X AND 358X) cited in 5.03 for NCTE plug-in units. Salvage credit is issued as a credit to the "X" account and a debit to the 1220.193 account. The 1220.193 is credited with the processing of the check via the SW4490.

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EXHIBIT 1

LOGIC JUNKING REPORT

REPORT ADDRESS PRESENT DEVELOPED BY BUD STEWART
 REPORT RUN DATE 08/14/93 PAGE - 2
 RETURNS RETIREMENT FOR SCRAP AND RESALE BY STATE/FRC
 DATA DATE RANGE 08/08/93 TO 08/14/93

STATE	FRC	SUM QUANTITY
MW	57C	74 108109
	67C	1
	157C	23
	257C	49
	357C	343 - 344
	457C	2
	-7C	3
	357C	1
	57C	1
	*	526
OK	-7C	4 42
	37C	38
	57C	154 - 158
	77C	16
	157C	5
	257C	26
	357C	436 - 431
	457C	202
	357C	1
	57C	1
*	677	
TX	-7C	21 2824
	37C	2
	57C	867 - 877
	604	1
	77C	34
	157C	39
	257C	119
	357C	1141 - 1145
	377C	24
	457C	67
-7C	1	
357C	1	
57C	1	
*	2413	

		6739

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EXHIBIT 2

PURCHASE ORDER

Communications Test Design, Inc.

Geoffen Corporate Park • 1538 Enterprise Drive
West Chester, PA 19380

PURCHASE ORDER FS 5809

SHOW THIS PURCHASE ORDER NUMBER
ON ALL CORRESPONDENCE, INVOICES,
SHIPPING PAPERS AND PACKAGES.

SHIP TO

Communications Test Design, Inc.
301 East Pecos Street
Lancaster, TX 75146

ORDER NO. Contract 80425180 ORDER DATE August 5, 1993

Southwestern Bell Telephone Company
1325 Cornell Road
Lancaster, TX 75136

ATTN: Mr. Barry Bellile - FMS:A/C 214-944-8219

PERFORMED BY CONTRACT		SHIP VIA	SHIP FROM	TERMS		
Contract	Our Pick-Up	Shipping Point	Net 30 Days			
Qty. Ordered	Qty. Received	Item No.	Part Number/Description - Or Complete	Amount	Rate	Total
	12,730		Miscellaneous Plug-In	1.388	84.95	\$1,112.50
			The quantities shown were taken from Rob Suggs' Daily Report -			
			7-23 830			
			7-26 1,526			
			7-27 -0-			
			7-28 4,641			
			7-29 3,031			
			7-30 2,722			
			NOTE: Plug-In Received 7-23 Through 7-31-93			
			NOTE: Plug recalled for the month of July - 1993			[2,202.75]
						\$40,909.75

12,730
415 (recall)
12,315

PPA (Suggs) 7/27/93

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EXHIBIT 3

RETURNED MATERIAL NOTICE

RETURNED MATERIAL NOTICE

Ship To: CTDT

Returned From: SWAT (A3)

City: _____ State: _____ Zip Code: _____

Packed In: REGISTRATION # 9308192

Boxes: _____

Cartons: _____

Crate: _____

Pallet: _____

Pool: _____

Other: _____

R.M.N. No. C425110-122 Page 1 of _____

Date: 8-9 Location: FF

Order No. 699 Carrier: _____

Shipment Order No. _____

Shipment Added By: MBC

PLG-24-1993 08:53

FROM LOGISTICS

TO

831 4331 9809 P. 03

Responsibility Code - Orig.	Geo. Location Code	EC	CPR (AOCT, PA ONLY)	Responsibility Code - Charged
S1K11112491010	K151612110			

For Use Of Employee Preparing Form	For Employee Preparing Form				For Assoc. Use		
Part Class	Name and Description of Item	Price	Amount	Unit	Quantity	Part No. / Int. No.	Ass. Code
	C425110	4.95	405.90	EA	82	57X	
			34.65		7	77X	
			24.75		5	157X	
			84.15		17	287X	
			2895.75		585	357X	
			14.85		3	67X	
	TOTAL		3460.05		699		

FS5809

311-235-2309

Originator: Temp D. Miller Date: 8-9-93

Approved: _____ Date: _____

Shipped By: _____ Date: _____

Condition As Reported When Received
 N - New G - Good J - Junk R - Reusable

Hazardous Mat'l / Waste Removed Yes No

Reason For Return
 Sale Scrap Received In Error Received Defective

Material Received By: _____

Material Classified By: _____

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EXHIBIT 4

LOGISTICS SERVICES CREDIT MEMORANDUM

P. 87

REPORT : ARE 83-901 LOGISTICS SERVICES CREDIT MEMORANDUM FORM 80413
 REF : BAP PART F SECT 22.1 SOUTHWESTERN BELL BUN DATE : 06/26/93
 SMTY OF CTR: ST L06PL RETURN PERIOD: 3 YEARS
 NUMBER - DALLAS

PLEASE CREDIT THE ESTIMATED VALUES SET OUT BELOW TO THE ACCOUNTS INDICATED. QUESTIONS PERTAINING TO THE ACCOUNTING INFORMATION SHOULD BE REFERRED TO THE ORIGINATOR OF THE BUN ATTACHED. ALL OTHER QUESTIONS MAY BE REFERRED TO THE MANAGER-CABLE SALES ON (314) 258-8413.

AMOUNT	ACCOUNT	GEN. LOC CODE	IC GRID	FINE CODE	EC	EXTC	IC CARRIER	APTR	YR PL	ISS
0076.18CX	187X	74833	940024000	-	-	430	307310000	0090007	-	CASHLED-073
0076.29CX	287X	74833	940024000	-	-	430	307310000	0090006	-	CASHLED-073
013366.00CX	387X	74833	940024000	-	-	430	307310000	0090007	-	CASHLED-073
0180.00CX	37X	74833	940024000	-	-	430	307310000	0090007	-	CASHLED-073
019.00CX	377X	74833	940024000	-	-	430	307310000	0090007	-	CASHLED-073
01791.90CX	487X	74833	940024000	-	-	430	307310000	0090007	-	CASHLED-073
011300.00CX	87X	74003	940024000	-	-	430	307310000	0090007	-	CASHLED-073
014.00CX	400X	74003	940024000	-	-	430	307310000	0090007	-	CASHLED-073
0314.00CX	67X	74003	940024000	-	-	430	307310000	0090007	-	CASHLED-073
01000.00CX	77X	74003	940024000	-	-	430	307310000	0090007	-	CASHLED-073
X 029029.7300	1220.190	024900	940024000	ICLJ		CYL	940024000			X-ACCOUNT
014.0000	1220.190	024900	940024000	ICLJ		CYL	940024000			NON-X-ACCOUNT

TO

FROM LOGISTICS

08:38

AUG-26-1993

MANAGER-CABLE SALES

MANAGER-INVESTMENT & COST

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