UNIFORM REPORTING SYSTEM
RULES FOR COMPLETING CATV FORMS 200 AND 300

(1) Definitions

These definitions shall be read in conjunction with all other sections of the Uniform Reporting System ("URS") in determining the appropriateness of any particular financial entry or report prepared from such entry. The following terms as used in the Annual Financial and Statistical Data Forms ("Forms") shall, unless the context requires otherwise, have the following meanings:

Accrual basis of accounting - A method of accounting under which revenues are recognized when earned or realized, and expenses are recorded when incurred, regardless of the flow of cash.

Affiliated Company - Any person that directly or indirectly, or through one or more intermediaries, controls, is controlled by, or is under common control with another person or entity. A controlling interest exists when any one person holds more than 50% of the voting stock or other proprietorship interest. In addition, the Cable Division may find the existence of a controlling interest in situations where 50% or less of the voting stock or other proprietorship interest is held by any one person, depending on the particular facts and circumstances and the relationship of the parties.

Amortization - The gradual extinguishment, on a rational method or basis, of an amount in an account by distributing such amount over a period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.

Asset - A tangible or intangible property right or value acquired, or an expenditure made which has created a property right, or is properly applicable to the future.

Books - Books of accounts.

Cable Division - The Cable Television Division of the Department of Telecommunications and Energy.

Cable Operator - Any person operating within the Commonwealth a cable system as defined by federal law at 47 U.S.C. §522(7).

Consolidated Financial Reports - Reports showing the operating results or financial position of a group of companies under common ownership or control. Such reports are intended to reflect the operating or financial position of the group as a single entity. The preparation of a consolidated financial report involves elimination of all inter-company accounts, investments, sales, advances, and interests of an inter-company nature.

Depreciation - The loss, determined on a rational basis, of service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of operating property in the course of service from causes known to be in current operation, against which the company is not protected by insurance, and the effect of which can be forecast with a reasonable degree of accuracy. Among causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, and the requirements of public authorities, when appropriate.

Equity - Any right or claim to assets or interest in property or a business, subject to prior creditors. As used in the URS, equity refers to the interest of a stockholder in a corporation or proprietor or partner in an unincorporated company or other entity.

Fiscal year - A 12 (twelve) month period other than a calendar year.

Generally Accepted Accounting Principles and Practices - Principles and practices that would be followed in posting financial transactions or preparing financial statements that would generally be acceptable to any other accountant: Such generally accepted accounting principles would be those enumerated by the Accounting Principles Board ("APB") and its successor, the Financial Accounting Standards Board ("FASB").

Gross Annual Revenues - All revenues from any source, determined on the accrual basis according to generally accepted accounting principles.

Items - Items as used in the text refers to entries required by the URS and is analogous to the use of the word "accounts" in a Uniform Accounting System.

Liability - An amount owing to another; the title of the credit side of the balance sheet where obligations and equity are shown.

Municipality - Any city or town in the Commonwealth.

Original Cost - The cost, incurred by the first cable television company, or equipment and/or other assets used for the purpose of providing cable television service in Massachusetts. This includes the cost (at arms length) of all material, equipment, overhead and labor.

Person - Any individual, trustee, partnership, association, corporation or other legal entity.

Reporting Entity - The organizational level selected by the company for the reporting of information.

Subsidiary - A company owned or controlled by another company.

Uniform Reporting System (URS) - The financial record keeping and reporting requirements prescribed by the Division.

(2) Reporting Requirements

The following financial reports shall be filed annually, on or before April 30, for operations during the preceding calendar year:

1. CTV Form 200, Balance Sheet
2. CTV Form 300, Statement of Revenue and Expenses
3. CTV Form 400, Statement of Ownership

(3) Record Keeping Requirements

(a) This is a system of uniform reporting requirements for the purpose of completing the Cable Division Forms. There is no general requirement to maintain records according to this system, other than for the purpose of completing the Forms.

(b) Pursuant to G.L. c. 166A §17, operators shall be required to produce on demand, within 15 days of request, for inspection, review or audit all books of account and related records.

