

# Notes to Oregon Separated Results of Operations

## **ATTENTION**

**\*\*\*Use only the form posted on the OPUC website for 2022\*\*\*  
No previous version will be accepted**

**Due October 31, 2023**

## **GENERAL NOTES**

Cells requiring user input are easily identified by the blue font color. All cells must have a value entered for the form to be complete. For the convenience of the user, all fields have been zero filled, thus no additional work is required by the user for fields not used.

Please do not add additional columns or lines.

# Notes to Oregon Separated Results of Operations

## SUMMARY PAGES 1-2

1. **Total Oregon Operations Subject to Separations:** The amounts found in the "Total Oregon Operations Subject to Separations" column are post Part 64 Subpart I Allocations of Nonregulated costs. Amounts in this column should reflect Regulated Operations only. The amounts do not include CLEC operations or other competitive provider operations.

### Operating Revenues

2. **Account 50.XX:** Local service revenue is disaggregated into the following categories: Local Billed, EAS billed (includes EAS surcharges and measured EAS services), and State OUSF Distribution. A portion of Local Billed could be assigned to the interstate jurisdiction. See FCC part 36.212.

3. **Account 508X:** Network Access Revenues, is disaggregated into Access Charges (SLC, Switched, and Special) and Federal USF Distributions.

4. **Account 51xx:** Account 51xx applies primarily to the large companies for their interstate and intrastate billed toll. The settlement amount is the operator surcharge revenues billed and retained by the independent telephone companies and recorded as a debit to Qwest's 5100 MTS Toll Revenue account.

5. **Accounts 52xx:** Miscellaneous Revenue is disaggregated into Miscellaneous Billing and Collection, Directory Advertising, Operating Rents, and Other Miscellaneous. Miscellaneous Billing and Collection contains billing and collection access revenues for both interstate and intrastate.

# Notes to Oregon Separated Results of Operations

## DETAIL PAGES PLANT ACCOUNTS PAGES 3-7

6. **Joint Use Subscriber Line:** COE Cat. 4.13 And CWF Cat. 1.3: These two line items include investment in common line only. A switched common subscriber line is a voice-grade or equivalent working (i.e., revenue producing) loop or channel that connects the retail service customer's premises to the serving wire center's switch. It is used jointly for access to local exchange services, extended area services, and interexchange long distance services.

7. **COE Other and C&WF Other:** COE Other is assigned wideband, Category 4.11, 4.12 & 4.22 plant; C&WF Other is assigned wideband cable and wire facilities. COE Other and C&WF Other include investment in wideband facilities and equipment associated with network access, exchange and interexchange trunks. It excludes point-to-point and point-to-multipoint private lines, closed-end WATS lines, wideband data lines, feature group carrier access lines, and unbundled network element (UNE) access lines leased to other telecommunications providers. It also excludes station lines (inside wire) on the line-side of a key system or PBX. See CFR 36.154, Separations Category 1.3 and CFR 36.126, Separations Category 4.13.

## 6xxx Expense Accounts

8. **Account 6562:** ("Amortization Expense Associated with Property Held for Future Use") are not included as operating expense in Oregon.

9. **Account 6540 and Account 65xx:** Account 6540 includes switched and special access charges paid to LECs for access services. See FCC Part 36.354. Account 65xx includes Federal USF Contributions.

10. **Account 6623:** Includes Billing and Collection (B&C) charges paid to LECs for B&C services. See FCC Part 36.381.

## Other Operating Expenses

11. **Universal Service High Cost Fund:** The Universal Service High Cost Fund expense adjustment is determined as defined in FCC Part 36.631. The expense adjustment is added to interstate expenses and deducted from state expenses. The effect is zero on Total Oregon Operations Subject to Separation.

# Notes to Separated Results of Oregon Operations

12. **Lifeline Connection Assistance:** The Life Line Connection Assistance expense adjustment is determined as defined in FCC Part 36.741. The expense adjustment is added to interstate expenses and deducted from state expenses. The effect is zero on Total Oregon Operations Subject to Separation.

## Calculated Income Tax

13. **Net Income Before SIT & FIT:** Net income before state and federal income tax (calculated as revenues - expenses - total general taxes) is automatically generated by the spreadsheet by pulling values from Total Revenues (Summary Section), Total Operating Expenses (Detail Section), and Total General Taxes (Detail Section) and performing the calculation described above. After adjustments for Fixed Charges, this amount becomes the basis for all income tax separations. See FCC Part 36.412.

