- 3. This Report and Order eliminates Account 2004, Telecommunication Plant Under Construction-long term. All plant under construction will be record in Account 2003. The distinction between long-term and short-term construction is eliminated.
- 4. The Report and Order will be effective six months after it is published in the Federal Register.

## Rule Changes

- 5. Accordingly, it is ordered that, pursuant to Section 1, 4(i), 201-205, 219, and 220 of the Communications Act of 1934, as amended, 47 U.S.C. 151, 154(i), 201-205, 219, and 220, parts 32, 36, and 65 of our Rules, 47 CFR parts 32, 36, and 65 are amended, as set forth below.
- 6. It is further ordered that, pursuant to Section 220(g) of the Communication Act of 1934, as amended, 47 U.S.C. 220(g) and Section 1.427(c) of the Commission's Rules, 47 CFR 1.427(c), the amendments to parts 32, 36, and 65 of the Commission's Rules, 47 C.F.R. parts 32, 36, and 65 as set forth below, shall be effective September 6, 1995.

# List of Subjects

47 CFR Part 32

Uniform system of accounts.

47 CFR Part 36

Reporting and recordkeeping requirements, Telephone, Uniform System of Accounts.

47 CFR Part 65

Communications common carriers, Reporting and recordkeeping requirements, Telephone. Federal Communication Commission.

### William F. Caton,

Acting Secretary.

Parts 32, 36 and 65 of Title 47 of the CFR are amended as follows:

## PART 32—UNIFORM SYSTEM OF ACCOUNTS FOR **TELECOMMUNICATIONS COMPANIES**

1. The authority citation for part 32 continues to read as follows:

Authority: Secs. 4(i), 4(j) and 220 as amended; 47 U.S.C. secs. 154(i), 154(j) and 220 unless otherwise noted.

2. Paragraph 32.2000(c)(2)(x) is revised to read as follows:

### § 32.2000 Instructions for telecommunications plant accounts.

(c) \* \* \*

(2) \* \* \*

(x) Allowance for funds used during construction ("AFUDC") provides for the cost of financing the construction of

telecommunications plant. AFUDC shall be charged to Account 2003, **Telecommunications Plant Under** Construction, and credited to Account 7340. The rate for calculating AFUDC shall be determined as follows: If financing plans associate a specific new borrowing with an asset, the rate on that borrowing may be used for the asset; if no specific new borrowing is associated with an asset or if the average accumulated expenditures for the asset exceed the amounts of specific new borrowing associated with it, the capitalization rate to be applied to such excess shall be weighted average of the rates applicable to other borrowing of the enterprise. The amount of interest cost capitalized in an accounting period shall not exceed the total amount of interest cost incurred by the company in that period.

3. Section 32.2003 is amended by revising the section heading and paragraphs (a) and (c) to read as follows:

#### § 32.2003 Telecommunications plant under construction.

- (a) This account shall include the original cost of construction projects. (Note also § 32.2000(c).)
- (c) If a construction project has been suspended for six months or more, the cost of the project included in this account shall be transferred to Account 2006, Nonoperating Plant, without further direction or approval of this Commission. If a project is abandoned, the cost included in this account shall be charged to Account 7370, Special Charges.

### §32.2004 [Removed]

- 4. Section 32.2004 is removed.
- 5. Section 32.7340 is revised in its entirety to read as follows:

# § 32.7340 Allowance for funds used during construction.

This account shall be credited with amounts charged to the telecommunications plant under construction account. (See § 32.2000(c)(2)(x).)

# PART 36—JURISDICTIONAL SEPARATIONS PROCEDURES: STANDARD PROCEDURES FOR **SEPARATING** TELECOMMUNICATIONS PROPERTY COSTS. REVENUES. EXPENSES. TAXES AND RESERVES FOR TELECOMMUNICATIONS COMPANIES

1. The authority citation for part 36 continues to read as follows:

- Authority: 47 U.S.C. Secs. 151, 154 (i) and (j), 205, 221(c), 403 and 410.
- 2. Section 36.101 is revised to read as follows:

#### § 36.101 Section arrangement.

(a) This subpart is arranged in sections as follows:

Telecommunications Plant in Service-Account 2001-36.101 and 36.102. General Support Facilities—Account 2110— 36.111 and 36.112.

Central Office Equipment—Accounts 2210, 2220, 2230—36.121 thru 36.126.

Information Origination/Termination Equipment—Account 2310—36.141 and 36.142.

Cable and Wire Facilities-Account 2410-36.151 thru 36.157.

Amortization Assets—Accounts 2680 and 2690—36.161 and 36.162.

Telecommunications Plant—Other Accounts 2002 thru 2005-36.171.

Rural Telephone Bank Stock—36.172. Material and Supplies-Accounts 1220, and Cash Working Capital—36.181 and 36.182. Equal Access Equipment—36.191.

3. Section 36.171 is revised to read as follows:

#### §36.171 Property held for future telecommunications use-Account 2002; Telecommunications plant under construction-Account 2003; and Telecommunications plant adjustment— Account 2005.

The amounts carried in Accounts 2002, 2003, and 2005 are apportioned among the operations on the basis of the apportionment of Account 2001, Telecommunications Plant in Service.

4. Section 36.222(c) is revised to read as follows:

# § 36.222 Nonoperating income and expenses—Account 7300.

(c) The portion reflecting allowance for funds used during construction is apportioned on the basis of the cost of Telecommunications Plant Under Construction—Account 2003. The portion reflecting costs for social and community welfare contributions and fees is apportioned on the basis of the apportionment of corporate operations expenses.

## PART 65—INTERSTATE RATE OF **RETURN PRESCRIPTION** PROCEDURES AND METHODOLOGIES

1. The authority citation for part 65 continues to read as follows:

Authority: Secs. 4, 201, 202, 203, 205, 218, 403, 48 Stat., 1066, 1072, 1077, 1094, as amended, 47 U.S.C. 154, 201, 202, 203, 205,

2. Section 65.450(d) is revised to read as follows: