

MEMORANDUM RECORDS

1. GENERAL

1.01 This section outlines the procedures to be followed in the Equipment Engineering group for initiating and maintaining memorandum records for Division of Revenue purposes.

1.02 Telephone Companies are engaged in furnishing both intrastate and interstate communications services. The intrastate services are subject to the jurisdiction of the several state or city (Texas) regulatory bodies and interstate services are subject to the jurisdiction of the Federal Communication Commission. Therefore, a uniform method of separating "Telephone Plant Investment and Expenses" between state and interstate, acceptable to the city (Texas), state and federal regulatory bodies, is essential. A procedure known as Division of Revenues (D.R.) is used within the Bell System as a basis to divide the interstate revenues between the participating Companies.

1.03 Separations are made on the use of telephone plant by identifying and determining the cost of the plant in various usage or "DR" categories.

1.04 The Uniform System of Accounts, as specified by the FCC, requires that all central office equipment be placed in Account 221. The Bell System has subdivided the central office equipment account 221 into the following subaccounts:

17C Manual	57C Circuit
27C Panel	67C Radio
37C Step-by-Step	77C Electronic
47C Crossbar	

1.05 The Southwestern Bell Telephone Company has established additional subaccounts

primarily for Division of Revenues purposes. These records are subdivisions of the above subaccounts and are covered in the Accounting Handbook Telephone Plant, Section V27.301.

1.06 Memorandum Records are supplemental to normal accounting records and are used to keep certain book cost data on a current basis. This data is used in the Division of Revenues Studies and Settlements.

1.07 Where more than one DR Category is accounted for under the same subaccount and area number, memorandum records must be maintained on investments that have not been assigned separate subaccount codes. These cover almost every classification of plant, i.e., COE, buildings, and station equipment. Although accounting records reflect the book costs by location by subaccount in each of these classifications of plant, the data required for other memorandum records is not readily identifiable.

1.08 Many of the Southwestern Bell subaccounts frequently include equipment having more than one use as defined by Division of Revenues, e.g., the 37TC account code includes equipment in two DR categories - 3B1 (Intertoll Dial Switching) and 3B3 (CAMA Selector equipment). Account code 17TC includes DR categories 1B (Combined Long Distance and Dial Service Assistance Switchboards), 1G (Separate Centralized Rate and Route Boards), 1N (Separate Long Distance Service Observing Boards), 1P (Separate Information Boards) and 1Q (Separate Intercepting Boards). Also, in some instances a particular DR category may be included in more than one subaccount, e.g., Category 8DA (Video) is comprised of 67C, 357C, 67TC. Without accurate supplemental memorandum records, proper Division of Revenues

categories cannot be identified and assigned.

1.09 Memorandum records are required only when a subaccount includes more than one DR category (as covered in Section DR22.02) at a given location. For example: location A has only a combined Long Distance and Dial Service Assistance Switchboard in the 17TC subaccount. No memorandum record is required. If however, location A had a combined Long Distance and Dial Service Assistance Switchboard (Category 1B) and a separate Centralized Rate and Route Switchboard (Category 1G) and both investments were in the 17TC subaccount, a memorandum record is required for Category 1G. Category 1B investment is determined by the Inventory and Cost Engineer by subtracting the Category 1G amount from the total in the 17TC subaccount.

1.10 Estimates or other authorizations that provide for the installation or removal of memorandum record equipment should include appropriate supplementary data on additional SN4C forms. (See Figure 1).

1.11 Attachment A includes a list of all current equipment categories that may require memorandum records.

1.12 Supplementary data (SN4C) must be provided for all authorizations (estimates, routine orders and keep cost orders) involving memorandum record equipment, and a copy of the memorandum record SN4C shall be sent to the Inventory and Costs Engineer under the Area routine for routing the estimate request.

1.13 The Inventory and Costs Engineer will maintain the memorandum record amounts by location, on a preliminary basis, from the memorandum record SN4C which should be marked with a preliminary service date. With the aid of the job record sheet reports, the Inventory and Costs Engineer will furnish the memorandum record book cost data to

Accounting for the month it was placed in service.

