

SUBCHAPTER C—ACCOUNTS, FEDERAL POWER ACT

PART 101—UNIFORM SYSTEM OF ACCOUNTS PRESCRIBED FOR PUBLIC UTILITIES AND LICENSEES SUBJECT TO THE PROVISIONS OF THE FEDERAL POWER ACT

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SOURCE: Order 218, 25 FR 5014, June 7, 1960, as amended by Order 276, 28 FR 14267, Dec. 25, 1963, Order 290, 29 FR 18214, Dec. 23, 1964; 30 FR 484, Jan. 14, 1965; Order 322, 31 FR 7898, June 3, 1966; Order 343, 32 FR 6678, May 2, 1967; 32 FR 8657, June 16, 1967; Order 354, 32 FR 15671, Nov. 14, 1967; Order 866, 33 FR 10135, July 16, 1968; Order 389, 34 FR 17436, Oct. 29, 1969; Order 393, 34 FR 20269, Dec. 25, 1969; Order 389A, 35 FR 879, Jan. 22, 1970; Order 393A, 35 FR 5943, Apr. 10, 1970; Order 408, 35 FR 13985, Sept. 3, 1970; Order 419, 36 FR 518, Jan. 14, 1971; Order 420, 36 FR 507, Jan. 14, 1971; Order 421, 36 FR 3047, Feb. 17, 1971; 36 FR 4386, Mar. 5, 1971; Order 432, 36 FR 8240, May 1, 1971; Order 434, 36 FR 11431, June 12, 1971; Order 436, 36 FR 15529, Aug. 17, 1971; Order 439, 36 FR 20869, Oct. 30, 1971; Order 454, 37 FR 14226, July 18, 1972; Order 460, 37 FR 24659, Nov. 18, 1972; Order 469, 38 FR 4248, Feb. 12, 1973; Order 462, 38 FR 4948, Feb. 23, 1973; Order 463, 38 FR 7214, Mar. 19, 1973; Order 475, 38 FR 6667, Mar. 12, 1973; Order 488, 38 FR 12115, May 9, 1973; Order 486, 38 FR 18873, July 16, 1973; Order 490, 38 FR 23332, Aug. 29, 1973; Order 486-1, 38 FR 30434, Nov. 5, 1973; Order 473, 39 FR 2469, Jan. 22, 1974; Order 504, 39 FR 6073, Feb. 19, 1974; Order 505, 39 FR 6093, Feb. 19, 1974; Order 505, 39 FR 22417, June 24, 1974; Order 530, 40 FR 26983, June 26, 1975; Order 549, 41 FR 24993, June 22, 1976; Order 561, 42 FR 9163, Feb. 15, 1977; Order 566, 42 FR 30156, June 13, 1977; Order 567, 42 FR 30613, June 16, 1977; Order 5, 43 FR 15418, Apr. 13, 1978; Order 258, 47 FR 42723, Sept. 29, 1982; 48 FR 32567, 32568, 32570, July 18, 1983; Order 390, 49 FR 32505, Aug. 14, 1984; 50 FR 5744, Feb. 12, 1985; Order 435, 50 FR 40358, Oct. 3, 1985; Order 552, 58 FR 18004, 18005, 18006, Apr. 7, 1993; 58 FR 42495, Aug. 10, 1993; 63 FR 6851, Feb. 11, 1998; Order 618, 65 FR 47667, Aug. 3, 2000; Order 627, 67 FR 67701, Nov. 6, 2002; Order 631, 68 FR 19619, Apr. 21, 2003; Order 634, 68 FR 40508, July 8, 2003; Order 634-A, 68 FR 62002, Oct. 31, 2003]

EFFECTIVE DATE NOTE: At 58 FR 18004, 18005, 18006, Apr. 7, 1993, Part 101 was amended by redesignating Definitions 30 through 38 as 31 through 39 and adding new Definition 30; adding paragraph 21 under the General Instructions; adding Accounts 158.1, 158.2, 182.3, and 254 under Balance Sheet Accounts; add-

ing Accounts 407.3, 407.4, 411.8, and 411.9 under Income Accounts; and adding Account 509 under Operation and Maintenance Expense Accounts. The new text contains information collection provisions which will not become effective until approved by the Office of Management and Budget.

NOTE: Order 141, 12 FR 8503, Dec. 19, 1947, provides in part as follows:

Prescribing a system of accounts for public utilities and licensees under the Federal Power Act. The Federal Power Commission acting pursuant to authority granted by the Federal Power Act, particularly sections 301(a), 304(a), and 309, and paragraph (13) of section 3, section 4(b) thereof, and finding such action necessary and appropriate for carrying out the provisions of said act, hereby adopts the accompanying system of accounts entitled "Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act," and the rules and regulations contained therein; and *It is hereby ordered:*

(a) That said system of accounts and said rules and regulations contained therein be and the same are hereby prescribed and promulgated as the system of accounts and rules and regulations of the Commission to be kept and observed by public utilities subject to the jurisdiction of the Commission and by licensees holding licenses issued by the Commission, to the extent and in the manner set forth therein;

(b) That said system of accounts and rules and regulations therein contained shall, as to all public utilities now subject to the jurisdiction of the Commission and as to all present licensees, become effective on January 1, 1937, and as to public utilities and licensees which may hereafter become subject to the jurisdiction of the Commission, they shall become effective as of the date when such public utility becomes subject to the jurisdiction of the Commission or on the effective date of the license;

(c) That a copy of said system of accounts and rules and regulation contained therein be forthwith served upon each public utility subject to the jurisdiction of the Commission, and each licensee or permittee holding a license or permit from the Commission.

This system of accounts supersedes the system of accounts prescribed for licensees under the Federal Water Power Act; and Order No. 13, entered November 20, 1922, prescribing said system of accounts, was rescinded effective January 1, 1937.

Applicability of system of accounts. This system of accounts is applicable in principle to all licensees subject to the Commission's accounting requirements under the Federal

Power Act, and to all public utilities subject to the provisions of the Federal Power Act. The Commission reserves the right, however, under the provisions of section 301(a) of the Federal Power Act to classify such licensees and public utilities and to prescribe a system of classification of accounts to be kept by and which will be convenient for and meet the requirements of each class.

This system of accounts is applicable to public utilities, as defined in this part, and to licensees engaged in the generation and sale of electric energy for ultimate distribution to the public.

This system of accounts shall also apply to agencies of the United States engaged in the generation and sale of electric energy for ultimate distribution to the public, so far as may be practicable, in accordance with applicable statutes.

In accordance with the requirements of section 3 of the Act (49 Stat. 839; 16 U.S.C. 796(13)), the "classification of investment in road and equipment of steam roads, issue of 1914, Interstate Commerce Commission", is published and promulgated as a part of the accounting rules and regulations of the Commission, and a copy thereof appears as part 103 of this chapter. Irrespective of any rules and regulations contained in this system of accounts, the cost of original projects licensed under the Act, and also the cost of additions thereto and betterments thereof, shall be determined under the rules and principles as defined and interpreted in said classification of the Interstate Commerce Commission so far as applicable.

CROSS REFERENCES: For application of uniform system of accounts to Class C and D public utilities and licensees, see part 104 of this chapter. For statements and reports, see part 141 of this chapter.

Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act

Definitions

When used in this system of accounts:

1. *Accounts* means the accounts prescribed in this system of accounts.

2. *Actually issued*, as applied to securities issued or assumed by the utility, means those which have been sold to bona fide purchasers for a valuable consideration, those issued as dividends on stock, and those which have been issued in accordance with contractual

requirements direct to trustees of sinking funds.

3. *Actually outstanding*, as applied to securities issued or assumed by the utility, means those which have been actually issued and are neither retired nor held by or for the utility; provided, however, that securities held by trustees shall be considered as actually outstanding.

4. *Amortization* means the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.

5. A. *Associated (affiliated) companies* means companies or persons that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the accounting company.

B. *Control* (including the terms *controlling*, *controlled by*, and *under common control with*) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, associated companies, contract or any other direct or indirect means.

6. *Book cost* means the amount at which property is recorded in these accounts without deduction of related provisions for accrued depreciation, amortization, or for other purposes.

7. *Commission*, means the Federal Energy Regulatory Commission.

8. *Continuing Plant Inventory Record* means company plant records for retirement units and mass property that provide, as either a single record, or in separate records readily obtainable by references made in a single record, the following information:

A. For each retirement unit:

- (1) The name or description of the unit, or both;
- (2) The location of the unit;

(3) The date the unit was placed in service;

(4) The cost of the unit as set forth in Plant Instructions 2 and 3 of this part; and

(5) The plant control account to which the cost of the unit is charged; and

B. For each category of mass property:

(1) A general description of the property and quantity;

(2) The quantity placed in service by vintage year;

(3) The average cost as set forth in Plant Instructions 2 and 3 of this part; and

(4) The plant control account to which the costs are charged.

9. *Cost* means the amount of money actually paid for property or services. When the consideration given is other than cash in a purchase and sale transaction, as distinguished from a transaction involving the issuance of common stock in a merger or a pooling of interest, the value of such consideration shall be determined on a cash basis.

10. *Cost of removal* means the cost of demolishing, dismantling, tearing down or otherwise removing electric plant, including the cost of transportation and handling incidental thereto. It does not include the cost of removal activities associated with **asset retirement obligations** that are capitalized as part of the tangible long-lived assets that give rise to the obligation. (See General Instruction 25).

11. *Debt expense* means all expenses in connection with the issuance and initial sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing bonds and certificates of indebtedness; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen for marketing such evidences of debt; fees and expenses of listing on exchanges; and other like costs.

12. *Depreciation*, as applied to depreciable electric plant, means the loss in service value not restored by current maintenance, incurred in connection

with the consumption or prospective retirement of electric plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities.

13. *Discount*, as applied to the securities issued or assumed by the utility, means the excess of the par (stated value of no-par stocks) or face value of the securities plus interest or dividends accrued at the date of the sale over the cash value of the consideration received from their sale.

14. *Investment advances* means advances, represented by notes or by book accounts only, with respect to which it is mutually agreed or intended between the creditor and debtor that they shall be settled by the issuance of securities or shall not be subject to current settlement.

15. *Lease, capital* means a lease of property used in utility or nonutility operations, which meets one or more of the criteria stated in General Instruction 19.

16. *Lease, operating* means a lease of property used in utility or nonutility operations, which does not meet any of the criteria stated in General Instruction 19.

17. *Licensee* means any person, or State, licensed under the provisions of the Federal Power Act and subject to the Commission's accounting requirements under the terms of the license.

18. *Minor items of property* means the associated parts or items of which retirement units are composed.

19. *Net salvage value* means the salvage value of property retired less the cost of removal.

20. *Nominally issued*, as applied to securities issued or assumed by the utility, means those which have been signed, certified, or otherwise executed, and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the utility, but which have not been sold, or issued direct to trustees of sinking funds in accordance with contractual requirements.

21. *Nominally outstanding*, as applied to securities issued or assumed by the utility, means those which, after being actually issued, have been reacquired by or for the utility under circumstances which require them to be considered as held alive and not retired, provided, however, that securities held by trustees shall be considered as actually outstanding.

22. *Nonproject property* means the electric plant of a licensee which is not a part of the project property subject to a license issued by the Commission.

23. *Original cost*, as applied to electric plant, means the cost of such property to the person first devoting it to public service.

24. *Person* means an individual, a corporation, a partnership, an association, a joint stock company, a business trust, or any organized group of persons, whether incorporated or not, or any receiver or trustee.

25. *Premium*, as applied to securities issued or assumed by the utility, means the excess of the cash value of the consideration received from their sale over the sum of their par (stated value of no-par stocks) or face value and interest or dividends accrued at the date of sale.

26. *Project* means complete unit of improvement or development, consisting of a power house, all water conduits, all dams and appurtenant works and structures (including navigation structures) which are a part of said unit, and all storage, diverting, or forebay reservoirs directly connected therewith, the primary line or lines transmitting power therefrom to the point of junction with the distribution system or with the interconnected primary transmission system, all miscellaneous structures used and useful in connection with said unit or any part thereof, and all water rights, rights of way, ditches, dams, reservoirs, lands, or interest in lands the use and occupancy of which are necessary or appropriate in the maintenance and operation of such unit.

27. *Project property* means the property described in and subject to a license issued by the Commission.

28. *Property retired*, as applied to electric plant, means property which has been removed, sold, abandoned, de-

stroyed, or which for any cause has been withdrawn from service.

29. *Public utility* means any person who owns or operates facilities subject to the jurisdiction of the Commission under the Federal Power Act. (See section 201(e) of said act.)

30. *Regulatory Assets and Liabilities* are assets and liabilities that result from rate actions of regulatory agencies. Regulatory assets and liabilities arise from specific revenues, expenses, gains, or losses that would have been included in net income determination in one period under the general requirements of the Uniform System of Accounts but for it being probable:

A. that such items will be included in a different period(s) for purposes of developing the rates the utility is authorized to charge for its utility services; or

B. in the case of regulatory liabilities, that refunds to customers, not provided for in other accounts, will be required.

31. A. *Replacing or replacement*, when not otherwise indicated in the context, means the construction or installation of electric plant in place of property retired, together with the removal of the property retired.

B. *Research, Development, and Demonstration* (RD&D) in the case of Major utilities means expenditures incurred by public utilities and licensees either directly or through another person or organization (such as research institute, industry association, foundation, university, engineering company or similar contractor) in pursuing research, development, and demonstration activities including experiment, design, installation, construction, or operation. This definition includes expenditures for the implementation or development of new and/or existing concepts until technically feasible and commercially feasible operations are verified. Such research, development, and demonstration costs should be reasonably related to the existing or future utility business, broadly defined, of the public utility or licensee or in the environment in which it operates or expects to operate. The term includes, but is not limited to: All such

costs incidental to the design, development or implementation of an experimental facility, a plant process, a product, a formula, an invention, a system or similar items, and the improvement of already existing items of a like nature; amounts expended in connection with the proposed development and/or proposed delivery of alternate sources of electricity; and the costs of obtaining its own patent, such as attorney's fees expended in making and perfecting a patent application. The term includes preliminary investigations and detailed planning of specific projects for securing for customers non-conventional electric power supplies that rely on technology that has not been verified previously to be feasible. The term does not include expenditures for efficiency surveys; studies of management, management techniques and organization; consumer surveys, advertising, promotions, or items of a like nature.

32. *Retained Earnings* (formerly earned surplus) means the accumulated net income of the utility less distribution to stockholders and transfers to other capital accounts.

33. *Retirement units* means those items of electric plant which, when retired, with or without replacement, are accounted for by crediting the book cost thereof to the electric plant account in which included.

34. *Salvage value* means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale; or, if retained, the amount at which the material recoverable is chargeable to materials and supplies, or other appropriate account.

35. *Service life* means the time between the date electric plant is includible in electric plant in service, or electric plant leased to others, and the date of its retirement. If depreciation is accounted for on a production basis rather than on a time basis, then service life should be measured in terms of the appropriate unit of production.

36. *Service value* means the difference between original cost and net salvage value of electric plant.

37. *State* means a State admitted to the Union, the District of Columbia,

and any organized Territory of the United States.

38. *Subsidiary Company* in the case of Major utilities means a company which is controlled by the utility through ownership of voting stock. (See *Definitions* item 5B, *Control*). A corporate joint venture in which a corporation is owned by a small group of businesses as a separate and specific business or project for the mutual benefit of the members of the group is a subsidiary company for the purposes of this system of accounts.