(c) Operators shall be required to maintain adequate and complete records in connection with any adjustments, transfers and consolidations undertaken in the preparation of required reports from existing accounts. These records are subject to review under (b) above.

(d) The Cable Division may require the adoption by all operators of a uniform set of record keeping requirements.

(4) Reporting Basis

(a) All financial reports filed with the Division shall reflect the accrual basis of accounting for transactions. Inasmuch as there is no formal requirement imposed on the way operators maintain their books of account, care should be exercised that records of accrual adjustments made in compliance with the Division's URS be maintained according to URS section (3).

(b) Generally Accepted Accounting Principles - Generally accepted accounting principles shall be used in establishing the accounting treatment of any transaction except that the Cable Division may require specific alternatives or departures that it deems necessary to a proper discharge of its requirements.

(5) Reporting Format

Operators should complete the filings under the URS.

(6) Item Descriptions

Form 200

(a) Current Assets

1. 200 Cash and Cash Equivalents

    a. Cash: The total amount of cash on deposit in banks and on hand.

    b. Short-Term Investments: The cost of marketable or redeemable securities purchased for temporary investment.

2. 210 Accounts Receivable, Less Allowances - The amounts due from subscribers less allowance for doubtful accounts.

3. 220 Inventory - This item should include the cost of materials not chargeable to expense or immediately identifiable with a construction project. Inventory items held for construction purposes are to be included as part of item 320 Construction Work in Progress.

    NOTE: This item balance may be maintained by posting transactions currently or, if the amount of materials is not significant, the balance in the item may be adjusted periodically based on a physical inventory and current value. In any event, inventory should be verified by a physical count at least annually. The item may be subdivided to accommodate various types of supplies. Insignificant amounts of office supplies may be expensed.

4. 230 Prepaid Expenses - These items represent outlays for benefits or services, which apply to or will directly benefit future operations. The period to be benefited should not exceed one business cycle or one year. The items are credited and the appropriate expense or capital item is charged as the benefit is received. Examples of prepayments that should appear in this item are: taxes, franchise liability payments (current period portion), insurance, rent, interest, expense advances, etc.

(5) 240 Other Current Assets - Any current assets not accounted for in another item.

(b) Fixed Operating Assets - Fixed operating assets include all assets related to the provision of cable-connected service. Assets owned or controlled by the operator, which are used in unrelated activities, are to be included in line 390 Total Other Assets. All fixed operating assets are to be reported on the basis of original, historical cost. Assets of acquired companies are to be reported at book values as of the time of acquisition.

1. 260 Land - The cost of real property, including cost incident to the acquisition of title to the land.

2. 270 Buildings - The cost of office and other buildings, including head-end buildings, constructed of brick, concrete, stone, or other durable materials, and which can be expected to last for more than one year.

3. 280 Headend Equipment - Head-end equipment includes the historical cost of all assets directly used to capture, transmit, process, switch, generate or otherwise provide signal content for distribution to subscribers but excluding assets included as part of the distribution system and should include:

a. Tower and Antenna: The cost of the tower and antenna.

b. Electronic Equipment: The cost of the head-end electronic equipment not included in item 270.

c. Program Origination Equipment: This item includes the cost of time and weather station, cameras, studio and other equipment utilized in origination.

d. Other: The cost of all other equipment associated with the head-end facility, such as fencing and structures that do not qualify for inclusion in item 270 Buildings.

4. 290 Trunk and Distribution Equipment - Trunk and distribution system includes the historical cost of all system assets used to distribute signals from the head-end to the subscriber. As such, this item includes all assets that are common to multichannel operation and excludes assets that are applicable to the operation of a particular channel service, regardless of their location.

a. Poles: The cost of owned poles, including related guys, anchors, messenger cable and pole hardware.

b. Cable: The cost of trunk and distribution cable, including lashing wire, splices, connectors, etc.

c. Amplifiers: The cost of amplifiers and power suppliers, including housings and associated hardware and electronic equipment.

d. Other. The cost of all other system assets associated with the distribution of signals from the head-end to the subscriber.

