

PROCEDURES FOR RE-APPLYING
NON-STOCK OCS DATA EQUIPMENT

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1. GENERAL

- 1.01 This instruction provides guidelines to be used by the Logistics Services District in conjunction with the re-application of non-stock Official Communications Services (OCS) data equipment. This document also contains information about the responsibilities associated with re-application as well as the accounting needed when non-stock OCS data equipment is re-applied within the company.
- 1.02 Whenever this section is reissued, the reason(s) for reissue will be listed in this paragraph.
- 1.03 When non-stock OCS data equipment is re-applied, there will be no net budget impact to the user receiving the equipment.
- 1.04 A user is defined in this practice as being the individual designated by the Area Manager-Corporate Communications to receive non-stock OCS data equipment for re-application.

2. RESPONSIBILITIES

- 2.01 St. Louis Disbursement Office is responsible for the following related to non-stock OCS data equipment re-application:
 - a. Receiving salvage credits (SW4113s) and re-application (SW4490s) transactions submitted by Logistics Services, and reviewing and processing such transactions into DOPAC for journalization.
 - b. Coordinating with Logistics Services as needed to ensure accurate and effective issuance of salvage credits.
 - c. Calculating Logistics Services' loading rate and entering that rate into DOPAC.
 - d. Retaining copies of transactions processed, distributing Report FG85 (which contains salvage and re-application transactions), and reconciling the 1220.193 to the ledger balance.

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- 2.02 Corporate Communications Engineering is responsible for the following related to the re-application of non-stock OCS data equipment:
- a. Providing to Logistics Services a list of non-stock OCS data equipment which may warrant re-application. Provided with the list should be information which includes descriptions and photographs of the equipment. Also, provide to Logistics Services the criteria to use when selecting equipment for re-application.
 - b. Reviewing equipment lists provided by Logistics Services of the specific equipment held for reuse. Also based on that review, making decisions as to when to implement re-application.
 - c. Coordinating with Logistics Services and providing information (e.g., accounting/shipping information) to them when re-application occurs.
 - d. Ensuring that the correct responsibility code and account code are provided to Logistics Services. This information is used to appropriately cross-charge the user for the repair of non-stock OCS data equipment that is re-applied.
- 2.03 Field Personnel involved in the installation, removal, or maintenance of OCS data equipment are responsible for the following when re-application occurs. Field personnel can be defined as personnel who install or maintain OCS data equipment.
- a. Ensuring that equipment which can be reused is labeled properly at time of removal with the disconnect label. This label will be used to identify equipment for re-application and contains the state where the equipment originated, average original cost (AOC), and a description of the equipment. It should be noted that "found equipment" may or may not have a label when being returned.
 - b. Preparing the appropriate forms (e.g., returned material notices, bills of lading, etc.) when forwarding equipment to the Materials Distribution Center (MDC).

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2.04 Logistics Services is responsible for the following related to the re-application of non-stock OCS data equipment:

- a. Identifying equipment which has re-application potential based on a list provided by Corporate Communications Engineering.
- b. Providing a list to the Area Manager-Corporate Communications of equipment received and held for re-application.
- c. Issuing salvage credits to authorities listed on returned material notices (associated with equipment received for disposition), and then forwarding the appropriate forms recording the salvage to the St. Louis Disbursement Office for processing and journalization.
- d. Issuing transactions to record the actual transfer or reuse of non-stock OCS data equipment, and then forwarding such transactions to the St. Louis Disbursement Office for processing.
- e. When re-application is requested, ship all equipment to be re-applied to the MDC for repair prior to shipment to the user designated by the Area Manager-Corporate Communications.
- f. Coordinating with the St. Louis Disbursement Office and Corporate Communications Engineering personnel to ensure the effective re-application of non-stock OCS data equipment.

3. RE-APPLICATION PROCESS

3.01 Following are the steps involved in re-applying non-stock OCS data equipment:

- STEP 1. Non-stock OCS data equipment received at the Materials Distribution Center (MDC) is forwarded to Logistics Services' disposition facility at 14035 Distribution Way in Farmers Branch, Texas for possible re-application or disposition.