39. *Utility*, as used herein and when not otherwise indicated in the context, means any public utility or licensee to which this system of accounts is applicable.

General Instructions

1. *Classification of utilities.*

A. For purpose of applying the system of accounts prescribed by the Commission, electric utilities and licensees are divided into classes, as follows:

(1) *Major*. Utilities and licensees that had, in each of the last three consecutive years, sales or transmission service that exceeded any one or more of the following:

(a) One million megawatt-hours of total sales;

(b) 100 megawatt-hours of sales for resale;

(c) 500 megawatt-hours of power exchanges delivered; or

(d) 500 megawatt-hours of wheeling for others (deliveries plus losses).

(2) *Nonmajor*. Utilities and licensees that are not classified as *Major* (as defined above), and had total sales in each of the last three consecutive years of 10,000 megawatt-hours or more.

B. This system applies to both Major and Nonmajor utilities and licensees. Provisions have been incorporated into this system for those entities which, prior to January 1, 1984, were applying the Commission's Uniform System of Accounts Prescribed for Public Utilities and Licensees subject to the Provisions of the Federal Power Act (Class C and Class D) [part 104 of this chapter, now revoked]. The notations (*Nonmajor*) and (*Major*) have been used

to indicate those instructions and accounts from previous systems and classifications, which by definition, are not interchangeable without causing a loss of detail for the Major (previously Class A and Class B) or an increase in detail burden on the Nonmajor (previously Class C and Class D).

C. The class to which any utility or licensee belongs will originally be determined by its annual megawatt hours in each of the last three consecutive years, or in the case of a newly established entity, the projected data shall be the basis. Subsequent changes in classification shall be made as necessary when the megawatt-hours for each of the three immediately preceding years shall exceed the upper limit, or be less than the lower limit of the classification previously applicable to the utility.

D. Any utility may, at its option, adopt the system of accounts prescribed by the Commission for any larger class of utilities.

2. *Records.*

A. Each utility shall keep its books of account, and all other books, records, and memoranda which support the entries in such books of account so as to be able to furnish readily full information as to any item included in any account. Each entry shall be supported by such detailed information as will permit ready identification, analysis, and verification of all facts relevant thereto.

B. The books and records referred to herein include not only accounting records in a limited technical sense, but all other records, such as minute books, stock books, reports, correspondence, memoranda, etc., which may be useful in developing the history of or facts regarding any transaction.

C. No utility shall destroy any such books or records unless the destruction thereof is permitted by rules and regulations of the Commission.

D. In addition to prescribed accounts, clearing accounts, temporary or experimental accounts, and subdivisions of any accounts, may be kept, provided the integrity of the prescribed accounts is not impaired.

E. All amounts included in the accounts prescribed herein for electric plant and operating expenses shall be

just and reasonable and any payments or accruals by the utility in excess of just and reasonable charges shall be included in account 426.5, Other Deductions.

F. The arrangement or sequence of the accounts prescribed herein shall not be controlling as to the arrangement or sequence in report forms which may be prescribed by the Commission.

3. *Numbering System.*

A. The account numbering plan used herein consists of a system of three-digit whole numbers as follows:

100-199 Assets and other debits.
 200-299 Liabilities and other credits.
 300-399 Plant accounts.
 400-432, 434-435 Income accounts.
 433, 436-439 Retained earnings accounts.
 440-459 Revenue accounts.
 500-599 Production, transmission and distribution expenses.
 900-949 Customer accounts, customer service and informational, sales, and general and administrative expenses.

B. In certain instances, numbers have been skipped in order to allow for possible later expansion or to permit better coordination with the numbering system for other utility departments.

C. The numbers prefixed to account titles are to be considered as parts of the titles. Each utility, however, may adopt for its own purposes a different system of account numbers (see also general instruction 2D) provided that the numbers herein prescribed shall appear in the descriptive headings of the ledger accounts and in the various sources of original entry; however, if a utility uses a different group of account numbers and it is not practicable to show the prescribed account numbers in the various sources of original entry, such reference to the prescribed account numbers may be omitted from the various sources of original entry. Moreover, each utility using different account numbers for its own purposes shall keep readily available a list of such account numbers which it uses and a reconciliation of such account numbers with the account numbers provided herein. It is intended that the utility's records shall be so kept as to permit ready analysis by prescribed accounts (by direct reference to sources of original entry to the extent practicable) and to permit preparation of

financial and operating statements directly from such records at the end of each accounting period according to the prescribed accounts.

4. Accounting Period.

Each utility shall keep its books on a monthly basis so that for each month all transactions applicable thereto, as nearly as may be ascertained, shall be entered in the books of the utility. Amounts applicable or assignable to specific utility departments shall be so segregated monthly. Each utility shall close its books at the end of each calendar year unless otherwise authorized by the Commission.

5. Submittal of Questions.

To maintain uniformity of accounting, utilities shall submit questions of doubtful interpretation to the Commission for consideration and decision.

6. Item Lists.

Lists of *items* appearing in the texts of the accounts or elsewhere herein are for the purpose of more clearly indicating the application of the prescribed accounting. The lists are intended to be representative, but not exhaustive. The appearance of an item in a list warrants the inclusion of the item in the account mentioned only when the text of the account also indicates inclusion inasmuch as the same item frequently appears in more than one list. The proper entry in each instance must be determined by the texts of the accounts.

7. Extraordinary Items.

It is the intent that net income shall reflect all items of profit and loss during the period with the exception of prior period adjustments as described in paragraph 7.1 and long-term debt as described in paragraph 17 below. Those items related to the effects of events and transactions which have occurred during the current period and which are of unusual nature and infrequent occurrence shall be considered extraordinary items. Accordingly, they will be events and transactions of significant effect which are abnormal and significantly different from the ordinary and typical activities of the company, and which would not reasonably be expected to recur in the foreseeable future. (In determining significance, items should be considered individually and not in the aggregate. However, the

effects of a series of related transactions arising from a single specific and identifiable event or plan of action should be considered in the aggregate. To be considered as extraordinary under the above guidelines, an item should be more than approximately 5 percent of income, computed before extraordinary items. Commission approval must be obtained to treat an item of less than 5 percent, as extraordinary. (See accounts 434 and 435.)

7.1 Prior period items.

A. Items of profit and loss related to the following shall be accounted for as prior period adjustments and excluded from the determination of net income for the current year:

(1) Correction of an error in the financial statements of a prior year.

(2) Adjustments that result from realization of income tax benefits of pre-acquisition operating loss carryforwards of purchased subsidiaries.

B. All other items of profit and loss recognized during the year shall be included in the determination of net income for that year.

8. Unaudited Items (Major Utility).

Whenever a financial statement is required by the Commission, if it is known that a transaction has occurred which affects the accounts but the amount involved in the transaction and its effect upon the accounts cannot be determined with absolute accuracy, the amount shall be estimated and such estimated amount included in the proper accounts. The utility is not required to anticipate minor items which would not appreciably affect the accounts.

9. Distribution of Pay and Expenses of Employees.

The charges to electric plant, operating expense and other accounts for services and expenses of employees engaged in activities chargeable to various accounts, such as construction, maintenance, and operations, shall be based upon the actual time engaged in the respective classes of work, or in case that method is impracticable, upon the basis of a study of the time actually engaged during a representative period.

10. Payroll Distribution.

Underlying accounting data shall be maintained so that the distribution of the cost of labor charged direct to the various accounts will be readily available. Such underlying data shall permit a reasonably accurate distribution to be made of the cost of labor charged initially to clearing accounts so that the total labor cost may be classified among construction, cost of removal, electric operating functions (steam generation, nuclear generation, hydraulic generation, transmission, distribution, etc.) and nonutility operations.

