

LOGISTICS ACCOUNTING AND ADMINISTRATION  
FOR DISPOSITION OF COMPANY MATERIAL

<u>CONTENTS</u>	<u>PAGE</u>
1. GENERAL.....	2
2. ROLES AND RESPONSIBILITIES.....	2
3. GLOSSARY.....	7
4. MATERIAL PROCESSING.....	12
5. SALVAGE CREDITING.....	13
6. LOGISTICS PROVISIONING EXPENSE LOADING.....	14
7. INVOICING.....	15
8. PRICING.....	16
9. PAYMENT PROCESSING.....	22
10. SCRAP SALVAGE ACCOUNT.....	28
11. FORMS USED BY LOGISTICS.....	29
12. ACCOUNT RECONCILIATION (FG85 REPORT).....	34
13. ACCOUNT 1190.219A.....	39

EXHIBITS

1. SW1715 - PRODUCT RECEIVING REPORT.....	41
2. SW1716 - PRODUCT ADJUSTMENT/MODIFICATION REPORT..	42
3. SW6022A - PRODUCT SHIPPING REPORT.....	43
4. SW2005 - BILL OF SALE (MISCELLANEOUS MATERIAL)...	44
5. SW2008 - BILL OF SALE (REUSABLE EQUIPMENT).....	45
6. FASW-6381 - RETURNED MATERIAL NOTICE.....	46
7. S6312 - SALVAGE AND RETIREMENT REPORT.....	47
8. SW4113 - LOGISTICS SERVICES - CREDIT MEMORANDUM..	48
9. FASW-4472 - AUTHORIZATION OR CANCELLATION OF SUNDRY EXPENSES.....	49
10. SW4490 - NOTIFICATION OF MISCELLANEOUS TRANSFER OR ADJUSTMENT.....	51
11. CHECK RECEIPT VERIFICATION.....	52
12. FASW-4471 - EMPLOYEE EXPENSE/RELOCATION EXPENSE REIMBURSEMENT.....	53
13. FG85 REPORT.....	54
14. FG85 COVER LETTER.....	55
15. FG85 WORK SHEET.....	56
16. 1220.193 ACCOUNT BALANCE REPORT.....	57
17. SW4490 TO CREDIT 1190.219A.....	58
18. FG15 REPORT (1190.219A TRANSACTION REPORT).....	59

ATTACHMENTS

A. LOGISTICS PERSONNEL REFERENCE LIST.....	60
--	----

PROPRIETARY  
Not for use or disclosure outside Southwestern Bell  
Telephone Company except under written agreement.

1.0 GENERAL

- 1.01 The Procurement Logistics District is responsible for the disposition of retired material which has been declared surplus or obsolete, and which has been returned to a Logistics facility for disposal. Logistics is also responsible for the disposal of material which requires special handling (e.g., hazardous material/wastes). This practice provides procedures to be followed by Logistics personnel with regard to the accounting and administration associated with disposition activities.
- 1.02 This practice is reissued to reflect changes in the accounting used for the disposition process. The title of this practice has changed to Logistics Accounting and Administration for Disposition of Company Material. The word "Services" was dropped from the previous title. The reason(s) for any reissue of this practice will be specified in this paragraph.

2. ROLES AND RESPONSIBILITIES

- 2.01 The Area Manager-Disposition Operations has the following responsibilities:
- (a) Accountable for the Material Consolidation and Reprocessing Center (MARC) and the SWBT Retail Outlet. Also in conjunction with these operations, overseeing the management of the following activities:
- (1) Maintaining the 1220.193 Account (Equipment and Material Salvage Account) which includes the value of net salvage of scrap material returned to Logistics facilities for disposal; also maintaining the 1190.219A Account (Other Accounts Receivable - Nonaffiliates - Miscellaneous - Debtors From Sale of Salvaged Equipment and Materials by Disposition Services). The 1190.219A Account represents the receivables due the company as a result of sales made by Logistics;

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- (2) Ensuring that salvage credit is processed to the appropriate originator's account(s);
  - (3) Processing invoices and handling payments received in conjunction with all sales made by Logistics;
  - (4) In conjunction with the Manager-Systems Design and Implementation, providing direction and assistance in the maintenance of the Account Management and Invoicing System (AMIS); and
  - (5) Developing and submitting AMIS reports related to scrap activities to upper management and/or to user organizations.
- (b) Responsible for monitoring the development and administration of contractual agreements in conjunction with Procurement Contracting when a sale requires one of the following types of contracts (as used in AMIS):
- (1) Term Contract;
  - (2) Spot Contract; or
  - (3) Direct Contract.
- (c) Responsible for providing direction related to the development of methods and procedures, mechanized systems, and other administrative functions associated with the disposition process.
- (d) Responsible for ensuring that employees within Logistics maintain the highest moral, legal, and ethical standards as set forth in Southwestern Bell Telephone Company's booklet entitled, A Code of Business Conduct. In an effort to ensure compliance with these standards and to avoid any conflict of interest or the appearance of any such conflict, management personnel within Logistics involved in the pricing of retired material may not purchase material held for disposition by Logistics.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

2.02 Disposition Operations Control Center has the following responsibilities incident to sales of retired, surplus, or obsolete material:

- (a) Generating salvage credits for material received from field organizations based on information provided by the user (e.g., RMNs);
- (b) Processing payments and salvage transactions and then forwarding the transactions to the St. Louis Disbursement Office or the St. Louis Treasury Office for journalization to the company books;
- (c) In conjunction with the Procurement Systems and Methods District, maintaining a system called the Account Management and Invoicing System (AMIS) which performs inventory, accounts receivable, report generating, and invoicing functions;
- (d) Retaining documentation about sales and salvage transactions in accordance with Operating Practice No. 47, Records Retention;
- (e) Handling the sale or disposal of surplus, obsolete, and reusable material when such material is transferred to Logistics for disposition; and also, engaging in effective marketing efforts to ensure the optimum method for disposition is used;
- (f) Coordinating with the following groups when disposition is required: field personnel, Materials Distribution Center (MDC), St. Louis Disbursement and Treasury Offices, and the Material Reprocessing and Consolidation (MARC) Center; and
- (g) Preparing and distributing the following reports (when applicable) as a part of the disposition process:
  - (1) Product Receiving Reports, Form SW1715 (Exhibit 1);
  - (2) Product Adjustment/Modification Reports, Form SW1716 (Exhibit 2);
  - (3) Product Shipping Reports, Form SW6022A (Exhibit 3); and
  - (4) Bills of Sale, SW2005 or SW2008, (Exhibit 4 and 5 respectively) covering sales made by Logistics personnel.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- 2.03 Transportation Control Center (TCC) of the Logistics District is responsible for all transportation services related to the disposition process. The procedures for using transportation services are available in guidelines established in Operating Practice No. 122, Transportation Policies and Procedures. Contact information for the TCC is listed in Attachment A.
- 2.04 Procurement Contracting is responsible for the following functions:
- (a) Formulating and maintaining a buyers list to be used for soliciting quotations for scrap material.
  - (b) Developing and submitting Request For Quotation (RFQ) packages as directed by Logistics in conjunction with competitive quotation requirements. RFQ packages normally consist of:
    - (1) RFQ Letter;
    - (2) Proposal and Sales Agreement;
    - (3) SWBT Contract Terms and Conditions; and
    - (4) Nondiscrimination Compliance Agreement.
  - (c) Reviewing RFQ packages with Logistics for approval and concurrence before distribution to prospective buyers.
  - (d) Receiving, analyzing and providing RFQ results to Logistics.
  - (e) Submitting recommendations to Logistics (in conjunction with "D" above) and obtaining concurrence of the most qualified buyer.
  - (f) After concurrence by Logistics, the most qualified high bidder(s) will be the "apparent winner(s)" until such time as all documents have been signed and the LOC/Surety Bond (as deemed necessary) has been received by Contracting.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- (1) Apparent winner(s) shall be based on the highest Free on Board (FOB) Seller's Dock Proposal.
  - (2) Unsuccessful bidders shall be notified in writing by Procurement Contracting.
- (g) Developing contracts in conjunction with specifications provided by Logistics and the Environment Organization.
- (h) Securing appropriate documentation from Buyer(s) which may include the following:
- (1) Signed contract;
  - (2) Signed Sales Agreement; and
  - (3) LOC/Surety Bond.
- (i) Executing contracts and Sales Agreement(s) per the Schedule of Authorization (Section 7.4 Disposition and Sale of Material and Section 7.2 Contracts) and distributing such contracts to Logistics.
- (j) Administering and interpreting contracts developed in conjunction with Logistics. Such administration includes performing the following:
- (1) Maintain contract file;
  - (2) Amend, terminate or re-bid contracts as appropriate, or as directed by Logistics;
  - (3) Interpret clauses to buyers, Logistics, etc., when requested;
  - (4) Contact buyer(s) and arrange for payment of delinquent accounts, (Reports are provided to Procurement Contracting by Logistics which contain past due/outstanding balances);
  - (5) Formally inform buyers if breach of contract occurs;
  - (6) Formally respond to buyers correspondence;
  - (7) Distribute to Logistics a summary status of all contracts by location on a monthly basis; and
  - (8) Coordinate all matters with the Legal Department.
- (k) Releasing/executing Letters of Credit or Surety Bonds as outlined in this document.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- 2.05 USER ORGANIZATIONS are responsible for the following related to the disposition process:
- (a) User organizations should consult Operating Practice No. 123, Disposition Services Policy and Procedures, when disposition of retired material is required. User organizations providing material to Logistics for disposition are responsible for retiring material in accordance with approved departmental guidelines. User groups must also provide to Logistics supporting forms, documentation, or pertinent accounting information related to transfers or retirements (e.g., Returned Material Notice (RMN) Form FASW-6381, see Exhibit 6).
  - (b) Users should provide to Logistics a copy of retirement document, FA Form S6312 (Exhibit 7), when such a document is required as part of the disposition process. The original S6312 should be forwarded to the Finance Department by users to complete retirements in accordance with normal procedures.
  - (c) A reference list (See Attachment A) has been included in this document to assist individuals when questions about the disposition process or transportation services arise.

### 3.0 GLOSSARY

- 3.01 This section is a glossary which can be used to assist users in better understanding the disposition process.
- 3.02 Terms listed in this section are in alphabetical sequence.
- 3.0201 ACCOUNT MANAGEMENT AND INVOICING SYSTEM (AMIS) - A mechanized system used by Logistics for inventory management, customer invoicing, and for generating salvage credits.
- 3.0202 BID - An offer or a proposal of a price for materials held for sale by the company.

#### PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- 3.0203 BILL OF SALE - A document used to record sales transactions and to state terms and conditions associated with sales. These documents also protect Southwestern Bell Telephone Company (SWBT) from liability when sales of retired material occur. Form SW2005 is used for miscellaneous sales and Form SW2008 is used for central office equipment (COE) sales.
- 3.0204 BOOK VALUE - The original cost, as booked, less accumulated depreciation.
- 3.0205 COMPETITIVE BIDDING PROCESS - A process whereby bids are solicited on a competitive basis for scrap, surplus or retired material after material has been reviewed by prospective buyers. Once bids are received, they are analyzed and the highest qualified bidder is awarded the sale.
- 3.0206 COMPETITIVE QUOTE - A statement of a sale price for retired or surplus materials made as an offer to prospective buyers on a competitive basis. Materials are then sold for the quoted price on a first come, first served basis.
- 3.0207 DISPOSITION - An assembly of specialized functions developed for the purpose of economically disposing of retired, surplus or obsolete material declared as scrap or junk by SWBT's user organizations. Disposition involves selling such material to maximize capital recovery or using other means for disposal while in compliance with federal, state, and local law.
- 3.0208 DISPOSITION OPERATIONS CONTROL CENTER - The Disposition Operations Control Center (DOCC) is that group within Logistics that performs the predominant functions related to the administration and accounting of disposition activities. Such activities include: invoicing, handling bill payments and processing of associated transactions, generating salvage credits, and management of the AMIS data base.
- 3.0209 FREE ON BOARD (FOB) - A freight term used in connection with a sales transaction indicating the location where title and/or risk of loss for the goods sold, transfers to the party of interest.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- 3.0210        HAZARDOUS MATERIAL - A substance or material which has been determined, in concurrence with the Secretary of Transportation and the United States Environmental Protection Agency, to be capable of posing an unreasonable risk to health, safety, or property and which has been so designated.
- 3.0211        HIGH GRADE SCRAP - Material consisting of scrap metals from central office or outside plant removals containing revenue producing elements such as gold, silver, copper, aluminum, or other such metals. Examples of high grade scrap are circuit cards, plug-ins having gold or precious metal contacts, relays, and copper bearing materials.
- 3.0212        JUNK - Material useless for its originally intended purpose and discarded by various organizations. Material of this type could have scrap value or the potential for having scrap value added.
- 3.0213        LETTER OF CREDIT (SURETY BOND) - A letter issued by a bank which authorizes the bearer to draw the amount stated on the letter from the issuing bank. Letters of Credit are obtained from potential buyers by Procurement Contracting for SWBT when the credit rating of the buyer or the conditions of the purchase make such a step advisable.
- 3.0214        LOW GRADE SCRAP - Material which includes various ferrous and non-ferrous metals such as iron, steel or other material which has a low resale value. Low grade has the lowest value of all the scrap metals. Iron frames or other material having low value fall into this category.
- 3.0215        MATERIALS DISTRIBUTION CENTER (MDC) - The company warehouse used to consolidate stock material for Southwestern Bell Telephone Company. Materials returned to the MDC declared nonstock, surplus, obsolete, or junk are forwarded to a Logistics facility for disposition.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- 3.0216 MATERIAL REPROCESSING AND CONSOLIDATION (MARC) CENTER - The location established by Logistics to receive and process retired equipment, scrap, surplus and obsolete material. The MARC Center processes material by sorting, upgrading, and preparing material for final sales to scrap buyers.
- 3.0217 QUOTE - The offer of a price for goods or material; a statement of the market price.
- 3.0218 RETURNED MATERIAL NOTICE (RMN) - Form FASW-6381 (Exhibit 6). This form is required as an attachment when material is being returned to the MDC or to a disposition facility. The RMN document contains accounting information which is used in applying actual salvage credit to field forces.
- 3.0219 REUSABLE EQUIPMENT - Equipment or material considered to be in working condition which has been retired by SWBT and released to Logistics. This category includes a wide range of material such as central office equipment; private branch exchange (PBX) systems; furniture; motors; computers; and other material which due to its reusable condition can be sold for more than scrap value.
- 3.0220 SALVAGE - The value that can be obtained from material after it is retired by user organizations within SWBT.
- 3.0221 SALVAGE CREDIT - A credit issued to field organizations for scrap material returned to the Logistics District for disposition. The salvage credit is (SW4113, see Exhibit 8) issued as a credit to the user's "M", "X", or "R" account and a debit to the 1220.193 account.
- 3.0222 SCRAP - Material no longer suitable for use by SWBT for the purpose it was originally purchased and which has been properly retired (capital items) or which has been declared surplus or obsolete (expense items). This type of material is considered salable, or suitable for processing or upgrading for sale, by Logistics and includes materials such as test sets, data/voice communications equipment, switches, cable, relays, plug-in equipment, etc.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- 3.0223      SCRAP VALUE - The value which can be obtained from the sale of scrap metal or material due to its intrinsic worth.
- 3.0224      SINGLE SOURCE NEGOTIATION - The least preferred method to use for disposal of material. This method involves only one buyer and may be used when competitive bidding is not feasible because of limitations on the sale such as remote location, small quantities, or the type of material (e.g., hazardous waste); and Logistics determines a sole source negotiation to be the best method of disposition. Sole source negotiation sales are made in accordance with Operating Practice 112, Purchasing and Contracting Policies. This process involves selecting a qualified buyer, and if the buyer is interested, the price and terms are negotiated.
- 3.0225      SPOT SALE - A type of sale used by Logistics for selling material from the MARC Center or from the location where the material is stored. It is a one-time sale of a designated quantity of material and sold for a flat sum.
- 3.0226      SURPLUS SALES OUTLET - A SWBT retail store operated by Logistics and established as a marketing location for sales of surplus and obsolete material. The Retail Outlet is used as a vehicle to sell material such as nuts, bolts, wire, clamps, and other material for which there is no other means of disposal. Prior to Divestiture, much of this type material was discarded.
- 3.0227      TERM CONTRACT - A type of contract used by Logistics which allows scrap buyers to purchase material at a specified price for a designated period of time (usually one year). The actual price fluctuates in accordance with scrap prices published in "The American Metal Market" magazine. This type contract is the primary instrument used by Logistics for selling scrap metals.
- 3.0228      TRASH - Material which is worthless and not economically feasible to enhance or process to obtain revenue; refuse.

## PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- 3.0229 UPGRADING - The process of sorting, segregating, or physically dismantling central office equipment or scrap in order to change a lower class of scrap to a higher class and thereby increasing its value.

#### 4.0 MATERIAL PROCESSING

- 4.01 The processing of scrap material at the MARC Center and other disposition facilities is performed in accordance with Operating Practice No. 123. Returns of scrap material are processed as stipulated within the guidelines of SWBT Practice SW010-510-900, Disposition of Scrap Cable/Return of Cable Reels Via Consolidation Point, and SW747-200-900, Central Office Equipment Scrap Removals - Logistics Services. Stock material is returned in accordance with SW745-011-902, Returning Stocked Material.

- 4.02 Materials received at disposition facilities must be accompanied by a Returned Material Notice, FASW-6381. The organization providing material to Logistics for disposition is responsible for providing the RMN, completed per the guidelines outlined in SWBT Practice SW010-510-900. RMNs are to be forwarded to the address following:

Area Manager-Disposition Operations  
1325 Cornell Rd.  
Lancaster, Texas 75134

- 4.03 As material is received at the MARC Center, the weight of the material and the scrap classification (M1TEOSP - outside plant scrap or M1TECO - central office scrap) are entered on the Product Receiving Report and keyed into AMIS. The RMN accompanying the shipment is forwarded to the Disposition Operations Control Center. Information from the RMN and the Product Receiving Report is used by AMIS to generate the salvage credit.

- 4.04 The MARC Center also prepares a Product Adjustment/Modification Report (Form SW1716) when scrap material is enhanced or upgraded. Information from the SW1716 is input into the Account Management and Invoicing System (AMIS) and AMIS processes this information to update the inventory.

#### PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

## 5.0 SALVAGE CREDITING

- 5.01 Logistics issues a salvage credit to field forces for scrap received for disposition. The credit is applied to the authorities (account code, authorization, and responsibility code, etc.) as provided on the RMN. The value of the salvage credit is determined by Logistics based on the scrap classification, the metal market price, and weight (if scrap); historical data; or an amount equal to fair market value for material other than scrap. Salvage credit is applied as a credit to the "X", "M", or "R" account and as a debit to the 1220.193 account.
- 5.02 Logistics MARC center personnel input into AMIS information about material received and processed. AMIS processes this information in order to generate the SW4113 or salvage credit.
- 5.03 The value of the salvage credit is calculated in AMIS based on the weight and the specific class of scrap.
- 5.04 When an SW4113 is produced, it is reviewed and authorized by the Manager-Cable Sales or the Manager-Reuse Sales.
- 5.05 The SW4113 is mechanically produced in standard report format. The following are the fields included on the credit memorandum:
- (a) Amount
  - (b) Account
  - (c) Geographic Location Code
  - (d) Responsibility Code Originating (RCO)
  - (e) Function Code
  - (f) Environmental Code (EC)
  - (g) Expenditure Type Code (EXTC)
  - (h) Responsibility Code Charged (RCC)
  - (i) Authorization (Auth)
  - (j) Year Placed (YP)
  - (k) Returned Material Notice (RMN)
  - (l) Serial Number
- 5.06 When an SW4113 is completed and approved, it is forwarded to the Manager-Investment and Costs (St. Louis Disbursement Office).

### PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- 5.07 The St. Louis Disbursement Office via the Disk Oriented Property and Cost System (DOPAC) will ensure journalization of the salvage credit to the company books. Credits to the "X" accounts are journalized as salvage and credits to the "non X" accounts are journalized as a reduction to expenses. Accounts to be credited must have EXTC "636" for the "X" Field Reporting Codes and "638" for the "non X" Field Reporting Codes to allow for proper categorizing and loading.
- 5.08 Logistics uses credit vouchers to forward payments, e.g., using FASW-4472, Authorization or Cancellation of Sundry Expenses (Exhibit 9), if taxes apply. When taxes do not apply, Form SW4490, Notification of Miscellaneous Transfer or Adjustment (Exhibit 10), is used to process the payment. Completed transactions along with the payments received for scrap sales are forwarded to the St. Louis Treasury Office.

6.0 LOGISTICS PROVISIONING EXPENSE LOADING

- 6.01 Account 6512.3 (Logistics Supply Expense Account) includes that portion of costs which have been incurred in conjunction with material return operations and associated with the disposition of such material. Expenses are driven to account 6512.3 via Special Purpose Function Code (SPFC 5105).
- 6.02 Expenses identified in conjunction with return operations include:
- (a) Transportation;
  - (b) Contract Negotiations with Vendors;
  - (c) Disposal of Hazardous Material/Waste;
  - (d) Handling/Processing of Material for Resale;
  - (e) Salaries and Wages;
  - (f) Direct Labor; and
  - (g) Other Expenses.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- 6.03 Logistics expense loading (Account 6512.3) will be applied to all salvage credits issued via Form SW4113 using EXTC 636 or 638. When EXTCs other than 636 or 638 are used, expense supply loading does not occur.
- 6.04 When salvage credits are not to receive Account 6512.3 Logistics disposition supply expense loading, FASW-4472 or SW4490 is prepared to show the final accounts that are to receive the credit. The proper EXTCs to use when expenses are not to be loaded include: EXTC "631" for the "X" accounts and EXTC "523" for the "non X" accounts.

## 7.0 INVOICING

- 7.01 Logistics uses the AMIS data base to invoice for sales of material. The terms of payment for purchases of scrap material or equipment are determined by the Area Manager-Disposition Operations. Terms of payment are included in each contract or Bill of Sale.
- 7.02 An invoice is generated when a Product Shipping Report (SW6022A) is entered into AMIS. A Product Shipping Report is entered into AMIS for scrap sales, central office sales, and miscellaneous equipment/material sales. In some cases, shipping does not occur but the Shipping Report is required to ensure an update to the inventory and to record the sale. When shipping is not involved, the information on Bills of Sale (SW2005 and SW2008) is used to create the Product Shipping Report.
- 7.03 Once scrap materials are shipped or a shipping report has been created, the Disposition Operations Control Center issues a transaction to transfer the value of the invoice into the 1190.219A Account (Other Accounts Receivable - Nonaffiliates - Miscellaneous - Debtors From Sale of Salvaged Equipment and Materials by Disposition Services). This transaction is a credit to the 1220.193 Account (Equipment and Material Salvage Account) and a debit to the 1190.219A Account.

### PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

8.0 PRICING

8.01 This section describes how pricing is determined by Logistics for material, equipment, or scrap sold as part of the disposition process.

A. MISCELLANEOUS SALES

8.02 Prices established by Logistics for miscellaneous material or equipment are based on current market prices, historical data (as contained on Bills of Sale documenting previous sales) and prices negotiated at the amount the market will bear. Pricing for miscellaneous material (previously inventoried), is determined by the following positions:

- (a) Manager-Specialized Sales;
- (b) Manager-Reuse Sales;
- (c) Manager-Store Operations; and
- (d) Area Manager-Disposition Operations.

