

PLANT REMOVALS AND RETIREMENTS

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4. DETERMINATION OF ORIGINAL COST OF EQUIPMENT IN A NON-DCPR OR UNDETAILED ENVIRONMENT	8	1.02 This section is revised to expand upon reporting retirements for COE investment which is recorded and stored in the computerized Detailed Continuing Property Record (DCPR) System. Since this issue covers a general revision, arrows ordinarily used to indicate changes have been omitted.	
COMPANY OWNED EQUIPMENT	8	1.03 Following are definitions of terms used in this section:	
JOINTLY OWNED EQUIPMENT	11	(a) Area Factor—A loading factor developed using total costs for all locations in a geographic area over a period of time. Used only when estimate or office factor is not available.	
5. DETERMINATION OF ORIGINAL COST OF EQUIPMENT IN A DETAILED CONTINUING PROPERTY RECORD (DCPR) ENVIRONMENT	11	(b) Book Cost—The value of property as recorded on the books for the Company (ie, capitalized) without reduction of its related reserves (ie, without reduction of its original installed cost by depreciation) but adjusted by the WE tax factor as applicable. Therefore, it is the original cost of material times the estimate factor and WE tax factor.	
6. REPORT OF PLANT RETIRED	14	(c) Cost of Removal—The cost of disconnecting, dismantling, removing, or otherwise disposing of plant and recovering the salvage (also see Section 790-100-310).	
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NOTICE

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(d) **Deferred Tax Adjustment**—This is a monetary adjustment made to a Telephone Company (TELCO) included in the AT&TCo consolidated tax return, by the Western Electric Company (WE) usually in the form of a credit which represents the deferred tax associated with WE federal income tax payments. The amount of investment added to the books for that year is adjusted proportionately to reflect this amount. The deferred tax adjustment usually represents a reduction of the original cost of the material and services purchased from WE.

(e) **Estimate Factor**—A loading factor developed using costs from an individual estimate. This should be used as the loading factor to develop installed costs when an office factor is not available from the DCPR System.

(f) **Loading Factor**—A factor applied to a base material price for an item of material which adds, or loads, the installation, engineering, and other costs to the material to develop a total installed cost for the item of material. Depending on method of development, the loading factor may be called an estimate factor, office factor, or area factor. (Loading Factor = Total Installed Cost ÷ Material Price.)

(g) **Office Factor**—A loading factor developed using total costs incurred in an office over a period of time. Used for all material placed in all years which have been reconciled in the DCPR system. May also be used for material placed under a routine order or when a specific estimate factor is not available for material placed in non-DCPR reconciled years.

(h) **Plant Retired**—Plant which has been removed, sold, abandoned, destroyed, or otherwise withdrawn from telephone service.

(i) **Retirement Unit**—Generally, any item of equipment which has been assigned a specific Continuing Property Record (CPR) number for the Central Office Detailed Continuing Property Record (DCPR) is considered a retirement unit. Exceptions are shown in Sections 756-189-101 through 756-189-105.

(j) **WE Tax Factor**—A factor developed annually by WE and used in calculating that particular year's deferred tax adjustment.

(k) **WE Tax Ratio**—A ratio relating the deferred tax adjustment to total construction expenditures for the year. The application of this ratio to the total installed cost figure develops the in-place cost to be used for retirement purposes.

1.04 The following terms are used in this section. More detailed definitions are given in Section 790-200-136.

(a) **Detailed Retirements**—Retirement of equipment items that are listed individually in the Hard-Wired CPR Inventory data base by specific CPR, frame identification, account code, year placed, equipment category, material cost, and in-place cost.

(b) **Infant Mortalities**—Retirement of equipment placed in service (Account 100.1) but resident within the Hard-Wired Billing Activity data base. By definition, an infant mortality may be the retirement of equipment placed in service during the current year, or for a year prior to the current year, but one for which the PICS/DCPR annuals have not been executed.

(c) **Jointly Owned Plug-In Retirements**—Retirement of jointly owned plug-in equipment items listed individually in the Hard-Wired CPR Inventory data base by specific CPR, second owner's percent ownership, account code, year placed, equipment category, total material cost, and resident owner's in-place cost.

(d) **Retirement Cancellation**—Cancel a retirement previously entered into the PICS/DCPR Hard-Wired Billing Activity data base but not yet journalized by Accounting; monthly process has not provided the Journal details to Accounting.

(e) **Reverse Retirement**—Recapitalization of equipment that was previously retired.

(f) **Undetailed Retirements**—Retirements of COE investment that is bulk loaded (CPR 040000) in the Hard-Wired Continuing Property Record (CPR) Inventory data base by account code, year placed, equipment category, and in-place cost.

1.05 Delineating functions in this section as the responsibility of the equipment engineer does not preclude that they, and other related activities, may be performed by a separate group in support of the equipment engineer.

2. PLANT RETIREMENTS

2.01 Plant retirements occur when telephone plant (regardless of original supplier) is removed, sold, abandoned in-place, destroyed, or otherwise withdrawn from service. Coincident with the withdrawal from service, the plant account, which includes this equipment, and the depreciation reserve account must be decreased by the original installed cost of the retired equipment.

2.02 The engineering organization is responsible for reporting the retirement of COE to the comptroller's organization in order that the in-place cost of such plant can be removed from the capital account. A typical retirement form is illustrated in Fig. 1.