11. *Accounting to be on Accrual Basis.*

A. The utility is required to keep its accounts on the accrual basis. This requires the inclusion in its accounts of all known transactions of appreciable amount which affect the accounts. If bills covering such transactions have not been received or rendered, the amounts shall be estimated and appropriate adjustments made when the bills are received.

B. When payments are made in advance for items such as insurance, rents, taxes or interest the amount applicable to future periods shall be charged to account 165, Prepayments, and spread over the periods to which applicable by credits to account 165, and charges to the accounts appropriate for the expenditure.

12. *Records for Each Plant (Major Utility).*

Separate records shall be maintained by electric plant accounts of the book cost of each plant owned, including additions by the utility to plant leased from others, and of the cost of operating and maintaining each plant owned or operated. The term *plant* as here used means each generating station and each transmission line or appropriate group of transmission lines.

13. *Accounting for Other Departments.*

If the utility also operates other utility departments, such as gas, water, etc., it shall keep such accounts for the other departments as may be prescribed by proper authority and in the absence of prescribed accounts, it shall keep such accounts as are proper or necessary to reflect the results of operating each such department. It is not intended that proprietary and similar

accounts which apply to the utility as a whole shall be departmentalized.

14. *Transactions With Associated Companies (Major Utility).*

Each utility shall keep its accounts and records so as to be able to furnish accurately and expeditiously statements of all transactions with associated companies. The statements may be required to show the general nature of the transactions, the amounts involved therein and the amounts included in each account prescribed herein with respect to such transactions. Transactions with associated companies shall be recorded in the appropriate accounts for transactions of the same nature. Nothing herein contained, however, shall be construed as restraining the utility from subdividing accounts for the purpose of recording separately transactions with associated companies.

15. *Contingent Assets and Liabilities (Major Utility).*

Contingent assets represent a possible source of value to the utility contingent upon the fulfillment of conditions regarded as uncertain. Contingent liabilities include items which may under certain conditions become obligations of the utility but which are neither direct nor assumed liabilities at the date of the balance sheet. The utility shall be prepared to give a complete statement of significant contingent assets and liabilities (including cumulative dividends on preference stock) in its annual report and at such other times as may be requested by the Commission.

16. *Separate Accounts or Records for Each Licensed Project.*

The accounts or records of each licensee shall be so kept as to show for each project (including pumped storage) under license;

(a) The actual legitimate original cost of the project, including the original cost (or fair value, as determined under section 23 of the Federal Power Act) of the original project, the original cost of additions thereto and betterments thereof and credits for property retired from service, as determined under the Commission's regulations;

(b) The charges for operation and maintenance of the project property directly assignable to the project;

(c) The credits and debits to the depreciation and amortization accounts, and the balances in such accounts;

(d) The credits and debits to operating revenue, income, and retained earnings accounts that can be identified with and directly assigned to the project.

NOTE: The purpose of this instruction is to insure that accounts or records are currently maintained by each licensee from which reports may be made to the Commission for use in determining the net investment in each licensed project. The instruction covers only the debit and credit items appearing in the licensee's accounts which may be identified with and assigned directly to any licensed project. In the determination of the net investment as defined in section 3 of the Federal Power Act, allocations of items affecting the net investment may be required where direct assignment is not practicable.

17. Long-Term Debt: Premium, Discount and Expense, and Gain or Loss on Reacquisition.

A. Premium, discount and expense. A separate premium, discount and expense account shall be maintained for each class and series of long-term debt (including receivers' certificates) issued or assumed by the utility. The premium will be recorded in account 225, Unamortized Premium on Long-Term Debt, the discount will be recorded in account 226, Unamortized Discount on Long-Term Debt—Debit, and the expense of issuance shall be recorded in account 181, Unamortized Debt Expense.

The premium, discount and expense shall be amortized over the life of the respective issues under a plan which will distribute the amounts equitably over the life of the securities. The amortization shall be on a monthly basis, and amounts thereof relating to discount and expense shall be charged to account 428, Amortization of Debt Discount and Expense. The amounts relating to premium shall be credited to account 429, Amortization of Premium on Debt—Credit.

B. Reacquisition, without refunding. When long-term debt is reacquired or redeemed without being converted into another form of long-term debt and when the transaction is not in connec-

tion with a refunding operation (primarily redemptions for sinking fund purposes), the difference between the amount paid upon reacquisition and the face value; plus any unamortized premium less any related unamortized debt expense and reacquisition costs; or less any unamortized discount, related debt expense and reacquisition costs applicable to the debt redeemed, retired and canceled, shall be included in account 189, Unamortized Loss on Reacquired Debt, or account 257, Unamortized Gain on Reacquired Debt, as appropriate. The utility shall amortize the recorded amounts equally on a monthly basis over the **remaining life** of the respective security issues (old original debt). The amounts so amortized shall be charged to account 428.1, Amortization of Loss on Reacquired Debt, or credited to account 429.1, Amortization of Gain on Reacquired Debt—Credit, as appropriate.

C. Reacquisition, with refunding. When the redemption of one issue or series of bonds or other long-term obligations is financed by another issue or series before the maturity date of the first issue, the difference between the amount paid upon refunding and the face value; plus any unamortized premium less related debt expense or less any unamortized discount and related debt expense, applicable to the debt refunded, shall be included in account 189, Unamortized Loss on Reacquired Debt, or account 257, Unamortized Gain on Reacquired Debt, as appropriate. The utility may elect to account for such amounts as follows:

(1) Write them off immediately when the amounts are insignificant.

(2) Amortize them by equal monthly amounts over the remainder of the original life of the issue retired, or

(3) Amortize them by equal monthly amounts over the life of the new issue.

Once an election is made, it shall be applied on a consistent basis. The amounts in (1), (2) or (3) above shall be charged to account 428.1, Amortization of Loss on Reacquired Debt, or credited to account 429.1, Amortization of Gain on Reacquired Debt—Credit, as appropriate.

D. Under methods (2) and (3) above, the increase or reduction in current income taxes resulting from the reacquisition should be apportioned over the remainder of the original life of the issue retired or over the life of the new issue, as appropriate, as directed more specifically in paragraphs E and F below.

E. When the utility recognizes the loss in the year of reacquisition as a tax deduction, account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, shall be debited and account 283, Accumulated Deferred Income Taxes—Other, shall be credited with the amount of the related tax effect, such amount to be allocated to the periods affected in accordance with the provisions of account 283.

F. When the utility chooses to recognize the gain in the year of reacquisition as a taxable gain, account 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, shall be credited and account 190, Accumulated Deferred Income Taxes, shall be debited with the amount of the related tax effect, such amount to be allocated to the periods affected in accordance with the provisions of account 190.

G. When the utility chooses to use the optional privilege of deferring the tax on the gain attributable to the reacquisition of debt by reducing the depreciable basis of utility property for tax purposes, pursuant to section 108 of the Internal Revenue Code, the related tax effects shall be deferred as the income is recognized for accounting purposes, and the deferred amounts shall be amortized over the life of the associated property on a vintage year basis. Account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, shall be debited, and account 282, Accumulated Deferred Income Taxes—Other Property shall be credited with an amount equal to the estimated income tax effect applicable to the portion of the income, attributable to reacquired debt, recognized for accounting purposes during the period. Account 282 shall be debited and account 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, shall be credited with an amount equal to the estimated income tax effects, during the life of the property,

attributable to the reduction in the depreciable basis for tax purposes.

H. The tax effects relating to gain or loss shall be allocated as above to utility operations except in cases where a portion of the debt reacquired is directly applicable to nonutility operations. In that event, the related portion of the tax effects shall be allocated to nonutility operations. Where it can be established that reacquired debt is generally applicable to both utility and nonutility operations, the tax effects shall be allocated between utility and nonutility operations based on the ratio of net investment in utility plant to net investment in nonutility plant.