14. **Other SIT Base Add/Ded:** The amounts that are entered on this line may be obtained from tax work papers for a single state operation or for a multi-state operation the amounts can be derived by dividing the current SIT by .066 then subtracting Line 9. If the amount is derived by the calculation described above, make sure prior-year adjustments are first removed from current SIT.

15. **7230 SIT-Current (at 6.6%):** SIT rate used must be entered by the user in the space provided below line 18 "Tax Rate used for SIT:"; otherwise the computations of the embedded formulas will be based on the default 0.00% (see note to right of entry on form). SIT should reflect the removal of all prior period adjustments.

16. **Other FIT Base Add/Ded:** Other FIT Base Adds and Deducts may be obtained either from the tax work papers or from backing into the amount by taking the current FIT plus claimed ITC, dividing by the effective FIT rate and then subtracting line 12 (SIT-Current) and line 7 (Net Income before SIT and FIT Less Fixed Charges). If the "backed into" approach is used, make sure prior year adjustments are first removed from current FIT.

17. **7220 FIT Current:** FIT rate used must be entered by the user into the space provided below line 18 "Tax Rate used for FIT"; otherwise the computations of the embedded formulas will be based on the default 0.00% (see note to right of entry on form). FIT should reflect the removal of all prior period adjustments.

# Notes to Separated Results of Oregon Operations

## SEPARATION PARAMETERS

### 18. General Notes

Separation Parameters drive the allocation of certain plant and expense costs to operations and services. The parameters are designed to perform validity tests on separation studies and provide a basis to forecast future test year separations. The demand reflects current study annual totals. The factors reflect the frozen interstate factors developed from calendar year 2000 studies. The intrastate jurisdiction (those that are not frozen with the interstate) reflects the relative use of current year demand for Intrastate Toll/Access, EAS and Local times the residual intrastate factor (i.e. 1 minus the frozen interstate factor). The units (e.g. MOU, MOU-Kilometers, Work Seconds) are unadjusted, current units based on studies performed during the period being reviewed.

The Interstate factors should be the 2000 frozen values for all primary factors. The intrastate toll, EAS and local factors should reflect the current study adjusted by relative use.

**19. Current Composite SPF:** Current Composite SPF represents a composite of the pre & post conversion SPF for those companies involved in toll route conversions to EAS during the year.

**20. Current CAT 3 Dial Equipment Minutes:** COE Cat 3 - See FCC Part 36.125 and PUC Order 93-1133, Appendix A.

**21. Exchange Trunk - Joint Use MOU:** Exchange Trunk MOU - See FCC Part 36.155.

**22. Host/Remote MOU Kilometers:** Host/Remote MOU Kilometers - See FCC Part 36.157.

**23. Operator Standard Work Seconds:** Operator Standard Work Seconds used to separate operator services expenses if different from those used for COE Cat. 1 plant.

**24. Tandem Switching MOU:** Tandem Switching MOU - See FCC Part 36.124.

**25. Gross Billed Revenues:** Gross Billed Revenues are defined differently for the following expenses:

- Marketing - See FCC Part 36.372
- Payment & Collection, End User - See FCC Part 36.377(a)(2)
- Payment & Collection, CXR - See FCC Part 36.377(a)(5)

# Notes to Separated Results of Oregon Operations

## 26. **Service Order Contacts**

- Service Order Processing, End User - See FCC Part 36.377(a)(1)
- Service Order Processing, CXR - See FCC Part 36.377(a)(4)

## 27. **Billing Inquiry Contacts**

- Billing Inquiry, End User - See FCC Part 36.377(a)(3)
- Billing Inquiry, CXR - See FCC Part 36.377(a)(6)

28. **SP&RC Toll Messages:** Sent-Paid and Received-Collect messages are used to separate Account 6623, Revenue Accounting - Toll Ticket Processing expenses - See FCC Part 36.379

29. **Big Three Expense Factor:** Big Three Expense Factor - See FCC Part 36.392

30. **Access Lines (Average):** The Access Line count is the average lines for the year identified by common lines (see Note 6) and private lines, excluding wideband assigned to Interstate, State and Local (Other) operations.

31. **Unseparated Loop Cost:** The Unseparated Loop Cost should be calculated consistent with 47 CFR Part 36. In the calculation process, the SPF is set to 100% and the rate of return (ROR) is set at 11.1%. This is not a per line amount.