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- STEP 2. Equipment received by Logistics Services will be identified and sorted based on the method of disposal (e.g., Retail Outlet sales, miscellaneous sales, MARC Center, re-application, or trash). OCS data equipment is labeled at time of removal. The disconnect label contains the Average Original Cost (AOC), state, and description of the equipment. This information is needed to record the salvage and re-application transactions.
- STEP 3. Non-stock OCS data equipment held for re-application will be placed on shelves in a designated area. A Product Receiving Report will be issued by Logistics Services to add the equipment to the inventory. The completed Product Receiving Report is stamped with the word "Re-application" and forwarded to St. Louis (500 N. Broadway, RM 1000). The inventory will exist in the Account Management and Invoicing System (AMIS).
- STEP 4. A salvage credit is generated as a result of the Product Receiving Report being input into AMIS. The credit is issued to authorities listed on the RMN which is attached to the equipment when received for disposition. The salvage credit is a Logistics Services Credit Memorandum (SW4113, see Exhibit 1). This transaction is a credit to the "X" account and a debit to the 1220.193 Account at the AOC value. This transaction also places the equipment into the 1220.193 Account. The SW4113 is stamped with the word, "RE-APPLICATION." Forms SW4113 are forwarded to the St. Louis Disbursement Office (915 Olive, Room 6640) for processing and journalization.
- STEP 5. A list will be developed by Logistics Services of the equipment held for re-application. A copy of this list will be forwarded weekly or as necessary to the Area Manager-Corporate Communications in San Antonio, Texas. This list will be shared with other pertinent groups by the Area Manager-Corporate Communications.
- STEP 6. The Manager-Store Operations (who is located at the Retail Outlet) will update the list of equipment held for re-application. For example, this position will delete equipment held over 30 days or add to the list any new equipment received for re-application.

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STEP 7. After reviewing the list, the Area Manager-Corporate Communications determines if any of the equipment held is needed. If equipment from the list is needed, a telephone call will be made to the Mgr.-Store Operations to reserve the equipment. The Area Manager-Corporate Communications provides the following:

- a. Item/Description
- b. Account
- c. Shipping Address
- d. Contact Name/Telephone Number
- e. Location Code of Recipient
- f. Responsibility Code Originating (RCO)
- g. Responsibility Code Charged (RCC)
- h. EXTC

STEP 8. The Manager-Store Operations will ensure that the equipment requested is packaged and shipped as per instructions provided. All equipment which is to be re-applied will be repaired before being shipped to the user designated by the Area Manager-Corporate Communications. The following steps describe the repair process:

- a. Logistics Services completes Repair Tag SW1901 (see Exhibit 2).
- b. The item along with two copies of SW1901 are forwarded via Mail Media to:

Materials Distribution Center (MDC)
1325 Cornell Road Dock # 50
Lancaster, Tx 75134
Attention: TEST SET Repair Group

- c. MDC Repair group will forward the item to the repair Vendor. After the item has been repaired, the vendor will ship the item back to the MDC. Mail Media will be used to deliver the equipment to the user. The MDC maintains a status log of items being repaired.
- d. The MDC pays the repair bill and cross-charges the repair cost back to the user's responsibility code as provide by the Area Mgr.-Corporate Communications.

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- STEP 9. The Manager-Store Operations will communicate with the Sr. Records Clerk (Logistics Services) in St. Louis to have an SW4490 (see Exhibit 3) issued to transfer the equipment from the 1220.193 Account into the proper "C" Account.
- STEP 10. The Sr. Records Clerk in St. Louis forwards the original SW4490 to the St. Louis Disbursement Office and retains one copy.
- STEP 11. The information is entered into DOPAC and the item is transferred onto the company books and to the specific "C" Account.
- STEP 12. If equipment held for re-application is not re-applied within 30 days, Logistics Services prepares Form SW4490 (see Exhibit 4) to reverse the salvage credit previously recorded to Account 1220.193. After reversing the salvage, the equipment is disposed of via normal disposition procedures.

4.0 ACCOUNTING FOR RE-APPLYING MATERIAL

- 4.01 The following information provides the accounting to be used when retired non-stock OCS data equipment is identified as having the potential for re-application within the company.
- 4.02 There are three scenarios involved from an accounting standpoint when re-applying non-stock OCS data equipment. Following are the three scenarios:

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- a. Normal Re-application: When equipment is received for re-application, a salvage credit is given to the user at Average Original Cost (AOC). When equipment is re-applied, it is transferred at AOC value. The salvage is made by crediting the "X" Account and debiting the 1220.193 Account at AOC value. The transfer is made by debiting the "C" Account and crediting the 1220.193 Account at AOC value. The AOC value is available on the disconnect label placed on the item by field forces at the time of removal.