I. Premium, discount, or expense on debt shall not be included as an element in the cost of construction or acquisition of property (tangible or intangible), except under the provisions of account 432, Allowance for Borrowed Funds Used During Construction—Credit.

J. *Alternate method.* Where a regulatory authority or a group of regulatory authorities having prime rate jurisdiction over the utility specifically disallows the rate principle of amortizing gains or losses on reacquisition of long-term debt without refunding, and does not apply the gain or loss to reduce interest charges in computing the allowed rate of return for rate purposes, then the following alternate method may be used to account for gains or losses relating to reacquisition of long-term debt, with or without refunding.

(1) The difference between the amount paid upon reacquisition of any long-term debt and the face value, adjusted for unamortized discount, expenses or premium, as the case may be, applicable to the debt redeemed shall be recognized currently in income and recorded in account 421, Miscellaneous Nonoperating Income, or account 426.5, Other Deductions.

(2) When this alternate method of accounting is used, the utility shall include a footnote to each financial statement, prepared for public use, explaining why this method is being used along with the treatment given for ratemaking purposes.

18. *Comprehensive Interperiod Income Tax Allocation.*

A. Where there are timing differences between the periods in which transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income, the income tax effects of such transactions are to be recognized in the periods in which the differences between book accounting income and taxable income arise and in the periods in which the differences reverse using the deferred tax method. In general, comprehensive interperiod tax allocation should be followed whenever transactions enter into the determination of pretax accounting income for the period even though some transactions may affect the determination of taxes payable in a different period, as further qualified below.

B. Utilities are not required to utilize comprehensive interperiod income tax allocation until the deferred income taxes are included as an expense in the rate level by the regulatory authority having rate jurisdiction over the utility. Where comprehensive interperiod tax allocation accounting is not practiced the utility shall include as a note to each financial statement, prepared for public use, a footnote explanation setting forth the utility's accounting policies with respect to interperiod tax allocation and describing the treatment for ratemaking purposes of the tax timing differences by regulatory authorities having rate jurisdiction.

C. Should the utility be subject to more than one agency having rate jurisdiction, its accounts shall appropriately reflect the ratemaking treatment (deferral or flow through) of each jurisdiction.

D. Once comprehensive interperiod tax allocation has been initiated either in whole or in part it shall be practiced on a consistent basis and shall not be changed or discontinued without prior Commission approval.

E. Tax effects deferred currently will be recorded as deferred debits or deferred credits in accounts 190, Accumulated Deferred Income Taxes, 281, Accumulated Deferred Income Taxes—Accelerated Amortization Property, 282, Accumulated Deferred Income Taxes—Other Property, and 283, Accumulated

Deferred Income Taxes—Other, as appropriate. The resulting amounts recorded in these accounts shall be disposed of as prescribed in this system of accounts or as otherwise authorized by the Commission.

19. *Criteria for classifying leases.*

A. If at its inception a lease meets one or more of the following criteria, the lease shall be classified as a capital lease. Otherwise, it shall be classified as an operating lease.

(1) The lease transfers ownership of the property to the lessee by the end of the lease term

(2) The lease contains a bargain purchase option.

(3) The lease term is equal to 75 percent or more of the estimated economic life of the leased property. However, if the beginning of the lease term falls within the last 25 percent of the total estimated economic life of the leased property, including earlier years of use, this criterion shall not be used for purposes of classifying the lease.

(4) The present value at the beginning of the lease term of the minimum lease payments, excluding that portion of the payments representing executory costs such as insurance, maintenance, and taxes to be paid by the lessor, including any profit thereon, equals or exceeds 90 percent of the excess of the fair value of the leased property to the lessor at the inception of the lease over any related investment tax credit retained by the lessor and expected to be realized by the lessor. However, if the beginning of the lease term falls within the last 25 percent of the total estimated economic life of the leased property, including earlier years of use, this criterion shall not be used for purposes of classifying the lease. The lessee utility shall compute the present value of the minimum lease payments using its incremental borrowing rate, unless (A) it is practicable for the utility to learn the implicit rate computed by the lessor, and (B) the implicit rate computed by the lessor is less than the lessee's incremental borrowing rate. If both of those conditions are met, the lessee shall use the implicit rate.

B. If at any time the lessee and lessor agree to change the provisions of the lease, other than by renewing the lease

or extending its term, in a manner that would have resulted in a different classification of the lease under the criteria in paragraph A had the changed terms been in effect at the inception of the lease, the revised agreement shall be considered as a new agreement over its term, and the criteria in paragraph A shall be applied for purposes of classifying the new lease. Likewise, any action that extends the lease beyond the expiration of the existing lease term, such as the exercise of a lease renewal option other than those already included in the lease term, shall be considered as a new agreement and shall be classified according to the above provisions. Changes in estimates (for example, changes in estimates of the economic life or of the residual value of the leased property) or changes in circumstances (for example, default by the lessee) shall not give rise to a new classification of a lease for accounting purposes.

20. *Accounting for leases.*

A. All leases shall be classified as either capital or operating leases. The accounting for capitalized leases is effective January 1, 1984, except for the retroactive classification of certain leases which, in accordance with FASB No. 71, will not be required to be capitalized until after a three year transition period. For the purpose of reporting to the FERC, the transition period shall be deemed to end December 31, 1986.

B. The utility shall record a capital lease as an asset in account 101.1, Property under Capital Leases, Account 120.6, Nuclear Fuel under Capital Leases, or account 121, Nonutility Property, as appropriate, and an obligation in account 227, Obligations under Capital Leases—Noncurrent, or account 243, Obligations under Capital Leases—Current, at an amount equal to the present value at the beginning of the lease term of minimum lease payments during the lease term, excluding that portion of the payments representing executory costs such as insurance, maintenance, and taxes to be paid by the lessor, together with any profit thereon. However, if the amount so determined exceeds the fair value of the leased property at the inception of the lease, the amount recorded as the

asset and obligation shall be the fair value.

C. The utility, as a lessee, shall recognize an **asset retirement obligation** (See General Instruction 25) arising from the plant under a capital lease unless the obligation is recorded as an asset and liability under a capital lease. The utility shall record the asset retirement cost by debiting account 101.1, Property under capital leases, or account 120.6, Nuclear fuel under capital leases, or account 121, Nonutility property, as appropriate, and crediting the liability for the **asset retirement obligation** in account 230, **Asset retirement obligations**. Asset retirement costs recorded in account 101.1, account 120.6, or account 121 shall be amortized by charging rent expense (See Operating Expense Instruction 3), or account 518, Nuclear fuel expense (Major only), or account 421, Miscellaneous nonoperating income, as appropriate, and crediting a separate subaccount of the account in which the asset retirement costs are recorded. Charges for the periodic accretion of the liability in account 230, **Asset retirement obligations**, shall be recorded by a charge to account 411.10, Accretion expense, for electric utility plant, and account 421, Miscellaneous nonoperating income, for nonutility plant and a credit to account 230, **Asset retirement obligations**.

D. Rental payments on all leases shall be charged to rent expense, fuel expense, construction work in progress, or other appropriate accounts as they become payable.

E. For a capital lease, for each period during the lease term, the amounts recorded for the asset and obligation shall be reduced by an amount equal to the portion of each lease payment that would have been allocated to the reduction of the obligation, if the payment had been treated as a payment on an installment obligation (liability) and allocated between interest expense and a reduction of the obligation so as to produce a constant periodic rate of interest on the remaining balance.

21. *Allowances.*

A. Title IV of the Clean Air Act Amendments of 1990, Public Law No. 101-549, 104 Stat. 2399, 2584, provides for the issuance of allowances as a means

to limit the emissions of certain airborne pollutants by various entities, including public utilities. Public utilities owning allowances, other than those acquired for speculative purposes, shall account for such allowances at cost in Account 158.1, Allowance Inventory, or Account 158.2, Allowances Withheld, as appropriate. Allowances acquired for speculative purposes and identified as such in contemporaneous records at the time of purchase shall be accounted for in Account 124, Other Investments.