2.03 The objective for retirement of plant is to assure the processing of amounts in the month in which plant is withdrawn from service. Therefore, reports of plant retired shall be issued in sufficient time to reach the appropriate (DCPR and comptroller's) organization no later than the next to the last day of the month in which the equipment is withdrawn from service.

RETIREMENT IN PLACE (RIP) CONSIDERATIONS

2.04 The decision to physically remove or to retain in-place equipment which has outlived its usefulness at its present location and is being retired from plant is essentially an economic decision. The need for space, the net salvage value, and the cost of retaining retired equipment in-place will normally indicate the proper course of action. If it will cost more to RIP than to remove, or if the gross salvage value exceeds the removal cost, it is recommended that the equipment be removed.

2.05 Under present federal tax law, a tax deduction is applicable to the cost of removal. The cost of removal of retired COE is reduced because the removal cost is a deduction in determining federal taxable income. When quotes are requested for the removal of telephone plant, they should separately identify the cost of removal and the salvage instead of just a net "bottom line" (net cost of removal or net salvage). The tax deduction is greater when calculated on the cost of removal than when calculated on the net cost (which is a smaller number).

2.06 The legal and accounting requirements for COE retired in place are satisfied if at the time of retirement there is *no intention* of reusing the equipment in its present location and safeguards are provided to ensure that the equipment cannot be inadvertently returned to service without being recapitalized. (Also, see Section 790-100-610 for abandoned plant considerations.)

2.07 Performing all the following work operations should provide adequate safeguards so that the equipment cannot be inadvertently returned to service.

- (a) Remove fuses.
- (b) Remove distributing frame cross-connections.
- (c) Cut or remove main cables to or from equipment.
- (d) Prominently mark equipment to indicate its retired status.
- (e) Update office records and drawings to indicate retired status.

2.08 The engineer should have estimated the salvage value and cost of removal of the equipment as discussed in 2.04. The difference of these two amounts, the estimated net salvage, should be charged to Account 122-09, Materials and Supplies—Other Material and Supplies, using a Material Transfer Report (MTR) or other locally approved procedure. (See Sections 790-100-360 and 790-100-530.)

3. PLANT REMOVALS

3.01 Equipment withdrawn from service by the installer will be reported to the TELCO engineer on Form SD-4-285, Report of Equipment Disconnected From Existing Plant (Fig. 2), as follows:

- (a) Not later than one working day following removal or disconnect of equipment up to the 25th day of the calendar month.
- (b) For disconnects between the 26th and the end of the calendar month, the information will be provided verbally and followed by the SD-4-285 form.

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(c) No SD-4-285 form will be issued for a "complete removal." The engineer shall issue retirement reports in the month when service is known to have been removed from the equipment.

(d) With respect to disconnects reported verbally for the period from the 26th to the end of the month, if the associated retirement amount for a job would be substantial, eg, \$10,000 or more, the engineering organization should verify whether the disconnection was actually made, and if so, prepare a retirement report for the current month. To the extent practicable, the same treatment should be given to other anticipated disconnects. Retirements of less substantial amounts occurring after the 25th of the month which were not afforded this treatment should be recognized when the retirements are reported in the following month.

3.02 Prior to the receipt of an SD-4-285 from the installer, the preparatory work associated with the development of a retirement report may be completed. The SD-4-285 will confirm the removal of equipment from service.

3.03 Occasionally, equipment will be removed by the network maintenance organization. In such instances, a note shall be included in the associated Telephone Equipment Order (TEO), followed by a letter if necessary, instructing them to notify the TELCO engineer promptly upon withdrawing the equipment from service so that the retirement report may be issued.

3.04 When jointly owned equipment is being removed by an Operating Company or Long Lines, the constructing company must provide copies of SD-4-285 or other retirement information to the other company.

MAJOR REMOVALS

3.05 Proposed equipment removals of 25 or more frames should be planned with consideration given to WE contract procedures as outlined in the Engineered Order Manual (EOM), Section II, Supplement P.

Note: Equipment planned for removal under WE contract procedures outlined in the EOM, Section II, becomes the property of WE at the time removal commences.

3.06 Major retirements of complete central offices, units, or other large entities are normally planned with sufficient lead time to afford major removal orders to commence at the time of retirement. If an economic decision has been made to remove major entities of equipment after service has been discontinued, the lead time should be utilized to perform the following:

(a) A physical inventory should be made by the equipment engineer, with assistance from the network maintenance organization if deemed necessary, of any items of equipment that may be located in the office (or entity to be removed) that may be providing service to another location or office. This would include such items as:

(1) Circuit equipment (ie, E and V type repeaters and Dial Long Line units) on circuits passing through the office (or entity)

(2) Switching or power equipment including fuse appearances that provide tone, interrupter, or power feeds to another entity or remote location

(3) Existing remote and local alarm systems

(4) Emergency and other lighting provisions.

(b) Equipment records of the entity to be removed (including Building Study and Floor Plans, etc) should be reviewed (and corrected if necessary) to assure that all service affecting items not associated with the proposed retirement are made known and are reflected on the records.

(c) Removals not planned under WE contract procedures outlined in the EOM, Section II, should be inventoried for possible reuse as outlined in Section 790-100-360.

(d) It may be necessary to provide transition equipment at another location for those services that are not to be discontinued in order to allow for the more economical removal of a complete office or entity.