- b. If Re-application Does Not Occur: When equipment held for re-application was salvaged at AOC value and that equipment was NOT re-applied within 30 days, that salvage credit must be reversed. This reversal must occur before the equipment can be disposed of via normal disposition procedures. Reverse the salvage by debiting the "X" and crediting the 1220.193 Account with the same value given at the time the salvage credit was issued. The reversal is made to the same authorities to which the equipment was previously salvaged. This transaction nullifies the salvage transaction.

- c. Equipment Salvaged at Scrap Value and Later Re-applied: When equipment has been salvaged at SCRAP VALUE versus AOC VALUE and subsequently determined to have re-application potential, this equipment may be re-applied by salvaging the equipment again, but at AOC value, and then transferring the equipment to the "C" Account. The equipment is transferred at market value or estimated AOC if the actual AOC is not known. In this situation, the initial salvage credit is not reversed for the following reasons:
 1. The salvage credit cannot be identified;
 2. The salvage credit would have been significantly smaller than the AOC amount; and
 3. Adjustments are normally made in AMIS to salvage credit values to assist in reconciling the 1220.193 Account.

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4.03 The following "T" accounting explains the transactions involved in the re-application of non-stock OCS data equipment.

"T" Accounting

A. TRANSFER FROM THE 1220.193 ACCOUNT TO THE "C" ACCOUNT

1220.193	"C" Account
100	100

To make a direct transfer, credit the 1220.193 the Average Original Cost (AOC) of the equipment being transferred, and debit the "C" account the same AOC value.

B. REVERSING SALVAGE (AOC) WHEN EQUIPMENT IS NOT RE-APPLIED

"X" Account	1220.193
(2) 80 80 (1)	(1) 80 80 (2)

- (1) The salvage credit (AOC value) is a credit to "X" and a debit to the 1220.193 Account.
- (2) To reverse the salvage, debit the "X" and credit the 1220.193 Account the same amount as the establishing transaction. This transaction is made using the same authorities as the salvage transaction.

NOTE: EQUIPMENT IS SOLD VIA NORMAL DISPOSITION PROCEDURES AFTER THE SALVAGE CREDIT HAS BEEN REVERSED.

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5.0 RE-APPLICATION TRANSACTIONS

5.01 The procedure for processing re-application transactions is as follows:

- a. When Logistics Services identifies equipment for reuse, they should perform the following activities:
 1. Prepare a Product Receiving Report to receive the equipment and add it to the AMIS inventory. Stamp the report with the word "RE-APPLICATION" and forward the completed report to 500 N. Broadway, RM 1000, St. Louis, Mo.
 2. Prepare Form SW4113 to record the salvage into Account 1220.193 using the Average Original Cost of the equipment.
 3. Stamp "RE-APPLICATION" on Forms SW4113 prepared to record the salvage of equipment for reuse.
 4. Forward Forms SW4113 to the St. Louis Disbursement Office (915 Olive, Room 6640) for processing.
- b. Upon receipt, the St. Louis Disbursement Office will review Forms SW4113 for completeness and enter the information into DOPAC to record the salvage into Account 1220.193. Logistics Services' loadings will be applied to the salvage.
- c. Upon request, Logistics Services will initiate re-application by forwarding non-stock OCS data equipment to the MDC for repair. Also, Logistics Services will issue a transaction to transfer the equipment by preparing Form SW4490 to record the transfer from Account 1220.193 and to the user's "C" Account.
 1. The remarks portion of Form SW4490 must indicate that the form has been prepared to transfer the equipment for reuse. Also entered in remarks is the description of the equipment, the reference number, and date of the Form SW4113 which recorded the salvage.