B. When purchased allowances become eligible for use in different years, and the allocation of the purchase cost cannot be determined by fair value, the purchase cost allocated to allowances of each vintage shall be determined through use of a present-value based measurement. The interest rate used in the present-value measurement shall be the utility's incremental borrowing rate, in the month in which the allowances are acquired, for a loan with a term similar to the period that it will hold the allowances and in an amount equal to the purchase price.

C. The underlying records supporting Account 158.1 and Account 158.2 shall be maintained in sufficient detail so as to provide the number of allowances and the related cost by vintage year.

D. Issuances from inventory from inventory included in Account 158.1 and Account 158.2 shall be accounted for on a vintage basis using a monthly weighted-average method of cost determination. The cost of eligible allowances not used in the current year shall be transferred to the vintage for the immediately following year.

E. Account 158.1 shall be credited and Account 509, Allowances, debited so that the cost of the allowances to be remitted for the year is charged to expense monthly based on each month's emissions. This may, in certain circumstances, require allocation of the cost of an allowance between months on a fractional basis.

F. In any period in which actual emissions exceed the amount allowable based on eligible allowances owned, the utility shall estimate the cost to acquire the additional allowances needed and charge Account 158.1 with the estimated cost. This estimated cost of fu-

ture allowance acquisitions shall be credited to Account 158.1 and charged to Account 509 in the same accounting period as the related charge to Account 158.1. Should the actual cost of these allowances differ from the estimated cost, the differences shall be recognized in the then-current period's inventory issuance cost.

G. Any penalties assessed by the Environmental Protection Agency for the emission of excess pollutants shall be charged to Account 426.3, Penalties.

H. Gains on dispositions of allowances, other than allowances held for speculative purposes, shall be accounted for as follows. First, if there is uncertainty as to the regulatory treatment, the gain shall be deferred in Account 254, Other Regulatory Liabilities, pending resolution of the uncertainty. Second, if there is certainty as to the existence of a regulatory liability, the gain will be credited to Account 254, with subsequent recognition in income when reductions in charges to customers occur or the liability is otherwise satisfied. Third, all other gains will be credited to Account 411.8, Gains from Disposition of Allowances. Losses on disposition of allowances, other than allowances held for speculative purposes, shall be accounted for as follows. Losses that qualify as regulatory assets shall be charged directly to Account 182.3, Other Regulatory Assets. All other losses shall be charged to Account 411.9, Losses from Disposition of Allowances. (See Definition No. 30.) Gains or losses on disposition of allowances held for speculative purposes shall be recognized in Account 421, Miscellaneous Nonoperating Income, or Account 426.5, Other Deductions, as appropriate.

22. Depreciation Accounting.

A. *Method.* Utilities must use a method of depreciation that allocates in a systematic and rational manner the service value of depreciable property over the service life of the property.

B. *Service lives.* Estimated useful service lives of depreciable property must be supported by engineering, economic, or other depreciation studies.

C. *Rate.* Utilities must use percentage rates of depreciation that are based on a method of depreciation that allocates in a systematic and rational manner

the service value of depreciable property to the service life of the property. Where composite depreciation rates are used, they should be based on the weighted average estimated useful service lives of the depreciable property comprising the composite group.

23. Accounting for other comprehensive income.

A. Utilities shall record items of other comprehensive income in account 219, Accumulated other comprehensive income. Amounts included in this account shall be maintained by each category of other comprehensive income. Examples of categories of other comprehensive income include, foreign currency items, minimum pension liability adjustments, unrealized gains and losses on available-for-sale type securities and cash flow hedge amounts. Supporting records shall be maintained for account 219 so that the company can readily identify the cumulative amount of other comprehensive income for each item included in this account.

B. When an item of other comprehensive income enters into the determination of net income in the current or subsequent periods, a reclassification adjustment shall be recorded in account 219 to avoid double counting of that amount.

C. When it is probable that an item of other comprehensive income will be included in the development of cost-of-service rates in subsequent periods, that amount of unrealized losses or gains will be recorded in Accounts 182.3 or 254 as appropriate.

24. Accounting for derivative instruments and hedging activities.

A. Utilities shall recognize derivative instruments as either assets or liabilities in the financial statements and measure those instruments at fair value, except those falling within recognized exceptions. Normal purchases or sales are contracts that provide for the purchase or sale of goods that will be delivered in quantities expected to be used or sold by the utility over a reasonable period in the normal course of business. A derivative instrument is a financial instrument or other contract with all of the following characteristics:

(1) It has one or more underlyings and a notional amount or payment provision. Those terms determine the amount of the settlement or settlements, and, in some cases, whether or not a settlement is required.

(2) It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

(3) Its terms require or permit net settlement, can readily be settled net by a means outside the contract, or provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement.

B. The accounting for the changes in the fair value of derivative instruments depends upon its intended use and designation. Changes in the fair value of derivative instruments not designated as fair value or cash flow hedges shall be recorded in account 175, derivative instrument assets, or account 244, derivative instrument liabilities, as appropriate, with the gains recorded in account 421, miscellaneous nonoperating income, and losses recorded in account 426.5, other deductions.

C. A derivative instrument may be specifically designated as a fair value or cash flow hedge. A hedge is used to manage risk to price, interest rates, or foreign currency transactions. A company shall maintain documentation of the hedge relationship at the inception of the hedge that details the risk management objective and strategy for undertaking the hedge, the nature of the risk being hedged, and how hedge effectiveness will be determined.

D. If the utility designates the derivative instrument as a fair value hedge against exposure to changes in the fair value of a recognized asset, liability, or a firm commitment, it shall record the change in fair value of the derivative instrument to account 176, derivative instrument assets-hedges, or account 245, derivative instrument liabilities-hedges, as appropriate, with a corresponding adjustment to the sub-account of the item being hedged. The ineffective portion of the hedge transaction shall be reflected in the same income or expense account that will be

used when the hedged item enters into the determination of net income. In the case of a fair value hedge of a firm commitment a new asset or liability is created. As a result of the hedge relationship, the new asset or liability will become part of the carrying amount of the item being hedged.

E. If the utility designates the derivative instrument as a cash flow hedge against exposure to variable cash flows of a probable forecasted transaction, it shall record changes in the fair value of the derivative instrument in account 176, derivative instrument assets-hedges, or account 245, derivative instrument liabilities-hedges, as appropriate, with a corresponding amount in account 219, accumulated other comprehensive income, for the effective portion of the hedge. The ineffective portion of the hedge transaction shall be reflected in the same income or expense account that will be used when the hedged item enters into the determination of net income. Amounts recorded in other comprehensive income shall be reclassified into earnings in the same period or periods that the hedged forecasted item enters into the determination of net income.

25. *Accounting for asset retirement obligations.*

A. An *asset retirement obligation* represents a liability for the legal obligation associated with the retirement of a tangible long-lived asset that a company is required to settle as a result of an existing or enacted law, statute, ordinance, or written or oral contract or by legal construction of a contract under the doctrine of promissory estoppel. An *asset retirement cost* represents the amount capitalized when the liability is recognized for the long-lived asset that gives rise to the legal obligation. The amount recognized for the liability and an associated asset retirement cost shall be stated at the fair value of the *asset retirement obligation* in the period in which the obligation is incurred.