8.03 Prices for miscellaneous material will exist in the AMIS inventory at a value equal to the salvage credit issued to field organizations for the material received. Adjustments to prices will be made as differences occur between the salvage credit amount and the sales price. These adjustments will be made when required and will be based on historical data. Adjustments will be made within AMIS by Logistics when a salvage credit was given and the value given was not recovered.

B. CENTRAL OFFICE EQUIPMENT (COE)

8.04 Pricing for central office equipment is established by the Manager-Reuse Sales. These prices are based on original adjusted material cost, current market prices, historical data and prices negotiated at the amount the market will bear. Most sales are made at a price different from the original adjusted material cost with considerations given to the current market, availability of equipment, and quantities of material on-hand.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

C. SCRAP PRICING

- 8.05 The Logistics organization and the Procurement Contracting organization solicit qualified metal buyers to purchase or bid on scrap material. Requests for quotes or bids are sent to potential scrap buyers by Procurement Contracting. The competitive bids received are analyzed by Logistics and Contracting. Contracts are awarded based on the highest bid or quotation and the ability of a buyer to fulfill contractual obligations.
- 8.06 Scrap contracts are developed by Procurement Contracting in accordance with specifications established by Logistics. As scrap metal prices fluctuate daily with the metal market, a pricing formula within AMIS is used by Logistics to protect both Southwestern Bell Telephone Company and buyers of scrap material from losses which could occur due to drastic changes in the metal market.
- 8.07 Various factors are used in determining scrap prices, e.g., variables with the contract, the product codes and quantities within the Product Shipping Report, and/or the formula within AMIS. The Product Code is the primary component used by AMIS in structuring pricing.
- 8.08 The Product Code indicates to AMIS whether to use the formula or solely the bid price of the contract for pricing. The various components which are used in developing contract pricing and their source are listed below:

<u>Pricing Component</u>	<u>Source</u>
- Product Code (Scrap Class).....	Shipping Report (also on contract)
- Weight/Quantity.....	Shipping Report
- Ship Date.....	Shipping Report
- Bid Price.....	Contract
- American Metal Market Published.....	Contract
Price (10 days before contract)	
- Current Metal Market Price.....	American Metal Market File (AMIS)
- MARC Location.....	Shipping Report
- Formula.....	AMIS Data base

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

8.09 The contract number is made up of nine alphanumeric characters. The different character positions are described in the information following:

<u>Position</u>	<u>Description</u>
1 through 5	First character alpha followed by four numbers (identifier assigned by GHQ unique to each buyer). Some buyers may have multi-contracts at the same location. The contract number for multi-contracts will consist of the same first five characters.
6	Equal to "F" or "C" F - denotes to use the Formula C - denotes to use the contract bid price only.
7 - 8	Denotes number contracts for buyer at same location (0-99 available).
9	Equal to "A" or "B" A - denotes FOB seller's dock B - denotes FOB buyer's dock.

NOTE: FOB is "Free On Board" (see 3.0209).

8.10 The first and second positions of the Product Code specify the location. The third and fourth positions of the Product Code identify the type of contract applicable, e.g., Term (TE), Direct (DI), or Spot (SP). The AMIS system will access the contract file and pull the proper bid price and formula based on the Product Code.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

8.11 The information following explains how the AMIS system calculates pricing using either the formula or bid price:

(a) Bid Price

The process used for pricing is as follows if bid price is to be used.

- (1) The system uses the Product Shipping Report, the contract record and AMM file within AMIS to formulate pricing. Each product code is updated weekly in AMIS with the latest AMM published prices.
- (2) The weights or quantities of the product code on the Shipping Report are multiplied by the per pound price for that product code as stated on the contract.
- (3) The result of the above computation is populated on the invoice.
- (4) Pertinent data from the Shipping Report and the contract record are also populated on the invoice (i.e., name, address, contract number, FOB point, ship date, product code, etc.).
- (5) The invoice is produced.

(b) Formula Price

The process used for pricing is as follows if the formula is to be used.

- (1) The system uses the Product Shipping Report, the contract record, the formula file and current American Metal Market File.
  - (a) The Shipping Report - provides product code, weights and ship date;
  - (b) The Contract Record - provides bid price, published price (AMM price 10 days before the contract), and product code;

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- (c) The formula file - supplies the algorithm associated with each product code; and
  - (d) The current AMM file - provides the price for each scrap metal at the metal market close on the last Friday of the week material was shipped.
- (2) Using the Product Code, the proper algorithm from the formula file is pulled. Characters within the product code are the indicators for pulling the correct formula to use. For example:

<u>Product Code</u>	<u>Product Code Breakdown</u>
M1TE3	M1 = Location Dallas TE = Term Contract FOB Seller's Dock 3 = Class of scrap

Note: Term contracts are normally established as FOB seller's dock and Direct contracts are normally established as buyer's dock. Spot contracts do not require the use of the formula.

- (3) The system holds an algorithm (the formula) to use in a sub-file.

Example:

FORMULA:  $W = [(\#2CUW(P + 5) / (\#2CUP))] - 5$

WHERE: W = Price  
#2CUW = Current American Metal Market (AMM) Price for #2 Copper  
P = Bid price  
#2CUP = AMM published price 10 days before contract

- (4) The system retrieves valid data for the formula based on the contract, the Product Shipping Report, and the AMM file.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- (a) The bid price (P) and the AMM published price (#2CUP) are pulled off of the contract file.
  - (b) The current AMM price (#2CUW) is pulled off the current AMM File based on the ship date.
- (5) The System merges the valid data or values pulled into the formula, such as replacing "#2CUW" with the value "20" as in the example below.

Example:

<u>Variables</u>	<u>Values</u>
Current AMM Price (#2CUW)	= 20
Bid Price (P)	= 10
AMM Published Price (#2CUP)	= 30

$$[(\#2CUW(P+5) / \#2CUP)] - 5 = W \quad (\text{Formula})$$

$$[(20 (10+5)) / (30)] - 5 = \text{Price (Values inserted in formula)}$$

- (6) The system computes formula:

$$\begin{aligned} (20 \times 15 / 30) - 5 &= \text{Price} \\ (300 / 30) - 5 &= \text{Price} \\ 10 - 5 &= \text{Price} \end{aligned}$$

$$\text{PRICE} = 5$$

- (7) The system multiplies the price derived within the formula by weights shown on the Shipping Report for the specific Product Code. The result is populated on the invoice.
- (8) The pertinent data from the Shipping Report and contract are populated on the invoice (i.e., name, address, contract number, FOB point, ship date, product code, etc.). This finalizes the creation of the invoice.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- (9) The historical data file is updated with invoicing information for future reports. After the invoice is produced, the system updates the inventory.
- (10) Invoice information is then passed into the Accounts Receivable portion of the AMIS data base.

## 9.0 PAYMENT PROCESSING

9.01 All payments for the sale of central office equipment, scrap, or miscellaneous material are to be made payable to Southwestern Bell Telephone Company by the buyer, and remitted to:

Disposition Operations  
1325 Cornell Road  
Lancaster, Texas 75134

9.02 Once payment is received, the Disposition Operations Control Center prepares FASW-4472 or Form SW4490 to process the payment to Treasury. Exhibit 9 provides an example of FASW-4472, Authorization or Cancellation of Sundry Expenses, and Exhibit 10 provides an example of Form SW4490, Notification of Miscellaneous Transfer or Adjustment. The forms are used to accomplish the following:

- (a) Make account transfers;
- (b) Transfer payments to the Treasury Department;
- (c) Credit account 1220.193;
- (d) Issue transfers to correct incorrectly reported data (SW4490 only); and
- (e) Provide transactions to transfer taxes, account receivables, and other miscellaneous charges.

### PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

9.03 The Manager-Cable Sales is responsible for tracking and monitoring all payment and outstanding balances related to sales of salvage material.

9.04 CHECK/PAYMENT HANDLING

- (a) This section addresses how checks/cashier's checks are handled when received by Logistics.
- (b) Logistics receives payments as a result of invoicing or payments received from the receipts of the Sales Outlet. Payments received by the Disposition Operations Control Center and addressed to the Manager-Disposition Operations are handled as follows:
  - (1) Checks received in the mail, are opened by designated employees only.
  - (2) Each check is stamped with the date received (top front center portion of the check) and entered in the check receipt log.
  - (3) A copy of each check is made (colored paper is used for a flag for easy identification of checks).
  - (4) The checks are filed by month by date and stored in a lock box until they are forwarded to the Treasury Office in St. Louis.
  - (5) The copy of the check is distributed to the person handling that specific type payment, e.g., scrap or reuse.
  - (6) The appropriate paper work (FASW-4472 or SW4490) is completed for each check and assembled with all supporting documents.
  - (7) The Clerk enters in the log the date the check is to be forwarded to the Treasury Office.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- (8) The copy of the check is replaced with the original check and a verification slip (Exhibit 11) is completed and attached. The check and verification slip are stapled to the paperwork associated with the payment and mailed to the Treasury Department.

Note: The verification slip is a request for the Treasury Office to verify the receipt of payment by returning the slip to Logistics.

- (9) When Treasury returns the slip, the transaction is logged as complete and the slip is returned to the clerk which processed the payment. If receipt of the payment processed to Treasury has not been verified within five days, Treasury must be notified.

#### 9.05 DISHONORED CHECKS

- (a) When a check accepted for payment is dishonored by the customer's bank, the depository bank may or may not elect to re-deposit the check. If the check does not clear after having been run the maximum number of times allowed, it will be returned to SWBT.
- (b) It is SWBT Policy to receive cash or a money order for a dishonored check within two days after notification of the dishonored check is made to the originator. Dishonored checks are returned by the Treasury Department to the DOCC.
- (c) The Surplus Sales Outlet uses a check protection service company (Telecheck, Inc.) in an effort to prevent dishonored checks. If a dishonored check is processed through the Sales Outlet, the DOCC returns the dishonored check to the Manager-Store Operations for collection by that group or by the check protection service company.

#### PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- (d) It is the responsibility of the department receiving a dishonored check to ensure replacement of funds. Replacement is in the form of either the check being replaced with cash by the customer, or a departmental loss is claimed for the amount by completing Form FASW-4471 (Exhibit 12).
- (e) A returned check fee is charged of six dollars in Missouri on all returned checks to SWBT Company. Since checks are processed through Missouri, this six dollar fee is applied to all returned checks. This is conveyed to the customer when a collection attempt is made for the dishonored check. When this fee is collected, it is processed as a credit to the company's revenue account.
- (f) When a dishonored check occurs, the Treasury Department immediately issues a Senior Treasury Clerk check to satisfy the bank. Dishonored checks are returned to the department which submitted the check to the Treasury Department.
- (g) When the revenue for the dishonored check and the returned check fee are received within seven days or less, this revenue is submitted to the St. Louis Treasury office and an FASW-4471 is not required.
- (h) A departmental loss should be claimed when collection of a dishonored check is a problem, (i.e., there is hesitation on the customer's part of making the check good or it is obvious that the customer is not going to pay). A departmental loss is initiated using Form FASW-4471 (Exhibit 12).
- (i) Form FASW-4471 is used for processing departmental losses due to the need for multiple transaction columns to account for the sale, taxes, and the returned check charge. The following EXTCs are used:
  - EXTC 818 - Amount of the sale (SPFC 513B)
  - EXTC RE0 - Returned check fee (SPFC 5T9E)
  - EXTC CY1 - Taxes (when applicable)

NOTE: "0" in the EXTC RE0 is zero.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- (j) If collection for the dishonored check is made after having submitted the FASW-4471, an FASW-4472 is completed to credit (or reverse) the debits generated by the FASW-4471 or departmental loss. The FASW-4472 will carry the same transactions (as credits) as did the FASW-4471 with the exception of the EXTC RE0 (reimbursement for the returned check fee). If a check protection company is used, the return check fee transaction will be omitted from the FASW-4472. This charge will remain as a departmental loss for Logistics.

9.06 LOST CHECKS

- (a) Checks received by Logistics (as indicated by the check log) and lost by Logistics, should be handled as follows:

- (1) Notify customer of the lost check and request stop payment on the lost check.
- (2) Ask the customer to issue a new check replacing the lost check.

Note: If the customer requests reimbursement for "Stop Payment Charges," such charges are paid to the customer via Form FASW-4471 (processed as a departmental loss - see Exhibit 12).

- (3) Process the new check when received using normal payment processing procedures (see 9.04).

9.07 LOST CASHIER'S CHECKS

- (a) Cashier's checks lost by Logistics, should be handled as follows: (Note: This process usually takes 60 days.)

- (1) Notify issuing bank of the loss of the cashier's check.
- (2) Report loss to the District Staff Manager-Risk and Insurance Management.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- (3) Provide Risk Management with the following information:
- (a) Name of the bank check is drawn on;
  - (b) Instrument payee (payable to);
  - (c) Date of the instrument;
  - (d) Amount; and
  - (e) Check number.
- (b) Risk Management will obtain a Lost Securities Bond through an Insurance Broker. The Lost Securities bond is used by the bank in the event the lost cashier's check is acted upon after a new cashier's check has been issued. The bond ensures the bank that they will get their money for the value of the cashier's check if the same check is cashed twice. Risk Management is responsible for the broker bill which is presented for the processing of the bond.
- (c) The bond is issued by the insurance company and requires signature of a corporate officer (state president) and stamp of the company seal. This coordination is handled by Risk Management.
- (d) Risk Management forwards the approved bond to the originator of the lost cashier's check claim.
- (e) When the originator receives the bond, it should be taken to the bank which issued the cashier's check. The bank, upon being presented with the bond, will issue another check replacing the lost cashier's check.
- (f) The new cashier's check should then be forwarded by the originator to the DOCC for processing and forwarding to the SWBT Treasury Department.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

9.08 RELEASING/EXECUTING LETTERS OF CREDIT OR SURETY BONDS

- (a) Letters of Credit (LOC) or Surety Bonds will be released/executed by Procurement Contracting at the request of Logistics. The Area Manager - Disposition Operations will provide a written request which will include:
  - (1) Letter stating failure of buyer(s);
  - (2) Copy of Invoice(s); and
  - (3) Original LOC/Surety Bond.
- (b) It is the responsibility of the Manager-Cable Sales to monitor scrap contracts and letters of credit for expiration dates. It is also the responsibility of this position to review account receivables to be aware of the payment patterns of our customers. Letters of credit are called in when a customer has failed to make scheduled payments and his delinquent status warrants it or his purchases exceed the amount of the letter of credit.

10.0 SCRAP SALVAGE ACCOUNT

- 10.01 The account used by Logistics to process transactions related to disposition activities is account 1220.193. According to the Accounting Handbook-Telephone Plant, Section V27.601, Paragraph 9.02, Equipment and Material Salvage - SPFC 5C5J (ACCOUNT 1220.193), this account includes the estimated net salvage of scrap material returned to the MARC Center or Logistics facilities for sale. Net salvage is equal to gross salvage minus the costs of removal. Use of this account is limited to scrap management personnel.
- 10.02 All sales made by Logistics flow through Account 1220.193. All transactions for this account are completed on forms SW4113, SW4490, or FASW-4472.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

## 11.0 FORMS USED BY LOGISTICS

- 11.04 This section provides information related to the forms generated or processed by the Disposition Operations Control Center (DOCC). The specific forms used by Logistics include:
- (a) Returned Material Notice (RMN), FASW-6381;
  - (b) Product Receiving Report, SW1715;
  - (c) Product Shipping Report, SW6022A;
  - (d) Product Adjustment/Modification Report, SW1716;
  - (e) Notification of Miscellaneous Transfer or Adjustment, SW4490;
  - (f) Authorization or Cancellation of Sundry Expenses, FASW-4472; and
  - (g) Logistics Services - Credit Memorandum, SW4113.
- 11.02 Returned Material Notice, FASW-6381, is used to return retired material to a Logistics facility for disposition. This document contains accounting information that is used to issue salvage credits to field personnel (at RC level) who provided the material for disposal.
- 11.03 The Product Receiving Report, SW1715, is used to acknowledge receipt of material by a Logistics disposition facility. The information on the Product Receiving Report is processed into AMIS. The AMIS data base uses this information to update the inventory. AMIS also uses information on the Receiving Report to create an SW4113 (salvage credit).
- 11.04 The Product Shipping Report, SW6022A, is used to record shipments made to buyers of scrap or retired material. Product Shipping Reports are input into AMIS by Logistics personnel from the MARC Center, Retail Outlet, or by the Disposition Operations Control Center. Once the report has been keyed into AMIS, the system generates an invoice.
- 11.05 The Product Adjustment/Modification Report, SW1716, is used for issuing two types of adjustments which include: Product adjustments and inventory adjustments.

### PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- (a) Product adjustments (or changes) are normal and are issued when one class of scrap is received and later changed as a part of the upgrading process. For example: Class 3R (cable on reels) is received and reported on a Product Receiving Report and salvage credit is given for that class of scrap. Subsequently the 3R scrap is upgraded, in this instance via dereeling. A new Product Code, Class 3, and the new quantity are added to AMIS via the Adjustment Report. The old 3R class of scrap and its quantities are deleted from the inventory when AMIS processes the information on the Product Adjustment Report.
- (b) Inventory adjustments (or changes) correct discrepancies in the inventory of miscellaneous material as contained in AMIS. Required changes could be errors made in counting or discrepancies which warrant correction after a physical inventory. When changes to the inventory are necessary, the level of authorization shall meet the Schedule of Authorizations guidelines for the value of the change required.

Note: Product adjustments are used to record the removal of low grade material and trash during the upgrading process. It is important that the value of the upgraded material exceeds the value of the material deleted during the adjustment.

- (c) A physical inventory is to be conducted at the MARC Center annually (on or before June 30th). The Finance Department normally sends out notification in conjunction with distribution of the FG85 Report.

11.06 Notification of Miscellaneous Transfer or Adjustment, Form SW4490 (Exhibit 10) is used to transmit transfers and adjustments to the Finance Department when no other form is available for this use. It is generally used by Logistics for processing payments to the Treasury Department when taxes were not applicable to the sale.

**PROPRIETARY**

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- (a) Form SW4490 is used to submit the following type transactions to the St. Louis Disbursement Office:
- (1) Transfers of expenses between locations codes, responsibility codes, function codes, or expenditure type codes (EXTCs);
  - (2) Transfers of miscellaneous charges to field coded accounts; and
  - (3) Transfers to correct data previously reported incorrectly.

NOTE: Transactions processed on SW4490s appear on the FG85 report.

- (b) Instructions for completing Form SW4490 are included on the reverse side of the form. Additional information related to processing SW4490s can be obtained by calling the Finance group.

11.07 Authorization or Cancellation of Sundry Expenses, FASW-4472 (see Exhibit 9) is used to process payments to Treasury when Logistics sells equipment or material for which sales or use tax applies. When sales are made and payment is received, Logistics issues an FASW-4472 to show the final accounts which are to receive the credits (i.e., "X", "R", or "M" accounts). Other accounts and function codes can appear on this document such as amounts for transportation expenses, sales tax, handling, etc. When FASW-4472s are generated by Logistics, debiting and crediting transactions appearing on FASW-4472s will also be reflected on the FG85 report for the month the transaction was worked by the Finance Department. Instructions for completing FASW-4472s can be found in Operating Practice No. 56, Bill Payment Practice. Operating Practice No. 65, General Tax Administration covers taxes levied by Federal, State, and Local Taxing Authorities. The Finance Department provides Logistics with a print out of applicable tax rates as changes in the taxing structure occur.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

11.08 The SW4113 (Logistics Services - Credit Memorandum) is the salvage credit generated by Logistics. This salvage credit is issued to field forces for material returned to Logistics for disposition. The SW4113 is a credit to a user's "M", "X", or "R" account and a debit to Logistics 1220.193 account. The SW4113 is forwarded to the St. Louis Disbursement Office which actually processes the transaction into DOPAC which journalizes the transaction. The SW4113 is generated by AMIS as it processes information off of a Product Receiving Report which was completed at the time material was received for disposition.

- (a) The following information from the two forms listed below is used in AMIS to produce the SW4113:

PRODUCT RECEIVING REPORT

RMN

Product Code  
Product Weight  
Product Quantity  
Total Shipment  
Location (Optional)  
Serial Number  
Date Received (Optional)

RMN Number  
Responsibility  
Code  
Location Code  
Account Code  
Estimate Number  
Year Placed  
(Optional)  
Bill of Lading  
Number  
Carrier  
Environment Code

- (b) The information used to produce the SW4113 is input into AMIS via the "Inventory Receipting Entry Screen."

11.09 INTERVALS FOR FORMS/PAYMENTS

- (a) All forms generated or related to disposition activities and payments for sales of retired materials are to be forwarded to the following address:

Southwestern Bell Telephone Company  
Disposition Operations Control Center  
1325 Cornell Rd.  
Lancaster, Texas 75134

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- (b) The following table provides intervals for Logistics disposition forms:

INTERVALS FOR FORMS USED BY LOGISTICS

FORM NUMBER	TO BE COMPLETED	FORWARDED OR INPUT
FASW-4472	Within 24 hrs. after receipt of check	Mailed same day authorized or completed
SW4490	Within 24 hrs. after receipt of check or if for credit or transfer, within 2 days	Mailed same day authorized or completed
SW1715	Within 3 days after receipt of material	Input within 3 days of receipt of material
SW6022A	Within 2 days of shipment	Input within 3 days after shipment
SW1716	Within 2 days of adjustment	Input same day authorized or completed
SW4113	Generated after AMIS processes Product Receiving Report	Mailed to St. Louis Disbursement Office after authorization

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company without written agreement.

12.0 ACCOUNT RECONCILIATION (FG85 REPORT)

12.01 The FG85 report (Exhibit 13, produced by the Finance Department, contains a summary of the transactions (at responsibility code level) processed by Logistics. Logistics processes transactions on forms SW4113, FASW-4472, or SW4490. These transactions appear as debits or credits to the 1220.193 Account (SPFC 5C5J). The FG85 report is produced and distributed monthly (after the fifteenth of each month). The FG85 Report is used to assist in reconciling inventory values and verifying the accuracy of transactions submitted.

A. RECEIPT OF FG85

12.02 An FG85 report is received for Account 1220.193, Equipment and Material Salvage - SPFC 5C5J. The FG85 report is generated by DOPAC as a result of transactions processed for salvage credits, scrap sales (invoices), and other adjustments and transfers to account 1220.193. When submitted to Logistics, the Finance Department supplies a duplicate copy. The FG85 report (distributed at RC level) is sent with a cover letter (Exhibit 14). The letter provides guidelines for handling the report, and a contact to refer questions to as they arise.

B. PROCESSING THE FG85

12.03 The FG85 reports are detailed at the location code and responsibility code level, i.e., the balances for each location are maintained at RC level.