5. 300 Subscriber Devices - The cost required to initially connect customers to the distribution line. Includes the costs associated with taps, blocks, transformers, drops, converters and other subscriber connection devices.

6. 310 Other Fixed Operating Assets

a. Test Equipment and Tools: Includes the cost of sweep generators, calibrators, field strength meters, other test equipment and tools.

b. Vehicles

c. Furniture and Fixtures

d. Miscellaneous

7. 320 Construction Work in Progress - This item should include the costs accumulated in connection with the design and construction of work not yet completed. As individual jobs are completed, the accumulated costs are removed from this item and charged to the appropriate fixed asset item.

(c) 340 Accumulated Depreciation on Fixed Operating Assets - This item should be credited with the periodic provision for depreciation. Separate subsidiary items may be maintained as required, within the 260 - 310 series of items.

(d) Other Operating Assets

1. 350 Franchise Acquisition Costs - Costs of securing franchises, licenses and permits including initial payments to a municipality or that portion of a system's purchase cost already allocated to its franchise. No amounts for Goodwill or any capitalization of values should appear in this item.

2. Plant Adjustments - The difference between the purchase price and the original cost, less depreciation, of either all or a substantial portion of a cable television system already in operation in the Commonwealth. See URS section (7)(b) for a full explanation.

a. 360 Excess Fair Value: The difference between original cost, less depreciation and the fair value of the assets purchased as defined in the plant adjustment explanation above.

NOTE: Cable operators may file a request with the Cable Division for an exception to the application of the URS section (7)(d) to this section.

b. 370 Goodwill: Goodwill arising from the difference between fair value and purchase price.

3. Other Intangible Assets - Any operating asset not includable in one of the foregoing items.

(e) 400 Accumulated Amortization of Other Assets - This item is to be credited with the periodic provision for amortization on items in Other Assets.

Liabilities.

(a) Current Liabilities

1. 420 Accounts Payable - This item should include amounts currently due others for purchases of materials, goods and services.

2. 430 Subscriber Advance Payments and Deposits - Security deposits by subscribers and payments made in advance by subscribers in anticipation of services to be rendered. Includes billings for monthly service charges applicable to periods subsequent to the close of the accounting period.

3. 440 Debt Due Within One Year - That portion of long-term debt payable during the next 12 months. This item should include:

a. Bonds Payable: That portion of bonds payable during the next 12 months.

b. Notes Payable: That portion of notes payable during the next 12 months.

c. Other Debt Due Within One Year: That portion of long-term debt that do not qualify for inclusion in items “a.” or “b.” above payable during the next 12 months.

4. 450 Current Taxes Payable - This item should include:

a. Accrued State and Local Taxes - The accrued liability for taxes levied by State and local governments.

b. Accrued Federal Income Taxes - The estimated liability for current and prior years’ Federal income taxes.

5. 460 Other Current Liabilities

(b) Non Current Liabilities

1. 480 Long-Term Debt - The unpaid balance of debts payable after one year from date issued. Any amounts which are payable within one year should be reclassified to the current liability item. Do not include debt listed on lines 490, 500, and 510.

a. 490 Notes Payable: The unpaid balance of notes payable after one year.

b. 500 Bonds Payable: The unpaid balance of bonds payable after one year.

c. 510 Obligation on Capitalized Leases: The discounted value of future rental payments for leased property, which, under the terms of the lease, constitutes an installment purchase.

2. 520 Deferred Taxes - This item should contain all deferrals related to the income tax effects of the investment tax credit and the effects of different methods of tax and financial reporting, regardless of the nature of that difference. (See NOTE under explanation for line 950.)

3. 530 Other Non Current Liabilities

Owner's Equity.

1. 550 Net Assets due from/to Parent Company

2. 560 Capital Stock - All amounts of par and paid in capital, including special class stock and preferred stock, including convertible preferred.

3. 570 Retained Earnings - Gross - The accumulated amount of earnings which have not been capitalized. This item includes cumulative earnings prior to any deductions for dividends paid or declared.

4. 580 Accumulated Dividends - This contra asset item represents the accumulated amount of dividends paid by the entity.