(1) Carrier redesign and Circuit Order activity may be required which may result in transition equipment requirements of a different type than found on the service in its present working environment. These areas should be

TELEPHONE COMPANY
REPORT OF PLANT RETIRED AND SALVAGED
CENTRAL OFFICE OR LARGE PBX EQUIPMENT

Location Name _____ Office _____

Sheet _____ Of _____

Serial No. (1-A)	Acctg. Loc. No./ Geog. Loc. No. (1-B)	Removal Auth. No. (1-C)	Srce. Doc./ T.C. Rmvl Ord (1-D)	Acct. Code (1-E)	Salvage Acct. (1-F)	Disc. Fr. Svc.	
						Mo. (1-G)	Yr.

Functional Acctg. Data		
Responsibility Code (1-H)	EC (1-H)	Extc. (1-H)

For Compt. Use Non PICS/DCPR	
DT Ret Mo. Yr. (1-J) (1-J)	Source Code (1-J)

Line	Item No. (A)	Qty. (B)	Description Of Equipment		Frame Ident.			Equip. Categ. (F)	CPR Number (G)	Installing Auth. No. (H)
			Drawing No. (C)	List Nos. Or Equivalent (D)	Flr	Line/Funct (E)	Bay			
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										

**SUGGESTED DESIGN ONLY.
FORMAT SHOULD BE MODIFIED
TO MEET LOCAL NEEDS**

Line	Item No. (A)	Material Cost		Estimate Factor Or Equiv. (L)	Plant Retired			Pct Own (P)	Yr PI (Q)	Ret. Srce Code (R)	Estimated Salvage (Other Than 122.08) (S)	Remarks (T)
		Unit (J)	Total (K)		Amt. Before Def. Tx. (M)	WE. Tax Ratio (N)	In-Place Cost (O)					
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
Total	xx	xx		xx			xx	xx	xx			xx

Notes: A. Prepare Separate Form For Each Additional Account Code Or Salvage Account.
B. Shaded Areas Required For NON-PICS/DCPR Companies Or When Item Is Not Detailed In DCPR Record.

Prepared By _____ (U) _____ Date _____ (V)
Title _____
Approved By _____ (W) _____ Date _____ (X)
Title _____

Fig. 1—Typical Retirement Form



SD-4-285 (4-72)

SERVICE DIVISION

REPORT OF EQUIPMENT DISCONNECTED FROM EXISTING PLANT

SHEET _____ OF _____ SHEETS

DATE _____

ADDRESS:

TO EQUIPMENT ENGINEER
ATTN. OF:

Entries to be made per Area Instructions.

PARTIAL FINAL

TOWN & STATE		OFFICE	TEL. CO. SPEC.	W.E. ORDER
QUANTITY	CODE	DESCRIPTION	NAME OF CIRCUIT AND LOCATION FROM WHICH DISCONNECTED	DATE DISCONNECTED
A	B	C	D	E
1	J 93009B-1	Relay Unit	Miscellaneous Alarm - R.R. bay 712	
	List 1			
1	J 12806H-1	Toll Line Unit	RD Toll Line - Bay 207	
	List 1, AR, D			
15	38D	Shields	Subs. Cord Circuit - Position 14	
30	B3	Relays	Subs. Cord Circuit - Position 14	
10		Cables on racks	Subs. Cord Ckts. - Betwen Subs. Pos. 43 and Realy Rack.	
2		Wires on racks	Incoming Trunks - Between Bay 207 and Trk. Fuse Bd.	
1		Local Form	Position Circuits - Subs. Pos. 18	

DISTRIBUTION:

ORIGINAL - TO TELEPHONE CO. EOP'T. ENG.
DUPLICATE - TO JOB FILE.

SUPERVISOR

Fig. 2—Western Electric Company Form SD-4-285, Report of Equipment Disconnected from Existing Plant

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explored in detail to assure a smooth cutover of service to the new equipment.

3.07 Where transition equipment is required to afford major removal economies and the lead time for the provision of this equipment has been determined to be of sufficient interval, consideration should be given to the provision of the equipment in an early time frame to allow the network maintenance organization to transfer service to the new equipment in their low work load periods well in advance of the proposed major removal to minimize impact upon customer service.

4. DETERMINATION OF ORIGINAL COST OF EQUIPMENT IN A NON-DCPR OR UNDETAILED ENVIRONMENT

4.01 The amount to be debited to the depreciation reserve and credited to the plant account in a non-DCPR or undetailed DCPR environment (see Part 8) should be determined by one of the following means:

- (a) Directly from the comptroller's continuing property record when all the central office equipment in a location and account is retired. When using this method, it is important to insure that all debits and credits have been entered by Comptrollers. Recent orders should be reviewed for outstanding billing and transfers.
- (b) By analysis of underlying job records, when the amount to be credited is not segregated on the continuing property record (see 4.05).

4.02 When part of the central office equipment in a location and account is being retired and *prior to the establishment of a DCPR system*, the estimate factor method is recommended for determining the original cost of plant retired.

4.03 The "estimate factor" for a specific estimate represents the ratio of the total gross additions to the cost of material charged to the estimate. The estimate factor is normally calculated as part of the estimate closing procedure and kept on file until required. (See Section 790-100-580.) In determining the original cost of plant retired, the estimate factor for the estimate under which the plant was installed is applied to the original cost of the equipment (material).