12.04 Within Logistics, the FG85 report is evaluated for each disposition responsibility, i.e., MARC Center, Surplus Sales Outlet, and each Sales RC responsibility having an AMIS inventory.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- 12.05 The FG85 report is to be used as a tool by individuals having responsibilities at Logistics facilities to accomplish the following:
- (a) Verifying that transactions originating from a specific facility were processed;
  - (b) Verifying that inventory values are correct; and
  - (c) Verifying that those transactions processed by Logistics were worked by the Finance Department correctly.
- 12.06 The information populated within the following fields of the FG85 Report are used by Logistics in performing reconciliation of Account 1220.193:
- (a) Location Code,
  - (b) Responsibility Codes,
  - (c) Expenditure Type Code (EXTC), and
  - (d) Amount.
- 12.07 Credits to the 1220.193 (value of invoice) appear on the FG85 Report as a minus amount, and debits to the 1220.193 appear as a positive value.
- 12.08 The total or ending balance indicated on the FG85 report for a specific Responsibility Code should be equal to the value of the inventory on hand as indicated in AMIS. Because the 1220.193 account is not a balanced account, the AMIS inventory and the FG85 balance will not be equal. To determine the total value of the inventory, you must add pending transactions (credits and debits and pending accounts receivable to the ending balance of the FG85.
- 12.09 When the FG85 is received, it should be sorted by area, and the following steps should be followed:
- Step 1: All transactions which should have been processed (for the previous month) are pulled. This will include all SW4113s, SW4490s, and/or FASW-4472s. Transactions which have not posted due to possible late posting by the Finance Department should also be collected.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- Step 2: Pull AMIS Reports RR6351 (Accounts Receivable Report) and the Inventory Balance On Hand Report. Also pull logs or other AMIS reports which contain supplemental information recording details of SW4113s, FASW-4472s, and/or SW4490s.
- Step 3: Compare FG85 report transactions to those transactions processed by Logistics personnel. Transactions appearing on the current FG85 Report and matching transactions processed by Logistics are high-lighted on the FG85 Report.
- (a) Transactions which are found to have been processed incorrectly by the Finance Department (e.g., a credit has been processed as a debit or vice-versa) are to be tagged with written instructions explaining the error and the requested correction. Verification of the error correction to be made the following month. Corrections can be made by a verbal request to the Finance Department or via SW4490.
  - (b) Logistics transactions not appearing on the current FG85 report, should be monitored for appearance on the next month's FG85 Report. The Finance Department should be notified in writing of all transactions not appearing on the second month following processing. Supporting documents should be attached and marked "duplicate" in red.
- Step 4: Balancing procedure to be used in reconciling the FG85 report for account 1220.193:
- (a) An FG85 Work Sheet (Exhibit 15) should be completed to assist in summarizing the entire FG85 Report. This Work Sheet is a mechanized spread sheet that will automatically make computations as information is entered on the Work Sheet. Find the Ending Balance for each accounting entity (FG85 Report, by RC) and record the sum on the FG85 Work Sheet. The Ending Balance is shown on the report as "END BAL."

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- (b) Total all debits for that RC. This includes all pending SW4490s and SW4113s not processed by the Finance group for the current month. This total will be added to the ending balance.
- (c) Total all credits for that RC. This includes all pending SW4490s and FASW-4472s not processed by the Finance group for the current month. This total will be subtracted from the ending balance.
- (d) Other adjustments are added or subtracted to the ending balance depending on whether the amount is a credit or a debit. These values are entered on the work sheet.
- (e) The mechanized spread sheet will automatically compute the FG85 adjusted balance on the work sheet.
- (f) Enter the inventory balance from AMIS on the work sheet. This balance is from AMIS' Inventory Balance On-Hand Report using end of month data and retrieved by using Information Expert (I.E.) in AMIS.
- (g) This completes the work sheet for this RC or location. Now complete a work sheet for each FG85 Report received. You will end up with a work sheet summary for each report/RC. This information will be entered into the spread sheet for the 1220.193 Account Balance Report.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- Step 5: Retrieve the 1220.193 Account Balance Report from files within the Data General. This is also a mechanized spread sheet (Exhibit 17). The following fields appear on this spread sheet:
- (a) Location - shows location plus responsibility code of the individual generating transactions for the specific FG85 Report.
  - (b) Inventory Value - AMIS inventory.
  - (c) Accounts Receivable - If amounts have not been transferred to the 1190.219A account.
  - (d) FG85 Balance - which is the FG85 adjusted balance from the work sheet.
  - (e) FG85 Ratio - which is a per cent derived by dividing the FG85 adjusted balance by the AMIS inventory value. A ratio of 100% or 1.0 is the optimum. This indicator is used as a factor to consider when raising or lowering the salvage credit per cent programmed in AMIS. For example, when the ratio is over 100%, the per cent can be lowered because too much salvage credit has been given and raised when the per cent is below 100%.
- Step 6: Enter on the 1220.193 Account Balance Report the information from each work sheet as completed for the individual FG85 Reports. Please note that the Accounts Receivable amounts are pulled from AMIS' Report, RR6351.
- Step 7: Once this information has been entered, the spread sheet automatically computes the FG85 balances for all RCs associated with the 1220.193 Account.
- Step 8: Discrepancies should be re-checked then referred to the Finance Department for investigation. Discrepancies may be the result of a late processing of a transaction.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- Step 9: Verification of the FG85 report is complete when:
- (a) All transactions processed by Logistics were worked and posted accurately by the Finance Department; and
  - (b) All errors appearing on the FG85 report have been referred to the Finance Department for correction or corrections have been initiated via SW4490.
- Step 10: Assemble the report, cover letter (Exhibit 14), original FG85, one copy of the noted FG85, any supporting documentation and any corresponding correcting documents.
- Step 11: Sign cover letter (first level manager) to indicate FG85 has been reviewed and corrections addressed.
- Step 12: Return the completed report to the Manager-Investment and Costs of the accounting entity of origin for that specific FG85 report. A copy is to be retained by Logistics.
- Step 13: The Area Manager-Disposition Operations forwards FG85 reports to the various RC levels and locations involved. Exhibit 13 provides a pictorial of the FG85 report.

13.0 ACCOUNT 1190.219A

13.01 The 1190.219A Account (Other Accounts Receivable - Nonaffiliates - Miscellaneous - Debtors From Sale of Salvaged Equipment and Materials by Disposition Services) is used by Logistics to record on the company books monies due the company (part of our assets). The 1190.219A Account represents the receivables due the company as a result of sales made by Logistics and associated with the 1220.193 Account.

PROPRIETARY

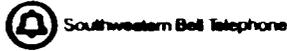
Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- 13.02 The 1190.219A Account is a balanced account and must balance at the end of every month. Dollars are entered into the 1190.219A Account each time Logistics submits an invoice to a customer. At the time of invoice, Logistics generates an SW4490 transaction to credit the 1220.193 Account and debit the 1190.219A Account (Exhibit 17). For this transaction, Function Code "5HBR" and EXTC "CY1" are used for the 1190.219A Account. In the explanation of the SW4490, the statement is written: "TO RECORD SCRAP ACCOUNTS RECEIVABLE." The dates of the invoices are also listed in the explanation section.
- 13.03 When payments are received, an SW4490 is issued to credit the 1190.219A Account (Exhibit 17). For this transaction, Function Code "5HBR" and EXTC "637" are used. In the explanation of the SW4490, the statement is written: "TO RECORD PAYMENT ON SCRAP ACCOUNTS RECEIVABLE." The customer name, check number, and date of the check are also listed in the explanation section.
- 13.04 A log must be maintained of credits and debits to the 1190.219A Account. It is recommended that this log be mechanized or maintained in AMIS. The log should contain: the date; description of the transaction; amount of credit (check); and the amount of the debit. The description portion will contain the customer name and check number for credit, or invoice with the date the invoice was mailed. The description section will also include "resending credits" for debits with the date sent, and "corrections" for debits with the date sent.
- 13.05 The Finance Department generates an FG15 Report (Exhibit 18) which is a detailed report of account 1190.219A. This report includes all debit and credit transactions processed by the Finance group impacting the 1190.219A Account.
- 13.06 The 1190.219A Account must be reconciled monthly. This is performed by comparing all transactions submitted to the 1190.219A Account and those transactions appearing on the FG15 Report. The 1190.219A Account is a balanced account and must balance to zero. It is recommended that a mechanized spread sheet be used to assist in reconciling this account. The balancing procedure for this account is the same as the FG85 reconciliation with the exception that this account must balance. If discrepancies are found, corrections must be submitted before the end of the month that the FG15 was received.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

EXHIBIT 1  
SW1715 - PRODUCT RECEIVING REPORT



PRODUCT RECEIVING REPORT

SW 1715  
(REV. 7-80)  
P. 1-433

SERIAL NO \_\_\_\_\_  
DATE \_\_\_\_\_

LOCATION:  M1 DALLAS COE  M3 DALLAS OSP  M5 HOUSTON  M7 ST LOUIS  RK RETAIL  OTHER \_\_\_\_\_

SOURCE: RMN NO \_\_\_\_\_ HAULER \_\_\_\_\_ TC \_\_\_\_\_  
B/L NO \_\_\_\_\_ B/L WEIGHT \_\_\_\_\_ H \_\_\_\_\_

PRODUCTS RECEIVED

PRODUCT CODE/CLASS	WEIGHT/ QTY	REEL TYPE	SERIAL NO	PRODUCT CODE/CLASS	WEIGHT/ QTY	REEL TYPE	SERIAL NO	PRODUCT CODE/CLASS	WEIGHT/ QTY	REEL TYPE	SERIAL NO
1				12				23			
2				13				24			
3				14				25			
4				15				26			
5				16				27			
6				17				28			
7				18				29			
8				19				30			
9				20				31			
10				21				32			
11				22				33			

NET WEIGHT \_\_\_\_\_ TARE WEIGHT \_\_\_\_\_

CORRECT \_\_\_\_\_ DATE \_\_\_\_\_ APPROVED \_\_\_\_\_ DATE \_\_\_\_\_ INPUT \_\_\_\_\_ DATE \_\_\_\_\_

Duplicate Copy - Administrative Retention Only

PROPRIETARY  
Not for use or disclosure outside Southwestern Bell  
Telephone Company except under written agreement.





**EXHIBIT 4  
SW2005 - BILL OF SALE (MISCELLANEOUS MATERIAL)**

 <p><b>Southwestern Bell Telephone</b></p>	<p><b>BILL OF SALE</b></p>	<p>SW-2005 Rev. 1-99</p>																				
<p>Retention Period: _____ years</p>		<p>Invoice No. _____</p> <p>Contract No. _____</p> <p>Ref. No. _____</p> <p>P.O. Ref. No. _____</p> <p>Invoice Date _____</p>																				
<p>Southwestern Bell Telephone Company, Seller, agrees to sell and _____ Buyer, agrees to purchase the following described used or surplus material for resale in accordance with the Terms and Conditions herein and on the reverse side hereof:</p>																						
<p><u>MATERIAL AND PURCHASE PRICE</u></p> <table border="0" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:20%;"><u>Quantity</u></th> <th style="width:50%;"><u>Product Code Description</u></th> <th style="width:15%;"><u>Unit Price</u></th> <th style="width:15%;"><u>Total Price</u></th> </tr> </thead> <tbody> <tr><td>_____</td><td>_____</td><td>_____</td><td>_____</td></tr> <tr><td>_____</td><td>_____</td><td>_____</td><td>_____</td></tr> <tr><td>_____</td><td>_____</td><td>_____</td><td>_____</td></tr> <tr><td>_____</td><td>_____</td><td>_____</td><td>_____</td></tr> </tbody> </table>			<u>Quantity</u>	<u>Product Code Description</u>	<u>Unit Price</u>	<u>Total Price</u>	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
<u>Quantity</u>	<u>Product Code Description</u>	<u>Unit Price</u>	<u>Total Price</u>																			
_____	_____	_____	_____																			
_____	_____	_____	_____																			
_____	_____	_____	_____																			
_____	_____	_____	_____																			
<p><u>SPECIAL CONDITIONS</u> _____</p> <p>_____</p> <p>_____</p>		<p>Subtotal _____</p> <p>Tax _____</p> <p>Freight _____</p> <p>Total Price _____</p>																				
<p><u>TERMS OF PAYMENT:</u> Buyer shall forward to Seller the full price of material herein within a thirty (30) day period of the date Bill of Sale signed by Buyer unless otherwise agreed to.</p>																						
<p>PAYABLE TO: Southwestern Bell Telephone Co. Manager-Disposition Services 500 N. Broadway, Room 1000 St. Louis, Missouri 63102</p>																						
<p><u>PACKING AND SHIPPING:</u></p> <p>Material is packed by: Buyer _____ Seller _____</p> <p>Material is shipped: _____</p> <p>Freight: Collect _____ Prepaid _____ Buyer _____ Seller _____</p>																						
<p><u>MATERIAL WILL BE SOLD FROM:</u> Southwestern Bell Telephone Company Street _____ City, State, Zip _____</p>		<p><u>MATERIAL WILL BE SHIPPED TO:</u> Company _____ P.O. _____ Street _____ City, State, Zip _____ Ship Date _____</p>																				
<p><u>FREIGHT BILL TO:</u> Company _____ Attention _____ Street _____ City, State, Zip _____</p>		<p><u>MATERIAL WILL BE BILLED TO:</u> Company _____ Attention _____ Street _____ City, State, Zip _____</p>																				
<p><u>DISCLAIMER OF WARRANTIES:</u> THE MATERIAL SOLD UNDER THIS AGREEMENT IS SOLD AS USED OR SURPLUS MATERIAL AND IS SOLD "AS IS" WHERE IS, WITH ALL FAULTS, LATENT AND PATENT. SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR WARRANTY AGAINST PATENT, TRADEMARK OR COPYRIGHT INFRINGEMENT.</p>																						
<p><u>LIMITATIONS OF LIABILITY:</u> IN NO EVENT WILL SELLER BE LIABLE FOR INCIDENTAL, CONSEQUENTIAL, SPECIAL OR INDIRECT DAMAGES, WHETHER ARISING OUT OF BREACH OF WARRANTY, BREACH OF CONTRACT, NEGLIGENCE, STRICT TORT LIABILITY OR OTHERWISE. IN NO EVENT SHALL SELLER BE LIABLE FOR DAMAGES IN EXCESS OF THE PURCHASE PRICE STATED IN THIS AGREEMENT.</p>																						
<p>SOUTHWESTERN BELL TELEPHONE COMPANY</p>																						
<p>By: _____</p> <p>Title _____</p> <p>Date _____</p>	<p>By: _____</p> <p>Title _____</p> <p>Date _____</p>																					