5. 590 Other

Form 300

Operating Income - These items should include all revenues attributable to rendering services connected with cable television. To the extent that initial subscription charges are permitted, exclusive of installation charges and service income, these revenues should be credited to the plant items.

(a) Subscriber Revenues

1. 620 Installation Income - Represents income obtained from charges for subscriber connections including relocations and additional outlets.

2. 630 Equipment Revenue - Cable revenue attributable to monthly subscriber charges for the lease of converter boxes, remote controls and additional outlets.

3. 640 Basic/Other Tier Subscriber Revenue - This item should include all revenues derived from regular, periodic fees charged to subscribers for basic service, CPS tiers and all non-premium tiers of service.

4. 650 Premium Channel Revenue

5. 660 Pay Per View Revenue

6. 670 Other Subscriber Revenues - Include all revenues attributable to cable operations not included above, such as the sale of customer premises equipment.

(b) Non Subscriber Revenues

1. 690 Advertising Income - Income arising from advertising on cable channels.

2. 700 Other Income - All other income including income attributable to leasing or sale of time or facilities.

Expenses

Operating Expenses - The direct costs of all system operations including costs for signal acquisition, processing and transmission, local origination, maintenance and upkeep, administration and marketing, and out-of-pocket expenses for overhead.

(a) Direct Operating Expenses

1. 730 Programming Expenses - All costs associated with the acquisition of program materials for distribution over the system including charges for technical and creative services, rental and transportation of film, and incidental materials and supplies.

2. 740 Net Bad Debt and Collection Expenses

3. 750 Salaries and Benefits - The salaries, wages and fringe benefits, including payroll taxes and the cost of benefit programs such as insurance and pension plans, of all personnel engaged in system operation, regardless of function.

4. 760 Repairs and Maintenance - The cost of repairs and replacement of minor equipment and vehicles (net of salaries and benefits).

5. 770 Light, Heat, Power - All system expenses related to this category (net of salaries and benefits).

6. 780 Pole and Duct Rental - The cost of rentals for poles, duct, etc. required for transmission purposes.

7. 790 Administration-Office and Billing - The costs of operating an office including billing, correspondence, rent, travel and entertainment, telephone, dues and subscriptions, contributions, stationery and supplies, postage and freight, etc. (net of salaries and benefits).

8. 800 Marketing - The direct costs of selling, advertising and promotion. Includes commissions payable to sales people and outside parties (net of salaries and benefits).

9. 810 Local Origination - The various costs associated with maintaining and operating a local origination facility (net of salaries, benefits and depreciation).

10. 820 Other - All other direct operating costs not includable above.

(b) Depreciation and Amortization

1. 840 Depreciation - The amounts provided periodically for depreciation of fixed assets and leasehold improvements.

2. 850 Amortization - The amounts provided periodically for amortization of items in Other Assets on the Form 200.

(c) Other Income and Expenses

1. 880 Other Income - The income derived from sources not directly associated with cable television services, including interest on investments, dividends from investments, etc.

2. 890 Interest Expense - Interest accrued on the company's obligations, including notes, bonds and mortgages payable.

3. 900 Other - Costs not related to cable television operations or item 890. (Include depreciation and amortization on assets other than operating assets.)

(d) Provision for Income Tax - The estimated provision for income taxes based upon the company's reported earnings for the period. To the extent that this provision does not equal the company's actual tax liability, a deferred credit is to be provided.

NOTE: Multiple System Operators (“MSOs”) who file consolidated income tax statements may experience difficulty in apportioning amounts of taxes between those currently payable and those deferred for each individual reporting entity. In this event, MSOs are encouraged to seek specific approval for other methods. Such approval will normally be granted following the proposal of a rational and systematic alternative.

1. 920 Currently Payable - That portion of income taxes payable within the subsequent reporting period.

2. 940 Deferred - The difference between line 940 and line 920, offsetting the entry made on line 520.

(e) Extraordinary Items: This item should include the effect of extraordinary items, including the income tax effects of such items. Extraordinary items are identified primarily by the nature of their underlying occurrence. They will be of a character significantly different from the typical or customary business activities of the company. Accordingly, they will be events and transactions of material effect, which would not be expected to recur frequently, and which would not be considered as recurring factors in any evaluation of the ordinary operating processes of the business. Such material items, less applicable income tax effects, should be reflected in all applicable financial statements submitted to the Cable Division.