4.04 If an "estimate factor" cannot be readily determined, the original cost of plant retired should be identified through the use of an "office factor" or "area factor."

COMPANY OWNED EQUIPMENT

4.05 Equipment Costs—The original cost of equipment that is wholly owned by the TELCO and *not detailed in the DCPR* may be determined as follows:

(a) Equipment which was installed under TCE orders:

(1) For items which were furnished by WE, the prices shown on the detailed material bills or prices posted in the summary of equipment of the related TEO shall be used wherever possible. If the date of placement is prior to January 1, 1942 and if the summary of equipment of the related TEO is not posted or the material bills do not show itemized prices, the price list of apparatus and equipment to Bell Telephone companies prevailing at the time of the installation should be used.

(b) Equipment which was installed under either TCE orders or WE engineered (WEE) orders:

(1) For items which were furnished by the TELCO on a direct transfer, the prices on the MTR should be used.

(2) For items which were furnished by another Bell System company on a custom work basis or by outright purchase, the prices from the related bills or priced-out material list furnished by the other company should be used.

(3) For items which were furnished by WE from telephone company Class C stock, the prices shown on the material bills should be used.

(4) For items which were furnished by General Trade Product (GTP) suppliers, the prices shown on the detailed material bills or prices posted on the related purchase order should be used.

(c) Equipment which was installed under WEE orders:

(1) For items which were furnished by WE subsequent to December 31, 1941, the priced-out copy of WE's specification (Summary of Material—Section B or SD-43-300) should be used.

(2) For items which were furnished by WE prior to January 1, 1942, the price list of apparatus and equipment to Bell Telephone companies prevailing at the time of the installation should be used.

(3) Replaced obsolete pages of the WE price lists have been consolidated on micro-opaque cards or microfiche. If the year of placement is known, this reference normally satisfies the pricing information.

(4) If the prices cannot be obtained from the records of the original installation and if WE price lists for the year of shipment are not available, then price indexes may be used to compute the price for any year for which a price is known (Fig. 3).

**CENTRAL OFFICE EQUIPMENT INDEX NUMBERS
FOR WESTERN ELECTRIC COMPANY PRICES TO BELL TELEPHONE COMPANIES
(1-1-67 = 100)**

DATE	MATERIAL INDEXES						ESS
	MANUAL	SXS	XBAR	L CARRIER	OTHER CIRCUIT	MICROWAVE RADIO	
January 1:							
1946	55.2	63.0	87.2	180.4	101.6		
1947	67.1	77.7	107.0	215.1	123.0		
1948	75.1	86.9	120.1	226.2	131.3		
1949	82.1	80.8	110.2	183.4	133.6		
1950	83.4	81.0	109.9	178.3	130.0		
1951	92.2	88.5	117.2	195.1	142.4	152.8	
1952	92.5	88.8	117.8	195.1	143.0	151.1	
1953	74.6	71.9	92.7	134.3	111.4	124.3	(Indexes
1954	74.8	72.1	92.9	134.6	111.4	125.1	for
1955	74.8	72.1	93.0	134.4	111.5	125.2	ESS
1956	77.3	80.1	100.4	125.8	112.2	115.6	not
1957	79.9	82.3	102.8	128.8	114.8	112.6	calculated
1958	91.4	90.0	114.1	130.0	123.2	114.8	prior
1959	91.2	90.1	114.2	129.9	123.2	114.3	to
1960	91.7	95.5	113.4	136.5	116.4	112.6	1968)
1961	92.1	95.9	113.6	135.7	116.5	113.5	
1962	92.2	95.1	107.8	131.4	114.7	109.7	
1963	96.8	93.2	103.9	120.0	107.9	107.9	
1964	97.1	97.0	104.0	125.7	112.6	110.3	
1965	97.4	96.8	103.9	116.3	107.2	106.2	
1966	101.7	100.4	99.4	103.4	103.9	102.4	
1967	100.0	100.0	100.0	100.0	100.0	100.0	
1968	111.9	105.7	107.7	110.4	103.2	113.4	100.0
1969	115.4	112.4	114.7	112.6	105.1	115.0	105.8
1970	123.8	118.4	118.4	121.5	106.2	116.7	108.6
1971	124.7	126.2	127.0	131.9	109.1	121.0	111.5
1972	145.2	141.4	133.0	135.6	113.8	126.1	115.5
1973	145.3	141.6	133.0	137.9	113.8	126.4	114.6
1974	164.2	164.1	144.6	149.3	123.1	138.3	114.8
1975	214.3	207.9	182.9	166.4	144.6	156.0	127.9
1976	221.2	229.9	199.9	173.9	146.3	164.0	132.9
1977	(Discontinued)		215.9	181.7	151.9	175.0	134.2

Fig. 3—Price Level Index

(a) To illustrate use of the indexes, assume that it is required to know the material price for some step-by-step (SXS) equipment which was purchased in 1946 and that the material price in 1967 is known to be \$300. By the table shown in Fig. 3, the SXS Material Index for 1946 is 63, the SXS Material Index for 1967 is 100, then:

$$\begin{aligned} 1946 \text{ Price} &= \frac{1946 \text{ Index}}{1967 \text{ Index}} \times 1967 \text{ Price} \\ &= \frac{63}{100} \times 300 \\ &= \$189 \end{aligned}$$

4.06 In a non-DCPR or undetailed DCPR environment, it is recommended that the cost record for the original placing order (TEO Summary of Material and/or WE's Summary of Material—Section B, etc) be marked to indicate the removal order number and date of removal for each item involved. In the event microfilmed B sections or Form SD-43-300 are used, local practices shall be followed.