**PROPRIETARY**  
Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

**EXHIBIT 5  
SW2008 - BILL OF SALE (REUSABLE EQUIPMENT)**

	Southwestern Bell Telephone	SW-2008 Rev. 10-88)	
<b>BILL OF SALE (REUSABLE EQUIPMENT)</b>			
Retention Period-6 Years		Invoice No _____ Contract No _____ P.O. Ref. No _____ Invoice Date _____	
Southwestern Bell Telephone Company (Seller) agrees to sell and _____ Buyer agrees to purchase the following described used or surplus material for reuse in accordance with the Terms and Conditions herein and on the reverse side hereof.			
<b>MATERIAL AND PURCHASE PRICE</b>			
<u>Quantity</u>	<u>Product Code/Description</u>	<u>Unit Price</u>	<u>Total Price</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
SPECIAL CONDITIONS _____			Subtotal _____
			Tax _____
			Freight _____
			Total Price _____
<b>TERMS OF PAYMENT</b> Buyer shall forward to Seller the full price of material herein within a thirty (30) day period of the date Bill of Sale signed by Buyer unless otherwise agreed. or			
PAYABLE TO: Southwestern Bell Telephone Co Manager-Disposition Services 500 N. Broadway Room 1000 St. Louis, Missouri 63102			
<b>PACKING AND SHIPPING</b>		Material is packed by	Buyer <input type="checkbox"/> Seller <input type="checkbox"/>
		Material is shipped freight Collect	Buyer <input type="checkbox"/> Seller <input type="checkbox"/>
<b>MATERIAL AND FREIGHT BILL TO:</b>		<b>MATERIAL WILL BE SHIPPED TO:</b>	
Company _____	_____	Company _____	_____
Attention _____	_____	Attention _____	_____
Street _____	_____	Street _____	_____
City State Zip _____	_____	City State Zip _____	_____
<b>DISCLAIMER OF WARRANTIES</b>			
MATERIAL sold under this Agreement is sold as used telecommunications equipment. SELLER warrants that the MATERIAL will operate in accordance with manufacturer's specifications, when installed in a design compatible environment, by qualified installers for a period of thirty (30) days from date MATERIAL is placed in service, or one hundred and twenty (120) calendar days from the date of the sale, whichever is shorter.			
If the equipment does not so operate, SELLER will accept return of the MATERIAL and refund BUYER'S purchase price or replace MATERIAL at SELLER'S option.			
THE FOREGOING WARRANTY IS IN LIEU OF AND EXCLUDES ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THOSE OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. SELLER SHALL NOT BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY BREACH OF THE FOREGOING WARRANTY.			
		SOUTHWESTERN BELL TELEPHONE COMPANY	
By _____	_____	By _____	_____
Title _____	_____	Title _____	_____
Date _____	_____	Date _____	_____

**PROPRIETARY**  
Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.







**EXHIBIT 9  
 FASW-4472 - AUTHORIZATION OR CANCELLATION  
 OF SUNDRY EXPENSES**

Southwestern Bell Telephone Refer to OPS-5WAPS Guide for preparation of this form		<b>AUTHORIZATION OR CANCELLATION                  OF SUNDRY EXPENSES</b>		<b>FASW-4472                  (Rev. 8-91)</b>	
PAYMENT TYPE	<input type="checkbox"/> Payment Bill Attached	(0)	<input type="checkbox"/> Cancellation	(1)	
	<input type="checkbox"/> Payment Bill Not Attached	(2)	<input checked="" type="checkbox"/> Cash Refund	(3)	
	<input type="checkbox"/> Wage Payment	(4)	<input type="checkbox"/> Adjustment	(5)	
			Voucher Office Use Only		
			<input type="checkbox"/> 40	Contra Acct: Payee #	Date Recd
			<input type="checkbox"/> 19	Addr Code	<input type="checkbox"/> Overlap Indicator
Name and Complete Address of Payee as Shown on Invoice. Please Print: Name NAME <u>SALVAGE - CASH DISTRIBUTION</u>			Name and Address of Originator's Supervisor SANDRA BROOKS 500 N. B ROADWAY		
ADDRESS _____ CITY _____ STATE _____ ZIP _____					
M M D D Y Y Date Received		Refund Payment or Draft No.	Same as Above Payment Date or Due Date		Accrual No.
					Total Payment Amount: <u>\$ 4573.27 CR</u>
Four thousand five hundred + seventy three and xx/100 Dollars					
Correct Title <u>SR RECORDS CLERK</u>		Date _____		Authorized Title <u>Mgr. - Cable Sales</u>	
Co Fax # _____		Read Code _____		Authorizing Soc Sec No. <u>496-60-4350</u>	
Co Tel # <u>235-2423</u>		Originaling <u>SURCA130</u>		<input type="checkbox"/> DELEGATED	
Invoice info and other description will appear on payment draft - enter enough data to allow vendor to properly credit SWBT					
Invoice No.	Account No.	Invoice Date (MMDDYY)	Contract Case No.	Cmt No.	Payment Amount
					\$
					\$
					\$
					\$
Other Description _____					
Print Name & Address Complete this section if draft is to be mailed to other than payee's address:					
Name		Address			
Address		City		State Zip	
SALES TAX	Non-Taxable item (Explain) <input type="checkbox"/> Not Billed By Vendor (Explain) <input type="checkbox"/> Vendor Out of State Use Tax Applies <input type="checkbox"/> Total Taxable Amount \$ _____ Total Taxes \$ _____ Vendor County _____ City _____ State _____ Zip _____ Shipper's Pickup County _____ City _____ State _____ Zip _____	Transaction Data Expenditure Type Code <u>A 637 C41</u> Amount/Multi-Tot Pay Amt <u>B \$4335.48 CR 180.11 CR</u> Geographic Location Code <u>C T46218 TT0000</u> Field Reporting Code <u>D</u> Mtv CRR Item No. <u>E</u> CFC SPEC or JFC Env Code <u>F SCSJ / 5DM6</u> Responsibility Code Charged <u>G S4802A1FO S4802A000</u> Order No. Est. CWO KCOI <u>H</u> Quantity _____ Motor Vehicle No. or Furn No. <u>K</u> Action Repair Frequency _____ Material Code <u>M</u> Tax Year <u>N</u> Soc. Sec. No. or Tax ID <u>P</u> Building No. or Group <u>R</u> Purchase Order No. <u>U</u> Voucher Office Tax Code <u>T</u> Use Office Only: Special Rpt. Code 1 Code 2 _____ 1099 Category _____			
<input type="checkbox"/> LEASE FILE DATA Applicable to OPS Lease ID Number _____ M M D D Y Y SN-1046 Date _____ <input type="checkbox"/> Excludable from OPS (Check one): 1 Cancellable <input type="checkbox"/> 2 Less than one year <input type="checkbox"/> Other _____ Explanation: <u>store sale with taxable amount of \$2881.18</u>  <u>Cindy Purcell</u> <u>235-2423</u>	Official File Copy unless reproduced *If invoice does not contain stated payment terms, use invoice date plus 30 days. Check if Reverse Side is Coded <input checked="" type="checkbox"/>				