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2. Logistics Services will stamp "RE-APPLICATION" on Forms SW4490 prepared to record the transfer of equipment for reuse.
 3. Logistics Services will then forward completed Forms SW4490 to the St. Louis Disbursement Office for processing.
- d. Upon receipt, the St. Louis Disbursement Office will review Forms SW4490 for completeness and will also ensure that the information on these forms is entered into DOPAC to record the transfer of equipment for reuse. Based upon the field reported location codes, transfers will be I/O billed to the appropriate accounting areas for journalization.
- e. If the equipment held for reuse is not re-applied within 30 days, or if Logistics Services determines that the equipment is not reusable, they will prepare Forms SW4490 to reverse the salvage previously recorded into Account 1220.193 by using the same authorities used for the salvaging.
1. In the remarks portion of Form SW4490, Logistics Services will indicate that the form has been prepared to reverse the salvage. Also the reference number and date of the Form SW4113 from which that salvage was recorded should be entered in the remarks portion.
 2. Logistics Services will stamp "RE-APPLICATION" on Forms SW4490 prepared to reverse the salvage recorded into Account 1220.193.
 3. Logistics Services will then forward Forms SW4490 to the St. Louis Disbursement Office for processing.
 4. Upon receipt, the St. Louis Disbursement Office will review Forms SW4490 for completeness and then ensure that such transactions are entered into DOPAC to reverse transactions which initially recorded salvage into Account 1220.193.
 5. Since Logistics Services' loadings were applied to the salvage, the loadings will also be applied to the salvage reversal.

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EXHIBIT 2

 **Southwestern Bell Telephone**
Retention Period - 8 years

SW-1901
(6-87)

No. A053110 REPAIR TAG

Under Warranty Instructions on Reverse Side

TO BE COMPLETED BY ORIGINATOR

CONTACT NAME: _____

CONTACT TELEPHONE NUMBER: _____

RESPONSIBILITY CODE: _____

FC/FRC: _____

GEOGRAPHIC LOCATION CODE: _____

ITEM NAME: _____

MANUFACTURER: _____

MODEL NUMBER: _____

SERIAL NO./BAR CODE NO.: _____

ON JOB REQUIRED DATE: _____

DESCRIPTION OF PROBLEM (BE SPECIFIC): _____

SHIPPING ADDRESSES

SHIP TO: TELEPHONE COMPANY STOREROOM

RETURN TO: (ORIGINATOR'S ADDRESS)

TO BE COMPLETED BY TCS

PURCHASE REQUISITION NO.: _____

PURCHASE ORDER NO.: _____

RMA: _____

(IF APPLICABLE)

CLAIM. DATE: _____

COMMENTS: _____

MEDIA SIGNATURE: _____

DATE: _____

MEDIA SIGNATURE: _____

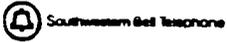
DATE: _____

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EXHIBIT 4

SW4490 - TRANSACTION TO REVERSE SALVAGE CREDIT



REAPPLICATION

SW-44
(Rev. 1-)

Retain 40 Years, Until _____
DAP, Part F, Section 40.3
SOURCE NO _____
SECTION _____

NOTIFICATION OF MISCELLANEOUS
TRANSFER OR ADJUSTMENT

Pack Number _____
SHEET 1 of 1
MONTH & YEAR 5

ITEM NO	AMOUNT	ACCT CODE	LOCATION CODE BLDG NO RENT TRANS	RESPONSIBILITY CODE- ORIGINATING	FUNCTION CODE	EXTC	RESPONSIBILITY CODE- CHARGED	EST. OR ORDER NUMBER	QUANTITY		YE PL	MV TYPE	PRO- RATE A	FA SO CODE ACCTG USE ONLY	BLDG GRP	PROD INSTR CDI
									MATERIAL CODE	MOTOR VEHICLE NUMBER						
	100.00		T46218	S4802A1FO	SC5J	CY1										
	100.00	126X	HH00QQ	S48026000		636										
	100.00	126X	HH00QQ	S48026000		636										
	100.00	116C	WW00QQ	S70000000		CY1										

ENCIRCLE ALL CREDIT AMOUNTS AND QUANTITIES

EXPLANATION

PCS re-applications: Reversing precredit (SW 4113, Dated 3/8/90) and
transferring one (1) Modem 2400 Hayes to 116C account

PREPARED BY _____
TELEPHONE NO: _____
DATE PREPARED _____

APPROVED BY: _____
TITLE: _____
DATE APPROVED: _____

CONCURRENCE (If transferred to a different BC)
APPROVED BY: _____
TITLE: _____ DATE: _____

Official File Copy, unless represented

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