1.14 After final billing is received and the job is closed, the investment in memorandum records will be broken down by the Equipment Engineer to actual material costs and estimate factors. This information should be furnished to the Inventory and Costs Engineer on a local form (see Figure 2) and posted by the Inventory and Costs Engineer's group to another locally designed summary record form (see Figure 3).

1.15 The supporting data, consisting of Western Electric bills and/or priced "B" specifications, will be filed with the authorization by the Equipment Engineer and will be subject to Bell System and Company audits and various regulatory reviews.

1.16 Tax credits, as required will be applied by the Inventory and Costs group.

1.17 When the actual cost data is received by the Inventory and Costs Engineer, the estimated amounts furnished with the authorization will be changed as required for monthly settlements and basic studies.

1.18 A copy of each memorandum record should be submitted at least annually to the appropriate Equipment Engineering group to verify the activity recorded is complete and reasonable.

1.19 This practice in no way limits additional memorandum records that may be required for Area administration of Division of Revenues procedures, settlements and state and city rate case activity.

1.20 Local routines may be desirable to provide more detailed procedures.

FIGURE 1

FORM SN4C - MEMORANDUM RECORD

MEMORANDUM RECORD

SOUTHWESTERN BELL TELEPHONE COMPANY
ACCOUNTS CHARGEABLE

FORM SN-4C
(REVISED 11-73)

F.C.C. AUTHORIZATION REQ'D YES NO

UNDER CONSTRUCTION ENGINEERED BY -TEL. CO.

CURRENTLY READY FOR SERVICE -W.E. CO.

APPROXIMATE DATE OF WITHDRAWAL FROM SERVICE 3-73

EST. REQ. NO. 10057 EST./R.O. NO. _____

LOCATION CODE (C & X) U-3040 LOCATION CODE (R & M) U-3040

SHEET 1 OF 1

DATE 5-1-72

SUB ACCOUNT DESCRIPTION		CODE	GROSS ADDITIONS	COST OF REMOVAL	PLANT RETIRED	SALVAGE	REUSED MATERIAL						
B A S I C	No. 12 Service Observing Equipment		17T	\$13,000	\$ 500	\$ 4,600	\$ 100						
S P E C I F I C	(ESTIMATED SERVICE DATE 3-73)												
A M A													
P O W E R													
P B X													
TOTAL EXPENDITURES			(A) \$	(B) \$	(C) \$	(D) \$	(E) \$						
GROSS ADDITIONS BY YEARS (PLANT ADDITIONS)			YEAR 19	AMOUNT	YEAR 19	AMOUNT	YEAR 19						
ESTIMATED COMPOSITION OF EXPENDITURES ACCOUNT 725 - INPUT DATA FOR MASTER DISTRIBUTION FILE					SUMMARY OF ESTIMATED REQUIREMENTS								
SECTION 1 - HEADER DATA					ACTION CODE 1. NEW 2. CHANGE HEADER ONLY 3. CHANGE DETAIL DIS. 4. DELETE	GROSS EXPENDITURES (A + B) \$							
CO. ID.	A C	MO.	DAY	YR.		OFC. NO.	AUTH. NUMBER	FILE ADDRESS					
								CONTROL LOC.					
								REG. NO.					
1-2	3	4-5	6-7	8-9	10-11	12-19	20-26						
							27-37						
CD ID	LOCATION			RI	COMPL. DATE								
38	39-72			73-74	75-80								
1				E									
SECTION 2 - DETAIL DISTRIBUTION					NET CAPITAL REQUIREMENTS (A + B - E) \$								
CD ID	ADJ.	ACCOUNTING CLASSIFICATION				W.E. CO. BILLS			OTHER TELEPHONE CO. CHARGES				TOTAL CHARGES
		LOCATION CODE	MAIN ACCT.	CODE OR SUB ACCT.	LTR CD	MATERIAL COST OF EQPT.	LABOR INST. DIV BILL	REMAINDER EQPT. SPE., ETC.	TEL. CO. MAT'L.	PLANT LABOR & ASSOC. COSTS	TEL. CO. ENGR'NG & ASSOC. COSTS	SUNDRY & MISC. BILLS	
38	39-40	41-47	48-50	51-53	54-55	56-63	64-71	72-70	500	300		150	13000
4				17	TC	7200	3100	1750					
4				17	M	-	100	50	75	75			300
4				17	TX	-	300	100	50	50			500
4													
4													
4													
4													
4													
2		TOTAL											
3		CHANGE TOTAL											

PREPARED BY: _____ TEL. NO. _____

EXPLANATION: _____

FIGURE 2

TYPICAL MEMORANDUM RECORD WORKSHEET

Routing
 Job Engineer _____
 Equipment Engineer _____
 Inventory & Cost Engineer _____
 Equipment Engineer _____ (File) Date _____

MEMORANDUM RECORD WORKSHEET
 (For deriving costs to be used in Division of Revenue)

To be prepared after final billing for non-Central Stock jobs.

DR Category Description _____

Equipment Description _____ Quantity _____

Location _____ Month and year placed in 100.1 _____
 Account Code _____ Auth. # _____ W.E.E. or T.C.E. Ord. # _____

1. Cost of property item material as identified in MD-300 (WEE Cases - priced "B" specs) or on detailed equipment bills (TCE cases). Use some symbol in marking prices so cross-reference from this form to estimate bill file can be made. (Exclude portable tools and test sets from this total).



← Show symbol here.

2. Cost of associated minor material not specifically identifiable to DR category (cabling, aux framework, relay rack bays, etc.) _____
3. Material subtotal. _____
4. Apply state sales tax _____% _____
5. Apply final estimate factor _____ _____
6. Add cost of portable tools & test sets purchased and used exclusively for the DR category above (include sales tax). _____
7. Total Cost _____
8. Adjustment for WECO deferred investment tax credit factor (to be applied by Inventory & Cost Engineer). _____

Does this equipment require plug-in units from Central Stock
 _____ Yes _____ No

Prepared By _____

MEMORANDUM RECORDS

The following categories of equipment may require memorandum record treatment.

	<u>Category</u>	<u>DR Section</u>	<u>Paragraph</u>
Combined LD and DSA Switchboards	1B	22.05	1.21
100A TSP*	1F	22.05	1.36
100B TSPS*	1H	22.05	1.37
Centralized Rate and Route Information Boards	1G	22.05	1.32
Intercepting Boards	1P	22.05	6
Service Observing Boards	1Q	22.05	6
Long Haul Dial Tandem Switching	1N	22.05	5
Short Haul Dial Tandem Switching	2A	22.10	1.21
Clock Timers (INWATS)	2B	22.10	1.22
SXS CAMA Equipment	4AC	22.20	1.3
FAT Equipment	3B3	22.15	5.4 & sub-paragraph
#4 Crossbar Switching Equipment	5B1	22.25	2.3&2.31
Intertoll Dial Switching State & Interstate	3A	22.15	4
Intertoll Dial Switching State	3B1	22.15	5.2
AMA Applicable to Msg. Services*	3B3	22.15	5.4
AMA Applicable to Private Line*	4B1	22.20	1.31
No. 101 ESS Control Units **	4B2	22.20	1.32
P.L. Interstate Broadband Ckt. Eqpt.	7E	22.35	7.0
P.L. Intrastate Broadband Ckt. Eqpt.	8EA	22.40	2.131
P.L. Interstate Wideband Ckt. Eqpt.	8EB	22.40	2.131
P.L. Intrastate Wideband Ckt. Eqpt.	8FA	22.40	2.141
P.L. Interstate Local Channel Broadband	8FB	22.40	2.141
	8KA	22.40	2.181

	<u>Category</u>	<u>DR Section</u>	<u>Paragraph</u>
P.L. Intrastate Local Channel			
Broadband	8KB	22.40	2.181
Antenna Supporting Structures (10C)			

* These categories are normally identified by special subaccounts, i.e., 347TC used only for 100A TSP, 377TC used only for 100B TSPS and 437TC, 447TC and 477TC used only for AMA equipment.

** Assigned Unique Area Number for each location were other 77C investment exists.