**PROPRIETARY**  
 Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

**EXHIBIT 9 (CONT'D.)  
 FASW-4472 - AUTHORIZATION OR CANCELLATION OF SUNDRY EXPENSES  
 (REVERSE SIDE)**

1	2	3	4	5	6	7
EXP. TYPE	A	CYI	CYI			
AMOUNT TO PAY AT	B	28.84 CR	28.84 CR			
DATE PAID	C	TT000	TT000			
DATE PAID	D					
DATE PAID	E					
DATE PAID	F					
DATE PAID	G	5DM8/	5DM1/			
DATE PAID	H	54802A000	54802A000			
DATE PAID	I					
DATE PAID	J					
DATE PAID	K					
DATE PAID	L					
DATE PAID	M					
DATE PAID	N					
DATE PAID	O					
DATE PAID	P					
DATE PAID	Q					
DATE PAID	R					
DATE PAID	S					
DATE PAID	T					
DATE PAID	U					
DATE PAID	V					
DATE PAID	W					
DATE PAID	X					
DATE PAID	Y					
DATE PAID	Z					
DATE PAID	AA					
DATE PAID	AB					
DATE PAID	AC					
DATE PAID	AD					
DATE PAID	AE					
DATE PAID	AF					
DATE PAID	AG					
DATE PAID	AH					
DATE PAID	AI					
DATE PAID	AJ					
DATE PAID	AK					
DATE PAID	AL					
DATE PAID	AM					
DATE PAID	AN					
DATE PAID	AO					
DATE PAID	AP					
DATE PAID	AQ					
DATE PAID	AR					
DATE PAID	AS					
DATE PAID	AT					
DATE PAID	AU					
DATE PAID	AV					
DATE PAID	AW					
DATE PAID	AX					
DATE PAID	AY					
DATE PAID	AZ					
DATE PAID	BA					
DATE PAID	BB					
DATE PAID	BC					
DATE PAID	BD					
DATE PAID	BE					
DATE PAID	BF					
DATE PAID	BG					
DATE PAID	BH					
DATE PAID	BI					
DATE PAID	BJ					
DATE PAID	BK					
DATE PAID	BL					
DATE PAID	BM					
DATE PAID	BN					
DATE PAID	BO					
DATE PAID	BP					
DATE PAID	BQ					
DATE PAID	BR					
DATE PAID	BS					
DATE PAID	BT					
DATE PAID	BU					
DATE PAID	BV					
DATE PAID	BW					
DATE PAID	BX					
DATE PAID	BY					
DATE PAID	BZ					
DATE PAID	CA					
DATE PAID	CB					
DATE PAID	CC					
DATE PAID	CD					
DATE PAID	CE					
DATE PAID	CF					
DATE PAID	CG					
DATE PAID	CH					
DATE PAID	CI					
DATE PAID	CJ					
DATE PAID	CK					
DATE PAID	CL					
DATE PAID	CM					
DATE PAID	CN					
DATE PAID	CO					
DATE PAID	CP					
DATE PAID	CQ					
DATE PAID	CR					
DATE PAID	CS					
DATE PAID	CT					
DATE PAID	CU					
DATE PAID	CV					
DATE PAID	CW					
DATE PAID	CX					
DATE PAID	CY					
DATE PAID	CA					
DATE PAID	CB					
DATE PAID	CC					
DATE PAID	CD					
DATE PAID	CE					
DATE PAID	CF					
DATE PAID	CG					
DATE PAID	CH					
DATE PAID	CI					
DATE PAID	CJ					
DATE PAID	CK					
DATE PAID	CL					
DATE PAID	CM					
DATE PAID	CN					
DATE PAID	CO					
DATE PAID	CP					
DATE PAID	CQ					
DATE PAID	CR					
DATE PAID	CS					
DATE PAID	CT					
DATE PAID	CU					
DATE PAID	CV					
DATE PAID	CW					
DATE PAID	CX					
DATE PAID	CY					
DATE PAID	CA					
DATE PAID	CB					
DATE PAID	CC					
DATE PAID	CD					
DATE PAID	CE					
DATE PAID	CF					
DATE PAID	CG					
DATE PAID	CH					
DATE PAID	CI					
DATE PAID	CJ					
DATE PAID	CK					
DATE PAID	CL					
DATE PAID	CM					
DATE PAID	CN					
DATE PAID	CO					
DATE PAID	CP					
DATE PAID	CQ					
DATE PAID	CR					
DATE PAID	CS					
DATE PAID	CT					
DATE PAID	CU					
DATE PAID	CV					
DATE PAID	CW					
DATE PAID	CX					
DATE PAID	CY					
DATE PAID	CA					
DATE PAID	CB					
DATE PAID	CC					
DATE PAID	CD					
DATE PAID	CE					
DATE PAID	CF					
DATE PAID	CG					
DATE PAID	CH					
DATE PAID	CI					
DATE PAID	CJ					
DATE PAID	CK					
DATE PAID	CL					
DATE PAID	CM					
DATE PAID	CN					
DATE PAID	CO					
DATE PAID	CP					
DATE PAID	CQ					
DATE PAID	CR					
DATE PAID	CS					
DATE PAID	CT					
DATE PAID	CU					
DATE PAID	CV					
DATE PAID	CW					
DATE PAID	CX					
DATE PAID	CY					
DATE PAID	CA					
DATE PAID	CB					
DATE PAID	CC					
DATE PAID	CD					
DATE PAID	CE					
DATE PAID	CF					
DATE PAID	CG					
DATE PAID	CH					
DATE PAID	CI					
DATE PAID	CJ					
DATE PAID	CK					
DATE PAID	CL					
DATE PAID	CM					
DATE PAID	CN					
DATE PAID	CO					
DATE PAID	CP					
DATE PAID	CQ					
DATE PAID	CR					
DATE PAID	CS					
DATE PAID	CT					
DATE PAID	CU					
DATE PAID	CV					
DATE PAID	CW					
DATE PAID	CX					
DATE PAID	CY					
DATE PAID	CA					
DATE PAID	CB					
DATE PAID	CC					
DATE PAID	CD					
DATE PAID	CE					
DATE PAID	CF					
DATE PAID	CG					
DATE PAID	CH					
DATE PAID	CI					
DATE PAID	CJ					
DATE PAID	CK					
DATE PAID	CL					
DATE PAID	CM					
DATE PAID	CN					
DATE PAID	CO					
DATE PAID	CP					
DATE PAID	CQ					
DATE PAID	CR					
DATE PAID	CS					
DATE PAID	CT					
DATE PAID	CU					
DATE PAID	CV					
DATE PAID	CW					
DATE PAID	CX					
DATE PAID	CY					
DATE PAID	CA					
DATE PAID	CB					
DATE PAID	CC					
DATE PAID	CD					
DATE PAID	CE					
DATE PAID	CF					
DATE PAID	CG					
DATE PAID	CH					
DATE PAID	CI					
DATE PAID	CJ					
DATE PAID	CK					
DATE PAID	CL					
DATE PAID	CM					
DATE PAID	CN					
DATE PAID	CO					
DATE PAID	CP					
DATE PAID	CQ					
DATE PAID	CR					
DATE PAID	CS					
DATE PAID	CT					
DATE PAID	CU					
DATE PAID	CV					
DATE PAID	CW					
DATE PAID	CX					



EXHIBIT 11  
CHECK RECEIPT VERIFICATION SLIP

SOUTHWESTERN BELL TEL.

DATE \_\_\_\_\_

PLEASE RETURN RECEIPT TO:

CINDY FURCELL OR TRACY KESSLER  
500 NORTH BROADWAY, ROOM 1002  
ST. LOUIS, MISSOURI 63102

CHECK # \_\_\_\_\_

ISSUED BY \_\_\_\_\_

IN THE AMOUNT OF \_\_\_\_\_

HAS BEEN RECEIVED FOR DEPOSIT.

RECEIVED IN

BY \_\_\_\_\_

PROPRIETARY  
Not for use or disclosure outside Southwestern Bell  
Telephone Company except under written agreement.

**EXHIBIT 12  
FASW-4471 - EMPLOYEE EXPENSE/RELOCATION EXPENSE  
REIMBURSEMENT**

		<b>EMPLOYEE EXPENSE/RELOCATION EXPENSE REIMBURSEMENT</b>		<b>FASW-4471 (Rev. 8-91)</b>
Refer to OPM SWAPS Guide for preparation of this form				
Name Print: <u>SALESMAN'S NAME</u>		Sheet: 1 of 1	Date: <u>4/30/93</u>	
Payment Data:	<input type="checkbox"/> Personal Expense <input type="checkbox"/> Relocation Expense	<input type="checkbox"/> Cash <input checked="" type="checkbox"/> Check	VOUCHER OFFICE USE ONLY	
	<input type="checkbox"/> Add to Advance	<input type="checkbox"/> 19 <input type="checkbox"/> 40	<input type="checkbox"/> Overlap Indicator	Date Rec'd:
Payment ID or Draft No:	M: _____ W: _____ S: _____	Total Payment Amount: \$ <u>106 00</u>		Cents: _____
Can't verify the Expenditures Set Form Above of <u>One hundred and six and 00/100</u> Dollars Were Incurred by Me on Behalf of the Southwestern Bell Telephone Company				
Correct:	Date:	Authorized:	Date:	
<input type="checkbox"/> MYR - Reuse Sales		Title: <u>Area Mgr - Disp Oper.</u>		
<input type="checkbox"/> ON LOAN	Co FAX #:	Co Tel #:	<input type="checkbox"/> DELEGATED	
Correct Soc Sec No: <u>411-66-3115</u>	Resp Code Originating: <u>54802A160</u>	Authorizing Soc Sec No: <u>347405502</u>		
Mail to Address of Originator (Please print type or stamp):		Name and Address of Originator's Supervisor (Please print type or stamp):		
NAME _____		NAME _____		
ADDRESS _____		ADDRESS _____		
CITY _____ STATE _____ ZIP _____		CITY _____ STATE _____ ZIP _____		
*Traveling Expenses: Must Explain where the Company Business Involved <u>Departmental cars for check returned</u>				
Date	Description	Transportation	Meals	Logging
19	Travel: Show Starting Point and Destination	(Kinds) Amount	No amount	Other
<u>4/30</u>	<u>Replacing Check</u>			<u>100 00</u>
<u>4/30</u>	<u>Check Charge</u>			<u>6 00</u>
<input type="checkbox"/> See Reverse Side				
Transaction Data	CODES	1	2	3
Expenditure Type Code	A	<u>R18</u>	<u>RE0</u>	
Amount (Must = Tot Pay Amt)	B \$	<u>100 00</u>	<u>6 00</u>	
Geographic Location Code	C	<u>T46218</u>	<u>T46218</u>	
Field Reporting Code	D			
MV CPR Item No	E			
CFC, SPFC or JFC/Env Code	F	<u>513B</u>	<u>5T9E</u>	
Responsibility Code Charged	G	<u>54802A160</u>	<u>54802A160</u>	
Order No (Est, CWO, KCO)	H			
Quantity	J			
Motor Vehicle No or Furn No	K			
Action/Repair/Frequency	L			
Blq No or Group	N			
Special ID	P			
Special Rpt Code 1 Code 2				
*Receipts Must Be Attached		**Receipts For Items of \$25 or More Must Be Attached		Check if Reverse Side is Coded <input type="checkbox"/>

**PROPRIETARY**  
Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

EXHIBIT 13  
FG85 REPORT

SOUTHWESTERN BELL TELEPHONE COMPANY										RETENTION PERIOD- 5 YEARS				
PROC ENTITY- DALLAS DSB			STATE- TEXAS		AREA- DALLAS		REPORT PERIOD- JANUARY 1992			PASS- 18	PROGRAM- FD2100			
REPORT- FG85 CERTAIN 1220 ACCT DETAIL ACCT, RC, LOCATION-DAP F,24.5					TODAYS DATE- 02/06/92			FINAL	CYCLE EDM	PAGE- 53				
ACCOUNT - 1220 195														
DISTRICT RCC - S4002A100														
LOCATION	RCC	PURCHASE ORDER	REF/SERIAL NUMBER	ORD/AUTH NUMBER	RECORD ID	PACK ORIGIN	PAK #	SO	FIRST EXTC	RCD	C	QUANTITY	AMOUNT	
T 4	4109	S4002A100	T911217012		IOBILL	IOBC	C	1	74	CY1	S4002A100	0	.00	4,296.46
T 4	4109	S4002A100	T911217009		IOBILL	IOBC	C	1	74	CY1	S4002A100	0	.00	4,320.69
T 4	4109	S4002A100	T911218000		IOBILL	IOBC	C	1	74	CY1	S4002A100	0	.00	4,514.11
T 4	4109	S4002A100	T911219002		IOBILL	IOBC	C	1	74	CY1	S4002A100	0	.00	6,645.02
T 4	4109	S4002A100	T911216000		IOBILL	IOBC	C	1	74	CY1	S4002A100	0	.00	7,244.06
T 4	4109	S4002A100	T911220008		IOBILL	IOBC	C	1	74	CY1	S4002A100	0	.00	8,448.33
T 4	4109	S4002A100			IOBILL	IOBC	C	1	74	CY1	S4002A100	0	.00	10,000.00
T 4	4109	S4002A100	T911219004		IOBILL	IOBC	C	2	74	CY1	S4002A100	0	.00	10,181.64
T 4	4109	S4002A100	T911217010		IOBILL	IOBC	C	1	74	CY1	S4002A100	0	.00	10,489.43
T 4	4109	S4002A100	T911217000		IOBILL	IOBC	C	1	74	CY1	S4002A100	0	.00	13,049.21
T 4	4109	S4002A100	T911218004		IOBILL	IOBC	C	1	74	CY1	S4002A100	0	.00	13,800.55
T 4	4109	S4002A100	T911219000		IOBILL	IOBC	C	1	74	CY1	S4002A100	0	.00	19,139.60
T 4	4109	S4002A100	T911218002		IOBILL	IOBC	C	2	74	CY1	S4002A100	0	.00	21,537.22
T 4	4109	S4002A100	T911217000		IOBILL	IOBC	C	1	74	CY1	S4002A100	0	.00	27,946.22
NO TOT	T 4	4109	S4002A100										491,051.10	0
END BAL													121,996.75	00
RC TOT													121,046.90	000

PROPRIETARY: NOT FOR USE OR DISCLOSURE OUTSIDE SOUTHWESTERN BELL TELEPHONE COMPANY EXCEPT UNDER WRITTEN AGREEMENT

PROPRIETARY  
Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

EXHIBIT 14  
FG85 COVER LETTER

SOUTHWESTERN BELL TELEPHONE COMPANY  
PROC ENTITY- DALLAS DSB STATE- TEXAS AREA- DALLAS REPORT PERIOD- JANUARY 1992 PASS- 15 PROGRAM- FD2108  
REPORT- FG85 CERTAIN 1220 ACCT DETAIL ACCT, RC, LOCATION-DAP F,24.5 TODAYS DATE- 02/06/92 FINAL CYCLE EDM PAGE- 58

TO \_\_\_\_\_ RCC 54802A180 DATE 02/06/92

ATTACHED ARE TWO COPIES OF REPORT FG85, CERTAIN 1220 ACCT DETAIL BY ACCT, RC, LOCATION FOR YOUR RC FOR THE MONTH OF JANUARY FOR THE FOLLOWING ACCOUNT CODES:

- 1220-191 - EQUIPMENT RETIRED IN PLACE
- 1220-192 - EQUIPMENT HELD FOR SALE OUTSIDE SOUTHWESTERN BELL TELEPHONE COMPANY
- 1220-193 - SCRAP SALVAGE MATERIAL (MATERIAL MANAGEMENT ONLY)
- 1220-1411 - MATERIAL & SUPPLIES - CENTRAL OFFICE EQUIPMENT - NEW
- 1220-1412 - MATERIAL & SUPPLIES - CENTRAL OFFICE EQUIPMENT - REUSABLE
- 1220-1421 - MATERIAL & SUPPLIES - LARGE PBX EQUIPMENT - NEW
- 1220-1422 - MATERIAL & SUPPLIES - LARGE PBX EQUIPMENT - REUSABLE

THE FOLLOWING LIST EXPLAINS THE MOST COMMON DOPAC SOURCE CODES ON THE REPORTS. THIS SHOULD HELP DEFINE THE TYPE OF TRANSACTION.