B. The utility shall initially record a liability for an *asset retirement obligation* in account 230, *Asset retirement obligations*, and charge the associated asset retirement costs to electric utility plant (including accounts 101.1 and 120.6), and nonutility plant, as appro-

priate, related to the plant that gives rise to the legal obligation. The asset retirement cost shall be depreciated over the useful life of the related asset that gives rise to the obligations. For periods subsequent to the initial recording of the *asset retirement obligation*, a utility shall recognize the period to period changes of the *asset retirement obligation* that result from the passage of time due to the accretion of the liability and any subsequent measurement changes to the initial liability for the legal obligation recorded in account 230, *Asset retirement obligations*, as follows:

(1) The utility shall record the accretion of the liability by debiting account 411.10, Accretion expense, for electric utility plant, account 413, Expenses of electric plant leased to others, for electric plant leased to others, and account 421, Miscellaneous nonoperating income, for nonutility plant and crediting account 230, *Asset retirement obligations*; and

(2) The utility shall recognize any subsequent measurement changes of the liability initially recorded in account 230, *Asset retirement obligations*, for each specific asset retirement obligation as an adjustment of that liability in account 230 with the corresponding adjustment to electric utility plant, electric plant leased to others, and nonutility plant, as appropriate. The utility shall on a timely basis monitor any measurement changes of the asset retirement obligations.

C. Gains or losses resulting from the settlement of asset retirement obligations associated with utility plant resulting from the difference between the amount of the liability for the *asset retirement obligation* included in account 230, *Asset retirement obligations*, and the actual amount paid to settle the obligation shall be accounted for as follows:

(1) Gains shall be credited to account 411.6, Gains from disposition of utility plant, and;

(2) Losses shall be charged to account 411.7, Losses from disposition of utility plant.

D. Gains or losses on the settlement of *asset retirement obligations* associated with nonutility plant resulting

from the difference between the amount of the liability for the **asset retirement obligation** in account 230, **Asset retirement obligations**, and the amount paid to settle the obligation, shall be accounted for as follows:

(1) Gains shall be credited to account 421, Miscellaneous nonoperating income, and;

(2) Losses shall be charged to account 426.5, Other deductions.

E. Separate subsidiary records shall be maintained for each **asset retirement obligation** showing the initial liability and associated asset retirement cost, any incremental amounts of the liability incurred in subsequent reporting periods for additional layers of the original liability and related asset retirement cost, the accretion of the liability, the subsequent measurement changes to the **asset retirement obligation**, the depreciation and amortization of the asset retirement costs and related accumulated depreciation, and the settlement date and actual amount paid to settle the obligation. For purposes of analyses a utility shall maintain supporting documentation so as to be able to furnish accurately and expeditiously with respect to each **asset retirement obligation** the full details of the identity and nature of the legal obligation, the year incurred, the identity of the plant giving rise to the obligation, the full particulars relating to each component and supporting computations related to the measurement of the **asset retirement obligation**.

Electric Plant Instructions

1. *Classification of electric plant at effective date of system of accounts (Major utilities).*

A. The electric plant accounts provided herein are the same as those contained in the prior system of accounts except for inclusion of accounts for nuclear production plant and some changes in classification in the general equipment accounts. Except for these changes, the balances in the various plant accounts, as determined under the prior system of accounts, should be carried forward. Any remaining balance of plant which has not yet been classified, pursuant to the requirements of the prior system, shall be

classified in accordance with the following instructions.

B. The cost to the utility of its unclassified plant shall be ascertained by analysis of the utility's records. Adjustments shall not be made to record in utility plant accounts amounts previously charged to operating expenses or to income deductions in accordance with the uniform system of accounts in effect at the time or in accordance with the discretion of management as exercised under a uniform system of accounts, or under accounting practices previously followed.

C. The detailed electric plant accounts (301 to 399, inclusive) shall be stated on the basis of cost to the utility of plant constructed by it and the original cost, estimated if not known, of plant acquired as an operating unit or system. The difference between the original cost, as above, and the cost to the utility of electric plant after giving effect to any accumulated provision for depreciation or amortization shall be recorded in account 114, Electric Plant Acquisition Adjustments. The original cost of electric plant shall be determined by analysis of the utility's records or those of the predecessor or vendor companies with respect to electric plant previously acquired as operating units or systems and the difference between the original cost so determined, less accumulated provisions for depreciation and amortization and the cost to the utility with necessary adjustments for retirements from the date of acquisition, shall be entered in account 114, Electric Plant Acquisition Adjustments. Any difference between the cost of electric plant and its book cost, when not properly includible in other accounts, shall be recorded in account 116, Other Electric Plant Adjustments.

D. Plant acquired by lease which qualifies as capital lease property under General Instruction 19. *Criteria for Classifying Leases*, shall be recorded in Account 101.1, Property under Capital Leases, or Account 120.6, Nuclear Fuel under Capital Leases, as appropriate.

2. *Electric Plant To Be Recorded at Cost.*

A. All amounts included in the accounts for electric plant acquired as an

operating unit or system, except as otherwise provided in the texts of the intangible plant accounts, shall be stated at the cost incurred by the person who first devoted the property to utility service. All other electric plant shall be included in the accounts at the cost incurred by the utility, except for property acquired by lease which qualifies as capital lease property under General Instruction 19, *Criteria for Classifying Leases*, and is recorded in Account 101.1, Property under Capital Leases, or Account 120.6, Nuclear Fuel under Capital Leases. Where the term *cost* is used in the detailed plant accounts, it shall have the meaning stated in this paragraph.

B. When the consideration given for property is other than cash, the value of such consideration shall be determined on a cash basis (see, however, definition 9). In the entry recording such transition, the actual consideration shall be described with sufficient particularity to identify it. The utility shall be prepared to furnish the Commission the particulars of its determination of the cash value of the consideration if other than cash.

C. When property is purchased under a plan involving deferred payments, no charge shall be made to the electric plant accounts for interest, insurance, or other expenditures occasioned solely by such form of payment.

D. The electric plant accounts shall not include the cost or other value of electric plant contributed to the company. Contributions in the form of money or its equivalent toward the construction of electric plant shall be credited to accounts charged with the cost of such construction. Plant constructed from contributions of cash or its equivalent shall be shown as a reduction to gross plant constructed when assembling cost data in work orders for posting to plant ledgers of accounts. The accumulated gross costs of plant accumulated in the work order shall be recorded as a debit in the plant ledger of accounts along with the related amount of contributions concurrently be recorded as a credit.

3. *Components of construction cost.*

A. For Major utilities, the cost of construction properly includible in the electric plant accounts shall include,

where applicable, the direct and overhead cost as listed and defined hereunder:

(1) *Contract work* includes amounts paid for work performed under contract by other companies, firms, or individuals, costs incident to the award of such contracts, and the inspection of such work.

(2) *Labor* includes the pay and expenses of employees of the utility engaged on construction work, and related workmen's compensation insurance, payroll taxes and similar items of expense. It does not include the pay and expenses of employees which are distributed to construction through clearing accounts nor the pay and expenses included in other items hereunder.

(3) *Materials and supplies* includes the purchase price at the point of free delivery plus customs duties, excise taxes, the cost of inspection, loading and transportation, the related stores expenses, and the cost of fabricated materials from the utility's shop. In determining the cost of materials and supplies used for construction, proper allowance shall be made for unused materials and supplies, for materials recovered from temporary structures used in performing the work involved, and for discounts allowed and realized in the purchase of materials and supplies.

NOTE: The cost of individual items of equipment of small value (for example, \$500 or less) or of short life, including small portable tools and implements, shall not be charged to utility plant accounts unless the correctness of the accounting therefor is verified by current inventories. The cost shall be charged to the appropriate operating expense or clearing accounts, according to the use of such items, or, if such items are consumed directly in construction work, the cost shall be included as part of the cost of the construction

(4) *Transportation* includes the cost of transporting employees, materials and supplies, tools, purchased equipment, and other work equipment (when not under own power) to and from points of construction. It includes amounts paid to others as well as the cost of operating the utility's own transportation equipment. (See item 5 following.)