1. 950 Gain/(Loss) on Sale of Fixed Assets - Gains and Losses on the sale of fixed assets, net of their income tax effect, should be separately reported from other extraordinary item.

2. 960 Other Extraordinary Items - All extraordinary items not reported in line 960.

(7) Application Instructions

(a) Amortization - As used in the URS amortization refers to the periodic write-down of intangible assets on a straight-line basis. This is to be accomplished by charging the appropriate amortization expense item and crediting the appropriate allowance for accumulated amortization item. The periods of amortization shall be as follows:

1. Broadcasting Rights - shall be amortized on a systematic basis that will provide a proper matching of expenses with revenue.

2. Capitalized Leased Property - shall be amortized over the economic life of the asset.

3. Leasehold Improvements - shall be amortized over the lesser of the life of the leasehold or life of the improvement.

4. Plant Adjustment Excess Fair Value - shall be amortized over the life of assets purchased.

5. Plant Adjustment Goodwill - shall be amortized over the lesser of the life of the franchise or the life of the assets but not more than 40 years.

6. Intangible Assets: Franchises, Licenses, and Permits - shall be amortized over the lesser of the life of these assets or the expected future benefit. They may be amortized individually or a composite rate may be developed.

7. Other Intangible Assets - shall be amortized over the lesser of the life of the assets or the expected future benefit, either individually or using a composite rate.

8. Goodwill - shall be amortized according to generally accepted accounting principles.

9. Start-up Costs - shall be amortized over a ten-year period. See the discussion on start-up costs in URS section (7)(i) for more complete details.

10. Other Deferred Costs - are any deferred charges that are not includable in start-up costs, nor includable in any other item. Amortization shall be over the lesser of the life of the assets or the expected future benefit but not to exceed 10 years.

11. Organization Costs - shall be amortized over the lesser of the life of the assets, or the expected future benefit, or the life of the franchise, but not to exceed 10 years.

(b) Accounting for Acquisitions - When an investment is made in a subsidiary, there are two common methods of recording the investment on the books of the parent:

1. Record the investment at cost unless a fundamental change has occurred requiring a restatement of value. This is commonly known as the cost method.

2. Record the investment at cost but take up fluctuations in the net worth of the subsidiary as shown by the subsidiary's books of account. This is commonly known as the equity method.

3. An operator shall record investment in subsidiaries and other companies using the cost method, which shall be reflected in the non-consolidated portion of all financial reports and/or schedules filed with the Cable Division, except that consolidated financial

reports may be prepared using the cost equity or consolidated method.

4. Control of an acquired company may be reported through three basic methods:

a. Pooling of Interests - where stock is exchanged that effectuates the change in control.

b. Purchase - where the assets and possibly the liabilities of the firm are obtained via an exchange of cash or other assets.

c. Stock Purchase - where stock is purchased, the assets and liabilities of the acquired company are not affected.

5. The accounting for an acquisition shall be governed as follows:

a. Pooling of Interests - If a pooling of interest has occurred and the acquired company is an operator, the assets and liabilities of the acquired company shall continue to be carried at their value on the books immediately prior to the acquisition.

b. Purchase - If a purchase has occurred, and the acquired company is an operator, the only adjustments allowed on the books of the acquired company are those directly related to the terms of the purchase agreement. Otherwise, assets and liabilities shall continue to be valued at their former book value. If the acquiring company is an operator and merges or consolidates the acquired operator plant with its own, the difference between the book value, less depreciation, and the purchase price of the acquired company shall be set up in the appropriate plant adjustment item. If an operator acquires a non-cable television company, the assets and liabilities of the acquired company may be appropriately adjusted.

c. Stock Purchase - No adjustment on the books of the acquired company, other than to reflect ownership changes, are permissible.

