

REPORT FORM
for
ANNUAL REPORT OF AFFILIATE ACTIVITIES
FOR DOMINANT CERTIFICATED TELECOMMUNICATIONS
UTILITIES (DCTUs)

(Required by P.U.C. SUBST. R. 26.84 relating to
Annual Reporting of Affiliate Transactions of DCTUs)

PURPOSE

This consolidated *Annual Report of Affiliate Activities* reporting format is designed to streamline the process of reporting affiliate activities pursuant to P.U.C. SUBST. R. 26.84, *Annual Reporting of Affiliates Transactions of DCTUs*.

WHO MUST FILE

All DCTUs¹ must file an *Annual Report of Affiliate Activities*, by June 1 of each year, summarizing activities with affiliates² during the immediately preceding calendar year (January 1 through December 31). Provision of the information outlined below satisfies the reporting requirements of P.U.C. SUBST. R. 26.84(c).

GENERAL INSTRUCTIONS

Organize the DCTU's report according to the *REPORT OUTLINE* instructions below and include all applicable information.

¹ See P.U.C. SUBST. R. 26.5 for the definition of Dominant Certificated Telecommunications Utilities (DCTUs).

² See the Public Utility Regulatory Act (PURA) TEX. UTIL. CODE ANN. (Vernon 1998) § 11.003(2) for the definition of affiliate.

REPORT OUTLINE:

Annual Report of Affiliate Activities

For _____ *(name of DCTU)*.

I. ORGANIZATION CHART

- A. Provide an organization chart showing the parent company, all affiliated companies, and the percentage of ownership of each company.
- B. To ensure legibility, use additional charts and extra sheets of paper as necessary to detail the “branches” of the organizational “tree.”

II. ORGANIZATION OWNERSHIP AND SCOPE OF BUSINESS

For all affiliates that have had transactions with the regulated DCTU during the reporting period, provide the following information:

- A. A list of directors and/or officers common to the regulated DCTU and each affiliate;
- B. Changes in successive ownership between the regulated DCTU and the affiliate;
- C. A description of the nature of the business activity of each affiliate with which the regulated DCTU does business;
- D. A narrative description of the types of products and services provided to the DCTU by the affiliate and by the DCTU to the affiliate;
- E. For each billing allocation formula utilized in transactions between the DCTU and its affiliates (either direction), list a title/function description (*e.g.*, payroll) for the formula, the basis for the formula (*e.g.*, number of employees), and the percentages allocated by the formula to each applicable entity.³
 - 1) This requirement is applicable when one task is conducted by one entity on behalf of more than one entity and expenses for the task are therefore allocated among the recipient entities rather than billed directly to each.

³ It is not necessary to include weighting amounts or mathematical terms to fulfill this requirement. Rather, a description of the work product(s) accomplished by the formula and the subject(s) driving the formula will suffice for the first two segments of the request. The third segment, percentages allocated, is further delineated in E(2) and E(3).

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- 2) *For transactions from the DCTU to each affiliate:* provide the percentage the formula allocates to each affiliate. These transactions “from the DCTU to each affiliate” include transactions to affiliates of the DCTU from any sections of the DCTU conducting unregulated activities.
- 3) *For transactions from each affiliate to the DCTU:* provide the percentage the formula allocates to the DCTU. These transactions “from each affiliate to the DCTU” include transactions from the affiliate of the DCTU to any sections of the DCTU conducting unregulated activities.
- 4) If the DCTU’s CAM provides the allocation methods for transactions between the DCTU and all of its affiliates, or if affiliate CAMs are available, the CAM may be referenced to fulfill this requirement. Include in a statement to fulfill this requirement the date the relevant CAM was filed with the Commission and where in the CAM the data required by this section can be found.

III. FINANCIAL SUMMARIES OF DCTU TRANSACTIONS

Provide the data required in parts III. A, B, and C to the extent such transactions are conducted by the DCTU.

III. A. Chart. For each affiliate with whom the DCTU has had transactions, provide financial summaries of the transactions (*not* each transaction individually) in which the DCTU charges the affiliate and chart them as follows (construct Chart A for each affiliate with which the DCTU has had activity in reporting period):

CHARGES BY THE DCTU TO AN AFFILIATE			
Name of DCTU: _____			
Name of Affiliate Company: _____			
(one row per applicable FCC/type account; insert more rows as needed)			
FCC Account or type of service		Total Company	Total Texas
#	Acct. Name or Type of Service	(Dollars transacted)	(Dollars transacted)
Totals across accounts for this Affiliate:			

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III. B. Chart. For each affiliate with whom the DCTU has had transactions, provide financial summaries of the transactions (*not* each transaction individually) in which the affiliate charges the DCTU and chart them as follows (construct Chart B for each affiliate with which the DCTU has had activity in reporting period):

CHARGES BY AN AFFILIATE TO THE DCTU		
Name of DCTU: _____		
Name of Affiliate Company: _____		
(one row per applicable FCC/type account; insert more rows as needed)		
FCC Account or type of service	Total Company	Total Texas
# Acct. Name or Type of Service	(Dollars transacted)	(Dollars transacted)
Totals across accounts for this Affiliate:		

III.C. Certify that the DCTU has filed with the Commission copies of all service agreements and contracts between each affiliate and the DCTU pursuant to P.U.C. SUBST. R. 25.84(d).

IV. AUDITS OF AFFILIATE TRANSACTIONS

Provide a list of any audits of the DCTUs transactions with affiliates conducted in the reporting year, whether by internal or external auditors. This is *not* a request to file the results of the audits. Report the occurrence of such audits, including date, with sufficient description (in title or narrative) to indicate subject and scope of the audit.