- 22 - SALVAGE TRANSACTIONS
- 23, 60, 61 - AT&T TECHNOLOGIES BILLS OR CREDITS
- 71 - VOUCHER TRANSACTION
- 85 - GENERAL TRANSFER (BY ENGINEERING AND COMPTROLLERS)

FOR SOURCES 22 AND 85 THE REFERENCE/SERIAL FIELD ON THE REPORTS CONTAINS THE FIRST TEN POSITIONS OF THE SERIAL NUMBER OR REFERENCE NUMBER OF THE INPUT DOCUMENT ASSIGNED BY THE ORIGINATOR.

PLEASE REVIEW THE REPORTS AND NOTE ANY DISCREPANCIES. ONE COPY OF THE CORRECTED REPORT FG85, ALONG WITH ANY CORRECTING DOCUMENTS AND THIS LETTER, SHOULD BE RETURNED TO COMPTROLLERS. IF TRANSACTIONS HAVE BEEN ENTERED INCORRECTLY OR ARE MISSING, PLEASE ATTACH A DUPLICATE COPY OF THE INPUT FORM (MARKED AS DUPLICATE) AND CIRCLE THE ERROR BOTH ON THE FORM AND ON THE REPORTS. COMPTROLLERS WILL MAKE CORRECTING ENTRIES. FORMS WHICH WERE NOT RECEIVED BY COMPTROLLERS BY THE LAST DAY OF THE MONTH MAY NOT HAVE BEEN ENTERED UNTIL THE FOLLOWING MONTH. IF NO ERRORS ARE FOUND, PLEASE MARK THE REPORTS AS OK.

PLEASE SIGN THE LOWER PORTION OF THIS LETTER AND RETURN THE LETTER, ONE COPY OF EACH REPORT, AND ANY CORRECTING DOCUMENTS BY

\_\_\_\_\_ TO: \_\_\_\_\_

THIS RECONCILIATION DOES NOT REPLACE THE 100% PHYSICAL INVENTORY OF THE SUBACCOUNTS OF 1220-14 AND 1220-19 WHICH MUST BE CONDUCTED AS OF JUNE 30TH OF EACH YEAR.

QUESTIONS MAY BE REFERRED TO \_\_\_\_\_ AT TELEPHONE NUMBER \_\_\_\_\_

\_\_\_\_\_  
TITLE

THE ATTACHED FG85 REPORT HAS BEEN REVIEWED AND HAS HAD CORRECTIONS NOTED.

\_\_\_\_\_  
TITLE DATE

*File Copy*

PROPRIETARY; NOT FOR USE OR DISCLOSURE OUTSIDE SOUTHWESTERN BELL TELEPHONE COMPANY EXCEPT UNDER WRITTEN AGREEMENT

PROPRIETARY  
Not for use or disclosure outside Southwestern Bell  
Telephone Company except under written agreement.

EXHIBIT 15  
FG85 WORK SHEET

FG85 WORK SHEET  
(FOR ACCOUNT 1220.193)

1.	EQUIPMENT AND MATERIAL SALVAGE ACCOUNT.....	
2.	RESPONSIBILITY CODE: S48082A120	
3.	FG85 ENDING BALANCE (Off FG85 Report).....	\$133,028.74
4.	1220.193 DEBITS NOT ON FG85(4490s/4113s, [+])	\$36,072.40
5.	1220.193 CREDITS NOT ON FG85(4490s/4472s, [-])	\$0.00
6.	OTHER ADJUSTMENTS:	
	A. Add credits to 1220.193.....	\$0.00
	B. Subtract debits to 1220.193.....	\$0.00
7.	FG 85 ADJUSTED BALANCE (3 + 4 - 5 + 6A - 6B)..	\$169,101.14
8.	INVENTORY BALANCE (AMIS Inventory balance)....	\$151,091.65

PROPRIETARY

Not for use or disclosure outside Southwestern Bell  
Telephone Company except under written agreement.

EXHIBIT 16  
1220.193 ACCOUNT BALANCE REPORT

JANUARY 1992

1220.193 ACCOUNT BALANCE REPORT

Location	Inventory Value	Accounts Receivable	FG-85 Balance	FG-85/ Scrap Value
Houston				
S4802A120	\$151,091.39	NA (Note)	\$169,101.14	1.119
M5				
Dallas				
S4802A180	\$453,845.33	NA (Note)	\$544,480.84	1.200
M1				
Distribution Way				
S4802A1F0	\$210,636.15	\$36,148.71	\$227,877.48	0.923
Reuse South				
S4802A1G0	\$3,498.40	\$8,817.44	\$8,817.08	0.716
Reuse North				
S4802A110	\$0.00	\$583,408.41	\$557,784.74	0.956
District Totals	\$819,071.27	\$628,374.56	\$1,508,061.28	1.042

NOTE: Accounts Receivable moved to 1190.219A Account.

1190.219A ACCOUNT BALANCE REPORT

	FG-15 Balance	Accounts Recievable Balance (LOG)	
FG-15 Balance	\$1,285,403.85	\$1,194,510.00	Brought Forward
CRs not on FG-15	\$179,425.51	\$1,389,604.62	Total credits
DRs not on FG-15	\$0.00	\$1,301,072.96	Total Debits
Total	\$1,105,978.34	\$1,105,978.34	Carried Forward

PROPRIETARY  
Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.



EXHIBIT 18  
 FG15 REPORT (1190.219A TRANSACTION REPORT)

SOUTHWESTERN BELL TELEPHONE COMPANY  
 RUN DATE AND TIME 02/14/92 AT 06.44.03  
 PROCESSING DATE JANUARY 1992

REPORT FG15 AD HOC (PRIORDET)

DAILY DETAIL REPORT FOR ACCOUNT 1190219A

FEES	ACCOUNT	SOURCE CODE	REQ CODE	PACK ORIGIN	FUNC CODE	RESP CODE CHARGED	AUTHZ NUMBER	EXTC	HOURS QTY	AMOUNT
C C	1190219A	71	C C 0000	71PD 061	SHBR	S4002A130		637	.00	-934.00
*TOTAL OFC SPCE CDE 71										
									.00	-934.00
1190219A	85	C C 0000	85ACREC001	SHBR	S4002A130		CY1		.00	21.10
1190219A	85	C C 0000	85ACREC001	SHBR	S4002A130		CY1		.00	327.28
1190219A	85	C C 0000	85ACREC001	SHBR	S4002A130		CY1		.00	328.75
1190219A	85	C C 0000	85ACREC001	SHBR	S4002A130		CY1		.00	99.77
1190219A	85	C C 0000	85ACREC001	SHBR	S4002A130		CY1		.00	7157.72
1190219A	85	C C 0000	85ACREC001	SHBR	S4002A130		CY1		.00	43.85
1190219A	85	C C 0000	85ACREC001	SHBR	S4002A130		CY1		.00	1102.72
1190219A	85	C C 0000	85ACREC001	SHBR	S4002A130		CY1		.00	1455.58
1190219A	85	C C 0000	85ACREC002	SHBR	S4002A130		CY1		.00	80005.84
1190219A	85	C C 0000	85ACREC002	SHBR	S4002A130		CY1		.00	41515.95
1190219A	85	C C 0000	85ACREC002	SHBR	S4002A130		CY1		.00	230700.39
1190219A	85	C C 0000	85ACREC002	SHBR	S4002A130		CY1		.00	280743.50
1190219A	85	C C 0000	85ACREC002	SHBR	S4002A130		CY1		.00	29906.55
1190219A	85	C C 0000	85ACREC002	SHBR	S4002A130		CY1		.00	160204.19
1190219A	85	C C 0000	85 SG019	SHBR	S4002A130		637		.00	-122432.86
1190219A	85	C C 0000	85 SG019	SHBR	S4002A130		637		.00	-29.75
1190219A	85	C C 0000	85 SG019	SHBR	S4002A130		637		.00	-14.10
1190219A	85	C C 0000	85 SG019	SHBR	S4002A130		637		.00	-121817.10
1190219A	85	C C 0000	85 SG019	SHBR	S4002A130		637		.00	-63352.85
1190219A	85	C C 0000	85 SG019	SHBR	S4002A130		637		.00	-33.86
1190219A	85	C C 0000	85 SG013	SHBR	S4002A130		637		.00	-18.50
1190219A	85	C C 0000	85 SG013	SHBR	S4002A130		637		.00	-17.00
1190219A	85	C C 0000	85 SG013	SHBR	S4002A130		637		.00	-20.00
1190219A	85	C C 0000	85 SG013	SHBR	S4002A130		637		.00	-74.00
1190219A	85	C C 0000	85 SG013	SHBR	S4002A130		637		.00	-120016.63
1190219A	85	C C 0000	85 SG013	SHBR	S4002A130		637		.00	-105097.42
1190219A	85	C C 0000	85 SG013	SHBR	S4002A130		637		.00	-40447.18
1190219A	85	C C 0000	85 SG013	SHBR	S4002A130		637		.00	-14835.44
1190219A	85	C C 0000	85 SG014	SHBR	S4002A130		637		.00	-32.00
1190219A	85	C C 0000	85 SG014	SHBR	S4002A130		637		.00	-42.15
										-7.50

PROPRIETARY  
 Not for use or disclosure outside Southwestern Bell  
 Telephone Company except under written agreement.

ATTACHMENT A  
(LOGISTICS CONTACT INFORMATION)

District Manager-Logistics.....214 944-9002  
Area Manager-Disposition Operations.....214 944-9283  
Manager-Store Operations.....214 241-3136  
Manager-Specialized Sales.....214 243-2103  
Manager-Reuse Sales.....214 944-9018

DISPOSITION OPERATIONS CONTROL CENTER (DOCC)

Manager-Cable Sales.....214 944-9006

TRANSPORTATION CONTROL CENTER.....314 235-4578

Mail SW4113s and also SW4490s and transactions related to the  
1190.219A Account to:

St. Louis Disbursement  
915 Olive, Room 1213  
St. Louis, Mo.

-----  
Mail FASW-4472s; FASW-4471s; and SW4490s to:

St. Louis Treasury  
One Bell Center, Suite 29-U-6  
St. Louis, Mo.

PROPRIETARY  
Not for use or disclosure outside Southwestern Bell  
Telephone Company without written agreement.