JOINTLY OWNED EQUIPMENT

4.07 The constructing company (the company responsible for the equipment removal order) shall determine the original cost of the jointly owned equipment in the same manner as outlined in 4.01 through 4.06.

4.08 The in-place costs of equipment that is jointly owned shall be determined from the individual records of each company based on the original equipment costs and any subsequent adjustments of ownership percentages. The existing ownership applicable to the company making the retirement shall be shown on the retirement form. The constructing company shall provide copies of the retirement form (or other retirement documentation) to the other company. A telecommunications link should be used between companies to ensure that retirements are reported in the month they are removed from service.

4.09 If because of undue circumstances the actual dollar value will not be received from the constructing company until the following month, an estimated amount shall be reported. In such cases, in the REMARKS column show: "Estimated

retirement on (other company) controlled job." A correcting retirement report shall be submitted the following month.

5. DETERMINATION OF ORIGINAL COST OF EQUIPMENT IN A DETAILED CONTINUING PROPERTY RECORD (DCPR) ENVIRONMENT

5.01 The DCPR is a computer-based inventory and control system designed to provide a detailed property record of all central office investment. The record is basically an itemized quantity, location, and cost assignment of the central office equipment in service. For a general description of the DCPR see Section 790-100-120.

5.02 Details are included in the record for all hard-wired equipment added after the implementation of a DCPR. The investment for equipment placed in service prior to the DCPR is maintained on an *undetailed* basis by account and location.

5.03 The detail entries record the material cost and in-place cost for equipment items. The in-place cost represents the material cost adjusted to reflect a portion of the other costs, such as labor, engineering, interest during construction, WE tax credits, etc.

5.04 Equipment *detailed* in the DCPR shall be retired at its in-place cost. The retirement documents should be processed through the DCPR system so that investment records can balance with those maintained by the accounting or comptroller's organization.

5.05 The in-place cost of equipment that is maintained on an *undetailed* basis in DCPR must still be determined using the factor method. However, for the same reason, the retirement documents should process through the DCPR system.

5.06 In a detailed DCPR environment, the CPR Inventory printout reflecting the retirement may be retained in the Job File. (See Fig. 4.)

5.07 The DCPR system developed by the Business Information Systems (BIS) area of Bell Laboratories provides a monthly Retirement Journal Entry Report which utilizes a retirement form similar to that illustrated in Fig. 1. (See Section 790-200-136.)

HARDWIRED MONTHLY RETIREMENTS

ESTIMATE DETAIL REPORT

<u>ESTIMATE</u>	<u>REQUISITION</u>	<u>ITEM</u>	<u>ACCOUNT LOCATION</u>	<u>ACCT CODE</u>	<u>YR</u>	<u>EQ CAT</u>	<u>BAY/ FRAME</u>	<u>CPR NUMBER</u>	<u>SOURCE CODE</u>	<u>% FOR ITEM</u>	<u>QUANTITY</u>	<u>MATERIAL COST</u>	<u>IN-PLACE COST</u>
0079413	7911562	001	23020	57C	48	809	201	067954	R01	100	3	\$325.75	\$647.30
0079413		***	23020	57C	48	YEAR TOTALS-----						\$325.75	\$647.30
0079413		***	23020	57C	**	ACCOUNT TOTALS-----						\$325.75	\$647.30
0079413		***	23020	****	**	LOCATION TOTALS-----						\$325.75	\$647.30
0079413		***	23020	****	**	ESTIMATE TOTALS-----						\$325.75	\$647.30

Fig. 4—Typical Retirement Detail Report (Sheet 1 of 2)

HARDWIRED MONTHLY RETIREMENTS

ACCOUNTING LOCATION DETAIL REPORT

<u>ACCOUNT LOCATIONS</u>	<u>ACCT CODE</u>	<u>EQ YR CAT</u>	<u>BAY/ FRAME</u>	<u>CPR NUMBER</u>	<u>SOURCE % FOR CODE ITEM</u>	<u>QUANTITY</u>	<u>MATERIAL COST</u>	<u>IN-PLACE COST</u>	<u>ESTIMATE</u>	<u>REQUISITION</u>	<u>ITEM</u>
23020	57C	48 809	201	076954	R01 100	3	\$ 325.75	\$ 647.30	0079413	7911562	001
23020	57C	48 YR TOTALS-----					\$ 325.75	\$ 647.30			
23020	57C	** ACCT TOTALS-----					\$ 325.75	\$ 647.30			
23020	57X	65 040	UND	040000*	R01 00		\$ 32.46	\$ 0.00	2		003
23020	57X	65 040	UND	040001	R01 00		\$ 192.84	\$ 0.00	2		097
23020	57X	65 YR TOTALS-----					\$ 225.30	\$ 0.00			
23020	57X	69 040	UND	040000	R01 00		\$ 9.74	\$ 0.00	2		005
23020	57X	69 040	UND	040000	R01 00		\$ 47.13	\$ 0.00	2		004
23020	57X	69 040	UND	040001	R01 00		\$ 21.40	\$ 0.00	2		098
23020	57X	69 YR TOTALS-----					\$ 76.27	\$ 0.00			
23020	57X	** ACCT TOTALS-----					\$ 301.57	\$ 0.00			
23020	****	** LOCATION TOTALS-----					\$ 627.32	\$ 647.30			

Fig. 4—Typical Retirement Detail Report (Sheet 2 of 2)

SECTION 790-100-520

5.08 In a mechanized DCPR environment other than the BIS developed system, the retirement form is normally still required to be issued to the comptroller's organization or the DCPR group. The DCPR must also be updated in accordance with local procedures to reflect the change in quantities of equipment.

6. REPORT OF PLANT RETIRED

6.01 Prior to the preparation of the retirement form (in the DCPR environment), the equipment engineer should request the DCPR group to review the DCPR data base for the specified location to determine if the equipment to be retired is listed in the data base as detailed investment, as undetailed investment, or as an item listed within a job still in progress (infant mortality).

6.02 The equipment engineer is responsible for determining the required retirement information from computer printouts or job records (eg, specification bills, summary of material - priced "B" specifications, SD-43-300s, etc.) under which the equipment was installed. The retirement form shall be prepared as follows:

- (1) Enter the sheet number, number of sheets, and the company name in the appropriate spaces across the top of the form. Also, enter the name or Common Language Location Indicator (CLLI) code identification of location and office (exchange) identification.

Note: The alpha steps listed in this procedure coincide with the field designations shown in Fig. 1 for a typical retirement form.

- (a) Enter the local serial number of this retirement report. Suffix with "F" for Final (last) report for this particular removal order.
- (b) Enter the accounting location number from which the retirement is being made. When operating under Functional Accounting procedures, enter the geographic location number from which the retirement is being made.
- (c) Enter the estimate or other identifying number authorizing the retirement.

(d) Enter the telephone company order number which provides for the removal and/or retirement of this equipment.

(e) Enter the appropriate account code from which the equipment is being retired (eg, 17, 37, 47, 57, etc).

(f) Enter the appropriate Material and Supplies account and subaccount (eg, 122-04, etc) under which the retired equipment (all or part) is to be salvaged.

(g) Enter the date (month and year) the equipment will be withdrawn from service.

(h) When operating under Functional Accounting procedures, enter the appropriate accounting data, if required, as follows:

- Responsibility Code
- EC — Environmental Code
- EXTC — Expenditure-Type Code.

(j) For a non-PICS/DCPR company, these entries are to be completed by the comptroller's department:

- Detailed Retirement — Month/Year
- Source Code.

(2) The following entries shall be made in the fields across the middle and lower sections and spaces at the bottom of the form:

- (a) For control purposes enter an item number for each entry under a removal authorization number (estimate, etc) in consecutive order. Use 001 for the first item, 002 for the second item, etc.
- (b) Enter the quantity of items to be retired.
- (c) Enter the drawing number (J-, ED-, H-, KS, etc) or coded apparatus description (eg, filter, network, etc) of equipment item to be retired.
- (d) Enter list or group numbers as related to drawing number of item involved.

- (e) Enter the frame identification (floor, line-up, or function designation, bay or marker group identification) as required to denote physical location of item to be retired.
- (f) Enter the complete equipment category code, including the DR suffix if applicable.
- (g) Enter the Continuing Property Record (CPR) number of the equipment item to be retired if a DCPR company.
- (h) Enter the authorization number (estimate, etc) under which the item was installed in its present location. This entry should be completed only for non-PICS/DCPR companies and for PICS/DCPR companies for which the equipment to be retired is listed in the undetailed investment within the Hard-Wired CPR Inventory data base.
- (j) Enter the material cost per unit from the priced-out B sections of WE specifications, price lists, etc. (See Part 4.) This entry should only be completed for non-PICS/DCPR companies and for PICS/DCPR companies for which the equipment to be retired is listed in the undetailed investment within the Hard-Wired CPR Inventory data base. Enter the full material cost regardless of percent ownership.
- (k) Enter the total material cost of the equipment item to be retired, regardless of ownership. If the equipment item is detailed in the PICS/DCPR it may be obtained from the data base, otherwise it must be calculated by multiplying step (b) by step (j) if listed as undetailed investment or if the user is a non-PICS/DCPR company.
- (l) Enter the appropriate estimate, office, area, or equivalent factor. These factors are normally maintained by local groups usually involved with estimate closing. (This entry is required for non-PICS/DCPR companies, items listed in undetailed investment in PICS/DCPR companies, or infant mortality retirements.)
- (m) Enter amount before deferred tax application, ie, total material cost as affected by the above local factor [step (k) multiplied by step (l)]. This entry is only required for non-PICS/DCPR companies, items listed in undetailed investment in PICS/DCPR companies, or infant mortality retirements.
- (n) Enter the WE Deferred Tax Factor for the equipment year of placement and account code. This entry is only required for a non-PICS/DCPR company, items listed in undetailed investment in PICS/DCPR companies, or infant mortality retirements.
- (o) Enter the resident owner's in-place costs as provided in the PICS/DCPR data base if item is listed as detail investment, or as calculated [step (m) multiplied by step (n)] for non-PICS/DCPR companies, equipment item is listed in undetailed investment within a PICS/DCPR company, or an infant mortality retirement.
- (p) Enter resident owner's percent of ownership for equipment items to be retired.
- (q) Enter the last two digits of the year in which the equipment being retired was placed in-service (Account 100.1).
- (r) Enter the appropriate PICS/DCPR retirement source code [eg, R01, R02, etc (See Fig. 5)] if a DCPR company.
- (s) Enter the estimated salvage value, if any, and if the salvage account is other than Account 122-08 (C stock). Refer to Section 790-100-450 for additional information.
- (t) Enter any pertinent data concerning the retirement or disposition of the equipment involved (eg, "C stock per RMN 23456," "Junk Locally," "jointly owned equipment," etc).
- (u) Enter the name of the individual preparing the report.
- (v) Enter the date that the report is prepared.
- (w) Authorization for retirement of central office equipment shall be in accordance with Section 790-100-310. After proper authorization for the retirement has been obtained, local procedures for approval level of the retirement form shall be followed.
- (x) Enter the date of approval.