6. The plant adjustment items are provided to account for the difference between the purchase price and the original cost, less depreciation, and/or amortization, of all or a portion of an operator. The difference as determined above is split into two parts:

a. Excess Fair Value - is the difference between original cost, less depreciation and/or amortization, and the fair value of the cable television system purchased as determined in accordance with generally accepted accounting principles.

b. Goodwill - is the difference between the purchase price and the fair value of the purchased cable television system or portion of a cable television system if the entire system is not purchased.

The balances in lines 360 and 370 are subject to amortization as provided for in URS Section (7)(a). Separate subsidiary items shall be used to account for individual or otherwise unrelated purchases.

(c) Construction Work in Progress - This item is provided for the purpose of accumulating the construction cost of uncompleted projects. The includable costs are those associated with in-house construction or supervision of construction by others and will include design, planning, salaries and wages, depreciation, overhead and other related expenses. Generally speaking a systematic plan determining construction work in progress should be developed, reduced to writing, approved by the board of directors or managing partner and be available if required by the Cable Division. Interest charges are not to be considered an includable cost of Construction Work in Progress except under the following conditions:

1. A rational and systematic method is developed for determining the amounts of interest, including imputed interest, to be capitalized; and

2. Full disclosure of the method is made in footnotes to the financial statements; and

3. Full disclosure is made of the amounts of interest capitalized on both a periodic and a cumulative basis.

(d) Depreciation

1. For purposes of reporting to the Cable Division, depreciation will be calculated on a straight-line basis (except that the "Production Plan" as defined below is also permitted) using original cost. Estimated service life should be based on experience, judgment or industry-wide studies. Net salvage value, if any, should represent the best estimated available.

2. Depreciation will be calculated using one or more of the following methods:

a. Unit Plan - in which each depreciable asset is individually depreciated and records are maintained on each depreciable asset.

b. Group Plan - in which a group rate of depreciation is calculated based on the average or mean life of the individual assets comprising the group and applied against the depreciable cost of the group.

c. Production Plan - in which depreciation is computed as a fixed rate per unit of use per depreciable asset.

3. If the group is selected, depreciable cost will consist of the sum of the original cost of all depreciable assets not yet fully depreciated. Each group should be based upon the definitions found in the Fixed Asset section of the URS i.e., upon each subsidiary asset item, if provided, or upon the general asset item otherwise.

4. If the production plan is selected, the following formula will be used to determine depreciation per unit:

$$\frac{\text{Original cost less net salvage value}}{\text{Activity}} = \text{Depreciation expense per unit (miles, hours, or other measurement of use)}$$

5. Any one, part or all of the above methods may be selected in calculating depreciation. Depreciation will be booked at least annually by debiting line 840 Depreciation and crediting line 340 Accumulated Depreciation.

6. Under either the unit plan or production plan a gain or loss on the sale of disposition of an asset will not be recognized if a replacement is obtained. Such gain or loss will be used to adjust the cost basis of the replacement. If a replacement is not purchased, a gain, if not significant, will be credited to line 890 Other Income. If significant,[1] the credit should be recorded in line 960 Gain/(Loss) on Sale of Fixed Assets. Losses should be recorded in line 910 Other Expense or in line 960 Gain/(Loss) on Sale of Fixed Assets if the amount is significant.

7. Under the group plan, gains or losses resulting from the sale or retirement of assets are not recognized. Upon disposal, a credit for the full value of the asset is made to the item in which the asset was carried. Concurrently, a similar charge is made to Accumulated Depreciation less salvage, which is included in Cash and Equivalents. Removal costs shall be charged to and credited to. If the retired assets are traded-in, the book value of the new assets will be adjusted by reducing its cost by the amount of the trade-in.

8. Depreciation expense is to be determined and reported at least annually in the manner previously described. Each reporting entity will be allowed to set guidelines in determining capitalization and expense policies.

9. Each reporting entity shall expense any asset that is not capitalized or held as part of inventory. Once determined, the capitalization and expense policy of each company must be consistently followed. To determine when a capitalization asset is acquired or retired during a period, a systematic plan is to be adopted and followed, and any of the following will be acceptable for computing depreciation:

[1] See Accounting Principles Board, Opinion No. 30 (June 1973), which, among other things, deals with the reporting of extraordinary, unusual and infrequently occurring events and transactions.

a. Use of the average of the opening and closing balances in the asset item.

b. Assets acquired in the first six months or retired in the last six months are included for a full year. Assets acquired in the last six months or retired in the first six months shall not be depreciated.

10. Depreciation computed for fractional parts (whole months) of the year.

11. The allowable depreciation rates established by the United States Internal Revenue Service will generally be considered definitive in determining service life of an asset except where a deviation, based upon the expected economic life of the asset, can be justified. The following suggested guidelines are in general conformity and are recommended for use.

TABLE 1. DEPRECIATION GUIDELINES

Asset Depreciation Range (in Years)

	Asset	Lower Limit	Guideline Period	Upper Limit
270	Buildings	---	45.0	---
280	Head-End			
	Tower & Antenna	9.0	11.0	13.0
	Electronic Equipment	9.0	11.0	13.0
	Program Origination	9.0	11.0	13.0
	Other Equipment	7.0	9.0	11.0
290	Trunk & Distribution System			
	Poles	20.0	22.5	25.0
	Cable	8.0	10.0	12.0
	Amplifiers	8.0	10.0	12.0
	Other		---	--- ---
300	Subscriber Devices	4.0	5.5	7.0
310	Other			
	Test Equipment & Tools	7.0	8.5	10.0
	Vehicles	3.0	4.0	5.0
	Furniture and Fixtures	8.0	10.0	12.0
	Miscellaneous Equipment	---	---	---

(e) Investments

1. Investments shall be recorded at cost. In no case, other than bankruptcy, business failure or other disastrous occurrence, shall a decline in value of an investment in a subsidiary be recognized. (A return of capital shall be recognized.)

2. Bonds purchased at a premium or discount shall be set up at cost. As interest is received, the premium or discount will be amortized on a straight-line basis over the life of the security by debiting or crediting the appropriate investment item for the amount to be amortized.

3. Short-term investments are charged to line 200 Cash and Equivalents.

4. Cash dividends received by a parent concern that represent a return of capital will be credited to the appropriate investment and charged to line 200 Cash and Equivalents (or other appropriate item) or 240 to line Other Current Assets, if an accrual has been set up. Conditions that indicate that a return of capital has occurred are:

a. Dividends paid immediately after a controlling interest has been obtained.

b. Dividends received some time after acquisition, paid from retained earnings in excess of recent earnings.

5. Income received on investments will be credited to line 890 Other Income and charged to line 200 Cash and Equivalents (or other appropriate item). If an accrual has previously been set up, credit the appropriate accrual item.

(f) Owner's Equity

1. Each class of stock issued will be set up in a separate subsidiary item with particulars as to par or stated value, voting rights and number of shares issued clearly described. Memorandum items for capital stock issued and reacquired are authorized for control purposes.

2. In the event that stock is issued for either payment for services or for assets (other than cash) the values to be applied based upon APB #29, are in order of preference:

a. Fair value of the assets surrendered.

b. Fair value of the assets (or services) received.

3. If stock is held as "treasury stock" the cost method will be used. Upon purchase of

treasury stock line 560 Capital Stock is debited for the cost of the acquired shares, and line 200 Cash and Equivalents (or other appropriate item, if any) is credited for the cost of the purchase. When the reacquired stock is sold, record in line 200 Cash and Equivalents and record in line 560 Capital Stock. For balance sheet presentation, the amount of retained earnings restricted by the purchase of treasury stock should be footnoted.

4. Stock issued by the company may be repurchased and retired. If this is done all affected equity items should be charged to remove the retired stock. A loss should be accounted for in line 570 Retained Earnings -- Gross; a gain is credited to line 560 Capital Stock to the extent that previous net gains from sales or retirements of the same class of stock are included therein; otherwise the loss should be recorded in line 570 Retained Earnings -- Gross.