PICS/DCPR SOURCE CODES	SOURCE DESCRIPTION	ADJUST	SUPPLEMENTAL SOURCE CODES		
			REVERSE	DELAYED	ADVANCE
			SEE NOTE 3		
R01	Plant retired from service (Except R03 and R06 See Note 2)	R21	R41	R61	R81
R02	Sale to affiliated companies - without traffic	R22	R42	R62	R82
R03	Cross-connection retirement	R23	R43	R63	R83
R04	Retirement of equipment that will be transferred to Account 122.04	R24	R44	R64	R84
R05	Retirement of equipment that will be transferred to Account 122.08	R25	R45	R65	R85
R06	Retirement of plug-in other costs	R26	R46	R66	R86
R10	Retirement in place - with no immediate intent to remove	R30	R50	R70	R90
R11	Abandoned plant - no intent to reuse (no salvage)	R31	R51	R71	R91
R12	Sale to affiliated companies - with traffic	R32	R52	R72	R92
R13	Sale to other than affiliated companies - with traffic	R33	R53	R73	R93
R15	Sale to other than affiliated companies - without traffic	R35	R55	R75	R95
R16	Retirement of unallocated other costs	R36	R56	R76	R96

Note 1: In order to provide necessary information to the depreciation engineers, each retirement must be indicated as either "interim" or "final." Therefore, whenever a retirement source code is used, it must be prefixed with an "I" or "F." eg, IR01 or FR01.

Note 2: At present, plug-in equipment can only be retired with a source code of R01. Plug-in other costs will be machine generated with a source code of R06.

Note 3: These source codes will be machine generated when the date of disconnect entered in the transaction data differs from the PICS/DCPR transaction date.

Fig. 5—Retirement Source Codes

7. DETAILED INVESTMENT

7.01 For hard-wired equipment, the detailed records will generally include only plant added after company conversion to PICS/DCPR on a going forward basis. Provisions have been made, however, to detail previously undetailed or bulk investment in the DCPR data base for years previous to the start of the plan. (See Part 8.)

7.02 If the plant being retired is listed in the DCPR by specific property record number, appropriate portions of cost related minor materials (ie, CPR 099999) are included in the in-place costs of the specific property record item.

7.03 For items being retired from the detailed data base, the application of estimate factors and WE deferred tax factors is not required. This information is preprogrammed in the data base and is reflected as part of the in-place cost for each item listed in the detailed investment.

7.04 Some items of equipment are less than retirement units within themselves, but are often bought subsequent to and become supplemental to a previously purchased property record item. These items are referred to as Zero Quantity Property Record Code 2 (PRC-2) items and their dollar value must be retired when the related unit is retired. (See Section 790-200-130, Part 3.) Very frequently the year of placing for the original unit and the supplemental (zero quantity item) will be different. When the quantity of property record items is greater than one, the record does not furnish information relative to whether the zero quantity item is associated with one, two, or all of the property record items. Accordingly, retire a proportional share of the zero quantity item dollars similar to the quantity of property record items being retired.

Plug-Ins and Capital Tools

7.05 Normally plug-ins and capital tools are retired by the Plug-In Administrator (PIA). (See Section 790-200-150.) When plug-ins or capital tools are retired from the DCPR, actual years of placing should be reported, if known. Otherwise, estimated years of placing may be established from property record data by assuming that the years of placing are the earliest years of record. In all cases, the dollars used to complete the transactions should be the appropriate portions of the record dollars

associated with the years of placing, that is, the portions applicable to the number of units retired. Direct material cost dollars and record in-place cost dollars should both be recorded in every case. Mounted nondeferrable plug-ins shall be treated as hard-wired equipment and retired accordingly.

7.06 The organization which is to be responsible for determining age and cost data of plug-ins and capital tools from the property record, for use in completing retirement reports, should be designated locally.

7.07 No separate reporting of retirements of "other costs" of deferrable plug-ins is necessary. The "other costs" retirement amount, developed by the computer as outward movement activity, is handled during monthly processing. (See Plug-In Other Costs (PIOC), Section 790-200-178 and Monthly Outputs, Section 790-200-150.)

Hard-Wired Equipment

7.08 In determining and reporting retirements of hard-wired items from the DCPR, the following special considerations apply.

(a) ***Infant Mortality Retirements:*** In cases where a unit is to be retired before its in-place cost has been calculated and entered into the historical data base, report an estimated in-place cost amount. (See Section 790-200-136, Part 7.) Such cases will result from the following conditions:

(1) If the year of placing is the year in progress (retirement of current year addition).

(2) If the year of placing is the previous year but the annual update of DCPR has not been completed, a manual adjustment may be made by the DCPR group at year-end reconciliation.

(b) If an item removed from plant is an embedded retirement unit component of a larger item on the record: (1) determine the direct material cost of the included item being retired as of date of placement, and (2) determine the in-place cost to be retired by multiplying the direct material cost by an in-place cost factor. The in-place cost factor can be derived by dividing the property record in-place cost of the full

assembly by its material cost. In a case of this kind, report the retirement with "0" quantity and the property record number and other classification data applicable to the property record item from which the retired item was removed. Even if the larger item is covered by the undetailed record, it is possible that component parts may be reflected in the detailed record as dollars with "0" quantity. These component costs should be retired at the same time the undetailed investment is retired. (Also, see Section 790-200-130, Part 3.)

7.09 Occasionally, a retirement transaction may cover all plant at (1) a complete location, (2) an account at a location (See Section 790-200-136, Part 11), or (3) if totally detailed, a complete bay at a location for an account. Where large numbers of detailed record items are involved, it is desirable to avoid listing the items individually on the retirement report. Accordingly, provisions are made for machine derivation of the required details. When this treatment is to be applied, the equipment engineer should specify in the REMARKS column on the retirement report that all of the investment is to be retired without listing items, but specifying the office, account within office, or bays, as appropriate. It should be noted that where selected bays are involved, the following conditions apply.

- (a) The engineer must verify that all of the equipment in the bays is detailed on the record. Undetailed equipment must be handled separately. (See Part 8.)
- (b) If plug-ins are involved, information should be furnished to the PIA for retirement or other disposition.
- (c) The dollar amounts of retirement to be journalized will be determined from the property record details, since the Actual Cost Record (ACR) by location may not detail the investment by bays. The engineer will review and approve the summary printout. To this dollar amount must be added the current infant mortality data.

7.10 Each retirement form which provides for the complete removal of equipment and indicates "Final Book Value Retirement," must also indicate the amount of material to be retired. The amount of this material should be shown and may be obtained by dividing a composite estimate factor,

or equivalent (to be determined by engineering judgment), into the book investment for the field code involved. This figure would be entered in column K of the retirement form depicted in Fig. 1.

7.11 Moves of hard-wired equipment within an office without retirement should always be reviewed, in order that changes can be made in the bay numbers of equivalent detailed location identifications. Most moves of this sort are made in the course of WE engineered jobs. Moves planned in advance of the job are conventionally detailed in Section "A" of the job specifications. Moves decided upon during the job must be detailed in Appendices to the "A" Sections of WE's specifications. The equipment engineering organization should arrange to obtain information for these moves and reflect it in the detailed record. Transfers of new hard-wired equipment out of an office should be made without retirement if the item has never been cleared to Account 100.1.

7.12 Remote Locations: T and N plug-in type carrier repeaters and certain other COE items are frequently located in manholes and cabinets remote from the central office. This equipment is entered in and retired from the detailed record in the same manner as equipment located in central offices with the following exceptions.

- (a) A district area number may be used as the accounting location area number.
- (b) A tax area code for the remote location may be indicated in the printout field normally used for bay number.

7.13 A locally designed reporting procedure between the Construction Forces and the equipment engineer for DCPR update may be established for remote locations if deemed appropriate.

8. UNDETAILED INVESTMENT

8.01 Provisions have been made to detail previous entered undetailed hard-wired investment in the DCPR for years previous to the start of the plan. (See Section 790-200-113.)

8.02 Retirements of undetailed investment entered into the DCPR data base must be retired similar to items for non-DCPR companies. The investment is on the record in bulk rather than by detailed property record items. The retirement

form must include the correct year of placing and equipment category code to assure accurate retirements.

8.03 The initial procedure for determining the amount of undetailed investment to be retired is outlined in Part 4 of this section. This procedure includes completing a retirement form as outlined in Part 6 of this section. This information should be entered on the form indicating property record numbers as specified in Section 790-200-136.

8.04 When the amounts on the retirement form are subsequently found to be in error, the retirement form should be reversed or canceled. (See Section 790-200-136, Parts 8 and 9.)

8.05 Local practices should be formulated with the DCPR group to eliminate any misunderstanding of reissued retirement forms. It is suggested that reissued retirement forms be suffixed with an identifying number (ie, the reissue of report form serial number 003 would reflect serial number 003-1) with incorrect original entries entered and circled and corrected entries made below the encircled entry. Any clarifying notation or information (ie, cancellation of serial number 003) may be entered in the REMARKS column. Adjustments to reports of more than two pages

may be made by duplicating only the page affected rather than duplicating the complete report.

9. DISTRIBUTION

9.01 The retirement form should be distributed as follows:

- (a) Two copies to the DCPR group for preparation of retirement Form PICS 2-52 required for input to the PICS/DCPR system. The DCPR group will stamp or acknowledge receipt on one copy and forward it to the comptroller's organization for monthly processing of any salvage data and for control purposes. The DCPR group and the comptroller's organization should establish procedures necessary to eliminate duplicate or "double" retirements in those instances where both groups have access to the data base.
- (b) One copy to be filed in estimate or job folder for specific estimate jobs.
- (c) One copy, when applicable, to the Transfer and Retirements Group or Reuse Coordinator. (See Section 790-100-360.)
- (d) One copy to the Separations Group (Inventory and Cost).
- (e) Other copies as determined locally.