(g) Petty Cash - To handle disbursements for small, miscellaneous expenses, petty cash funds are authorized. Petty cash funds shall be maintained on the impress basis. The number of petty cash funds and the amount in each should be kept to a minimum. The fund or funds shall be established by withdrawing from the general bank account the amount needed. The fund shall be periodically reimbursed by drawing a check for the amount of the disbursements, and the reimbursed expenses may be individually accounted for in the appropriate expenditure item or charged in total to line 790 Administration-Office and Billing.

(h) Separation of Business Activity

1. Common assets, facilities, personnel or other resources may be used to provide other than cable and related services. The phase "cable and related services" shall include services to subscribers; advertising; the sale of converters; and similar type activities but shall not include services or activities not normally related to providing cable service.

2. The accounts of all cable television companies shall be maintained so as to differentiate transaction totals and account balances that result from providing cable and related services from those that result from other activity. Transactions with an affiliate shall likewise be differentiated.

3. To differentiate transaction totals and item balances as prescribed above (i) the item may be subdivided by the use of appropriate subsidiary item or (ii) a clearing item subdivided as required may be set up or (iii) a control item subdivided as required, may be set up.

(i) Start-up Costs

1. These are operating costs incurred net of revenues received during the development period of the cable television system or segment of the system and which have been

deferred during the pre-operating and/or immediate post-operating period. Start-up costs are costs not includable in Intangible Assets items. If desired, start-up costs may be expensed.

2. The period of amortization will be ten years and will commence when any of the following conditions occurs:

a. 30 months from completion of system, or segment of system. Completion occurs when physical construction and testing have ceased; the system or segment of a system is accepted by the company and is capable of servicing at least one subscriber. A "segment of system" is herein defined as a portion of a system that can be geographically described and will be constructed according to its own time-table and/or specifications.

b. Subscriber saturation reaches 25% of potential subscribers. Potential subscribers are defined as homes passed.

3. If desired, a cable television company may adopt one or more conditions for determining when deferment ceases and amortization begins that differ from the above, provided that the conditions will not result in a period longer than that in URS section (7)(i)1. Full disclosure of the method selected for determining when amortization is to begin shall be made in footnotes to the financial statements.

(j) Allocations

1. Allocations may be used to separate cable television from other businesses. Depending on the particular facts and circumstances, the allocation of a specific part of a transaction total or account balance may be necessary to achieve results that are accurate, reasonable or equitable. Where the allocation of a transaction total or account balance is not inconsistent with our reporting requirements and instructions, as set forth in the URS, allocations will be permitted if the basis upon which the allocation is made is such that it will achieve results that are accurate, reasonable or equitable and be consistently applied.

2. Management of each company may determine the most appropriate allocation policy to be followed. This allocation policy shall be reduced to writing and made available to the Division or its staff when necessary.

3. Where necessary and appropriate, allocation, or allocations which are different in nature, scope or effect from that made by the company, may be required by the Division to meet its informational needs.

4. To allocate to the prescribed items the cost of assets constructed, purchased by or for a cable television company and for which individual costs of each separate identifiable

unit of equipment are not available or cannot be obtained (such as for turn-key construction contracts, etc.) the following guidelines are prescribed: The allocation shall be based on (i) cost records or (ii) engineering records or (iii) such other records or analysis of operations as will yield the most reasonable and equitable result, or (iv) if none of the above are available, management's best estimate, the basis of which should be reduced to writing and made available to the Division or its staff if necessary.

5. Allocations of corporate overhead by a controlling company are permitted and shall be posted in the appropriate prescribed items.

(k) Capitalized Leases - It is the intention of this application instruction to incorporate the substance of APB #5 and APB #31 as part of our accounting and reporting requirements. Accordingly, any lease, which in substance is essentially an installment purchase, shall be capitalized as provided for in APB #5.

(l) Uniformity - Each operator will provide footnotes for each major asset category describing the nature of the asset, the estimated residual value (where appropriate), the expected economic life, the amortization or depreciation period used for reporting purposes (if different), and the current annual depreciation and/or amortization charge.

(m) General Disclosure - Where the accounting treatment for any transaction is not formally established or fixed by law or by regulation, or is not obvious from the nature of the transaction, appropriate disclosure will be made in footnotes to the financial statements.