(5) *Special machine service* includes the cost of labor (optional), materials and

supplies, depreciation, and other expenses incurred in the maintenance, operation and use of special machines, such as steam shovels, pile drivers, derricks, ditchers, scrapers, material unloaders, and other labor saving machines; also expenditures for rental, maintenance and operation of machines of others. It does not include the cost of small tools and other individual items of small value or short life which are included in the cost of materials and supplies. (See item 3, above.) When a particular construction job requires the use for an extended period of time of special machines, transportation or other equipment, the net book cost thereof, less the appraised or salvage value at time of release from the job, shall be included in the cost of construction.

(6) *Shop service* includes the proportion of the expense of the utility's shop department assignable to construction work except that the cost of fabricated materials from the utility's shop shall be included in *materials and supplies*.

(7) *Protection* includes the cost of protecting the utility's property from fire or other casualties and the cost of preventing damages to others, or to the property of others, including payments for discovery or extinguishment of fires, cost of apprehending and prosecuting incendiaries, witness fees in relation thereto, amounts paid to municipalities and others for fire protection, and other analogous items of expenditures in connection with construction work.

(8) *Injuries and damages* includes expenditures or losses in connection with construction work on account of injuries to persons and damages to the property of others; also the cost of investigation of and defense against actions for such injuries and damages. Insurance recovered or recoverable on account of compensation paid for injuries to persons incident to construction shall be credited to the account or accounts to which such compensation is charged. Insurance recovered or recoverable on account of property damages incident to construction shall be credited to the account or accounts charged with the cost of the damages.

(9) *Privileges and permits* includes payments for and expenses incurred in se-

curing temporary privileges, permits or rights in connection with construction work, such as for the use of private or public property, streets, or highways, but it does not include rents, or amounts chargeable as franchises and consents for which see account 302, Franchises and Consents.

(10) *Rents* includes amounts paid for the use of construction quarters and office space occupied by construction forces and amounts properly includible in construction costs for such facilities jointly used.

(11) *Engineering and supervision* includes the portion of the pay and expenses of engineers, surveyors, draftsmen, inspectors, superintendents and their assistants applicable to construction work.

(12) *General administration capitalized* includes the portion of the pay and expenses of the general officers and administrative and general expenses applicable to construction work.

(13) *Engineering services* includes amounts paid to other companies, firms, or individuals engaged by the utility to plan, design, prepare estimates, supervise, inspect, or give general advice and assistance in connection with construction work.

(14) *Insurance* includes premiums paid or amounts provided or reserved as self-insurance for the protection against loss and damages in connection with construction, by fire or other casualty injuries to or death of persons other than employees, damages to property of others, defalcation of employees and agents, and the non-performance of contractual obligations of others. It does not include workmen's compensation or similar insurance on employees included as *labor* in item 2, above.

(15) *Law expenditures* includes the general law expenditures incurred in connection with construction and the court and legal costs directly related thereto, other than law expenses included in protection, item 7, and in injuries and damages, item 8.

(16) *Taxes* includes taxes on physical property (including land) during the period of construction and other taxes properly includible in construction costs before the facilities become available for service.

(17) *Allowance for funds used during construction* (Major and Nonmajor Utilities) includes the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used, not to exceed, without prior approval of the Commission, allowances computed in accordance with the formula prescribed in paragraph (a) of this subparagraph. No allowance for funds used during construction charges shall be included in these accounts upon expenditures for construction projects which have been abandoned.

(a) The formula and elements for the computation of the allowance for funds used during construction shall be:

$$A_f = s(S/W) + d(D/D+P+C)(1 - S/W)$$

$$A_e = [1 - S/W][p(P/D+P+C) + c(C/D+P+C)]$$

A_f = Gross allowance for borrowed funds used during construction rate.

A_e = Allowance for other funds used during construction rate.

S = Average short-term debt.

s = Short-term debt interest rate.

D = Long-term debt.

d = Long-term debt interest rate.

P = Preferred stock.

p = Preferred stock cost rate.

C = Common equity.

c = Common equity cost rate.

W = Average balance in construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment and fabrication, less asset retirement costs (See General Instruction 25) related to plant under construction.

(b) The rates shall be determined annually. The balances for long-term debt, preferred stock and common equity shall be the actual book balances as of the end of the prior year. The cost rates for long-term debt and preferred stock shall be the weighted average cost determined in the manner indicated in §35.13 of the Commission's Regulations Under the Federal Power Act. The cost rate for common equity shall be the rate granted common equity in the last rate proceeding before the ratemaking body having primary rate jurisdictions. If such cost rate is not available, the average rate actually earned during the preceding three years shall be used. The short-term debt balances and related cost and the average balance for construction work in progress plus nuclear fuel in process of refinement, conversion, enrichment,

and fabrication shall be estimated for the current year with appropriate adjustments as actual data becomes available.

NOTE: When a part only of a plant or project is placed in operation or is completed and ready for service but the construction work as a whole is incomplete, that part of the cost of the property placed in operation or ready for service, shall be treated as *Electric Plant in Service* and allowance for funds used during construction thereon as a charge to construction shall cease. Allowance for funds used during construction on that part of the cost of the plant which is incomplete may be continued as a charge to construction until such time as it is placed in operation or is ready for service, except as limited in item 17, above.

(18) *Earnings and expenses during construction*. The earnings and expenses during construction shall constitute a component of construction costs.

(a) The earnings shall include revenues received or earned for power produced by generating plants during the construction period and sold or used by the utility. Where such power is sold to an independent purchaser before intermingling with power generated by other plants, the credit shall consist of the selling price of the energy. Where the power generated by a plant under construction is delivered to the utility's electric system for distribution and sale, or is delivered to an associated company, or is delivered to and used by the utility for purposes other than distribution and sale (for manufacturing or industrial use, for example), the credit shall be the fair value of the energy so delivered. The revenues shall also include rentals for lands, buildings etc., and miscellaneous receipts not properly includible in other accounts.

(b) The expenses shall consist of the cost of operating the power plant, and other costs incident to the production and delivery of the power for which construction is credited under paragraph (a), above, including the cost of repairs and other expenses of operating and maintaining lands, buildings, and other property, and other miscellaneous and like expenses not properly includible in other accounts.

(19) *Training costs* (Major and Nonmajor Utilities). When it is necessary that employees be trained to operate or maintain plant facilities that are being constructed and such facilities are not conventional in nature, or are new to the company's operations, these costs may be capitalized as a component of construction cost. Once plant is placed in service, the capitalization of training costs shall cease and subsequent training costs shall be expensed. (See Operating Expense Instruction 4.)

(20) *Studies* includes the costs of studies such as nuclear operational, safety, or seismic studies or environmental studies mandated by regulatory bodies relative to plant under construction. Studies relative to facilities in service shall be charged to account 183, Preliminary Survey and Investigation Charges.

(21) *Asset retirement costs*. The costs recognized as a result of **asset retirement obligations** incurred during the construction and testing of utility plant shall constitute a component of construction costs.

B. For Nonmajor utilities, the cost of construction of property chargeable to the electric plant accounts shall include, where applicable, the cost of labor; materials and supplies; transportation; work done by others for the utility; injuries and damages incurred in construction work; privileges and permits; special machine service; allowance for funds used during construction, not to exceed without prior approval of the Commission, amounts computed in accordance with the formula prescribed in paragraph (a) of paragraph (17) of this Instruction; training costs; and such portion of general engineering, administrative salaries and expenses, insurance, taxes, and other analogous items as may be properly includable in construction costs. (See Operating Expense Instruction 4.) The rates and balances of short and long-term debt, preferred stock, common equity and construction work in progress shall be determined as prescribed in paragraph (b) of paragraph (17) of this Instruction.

4. *Overhead Construction Costs.*

A. All overhead construction costs, such as engineering, supervision, gen-

eral office salaries and expenses, construction engineering and supervision by others than the accounting utility, law expenses, insurance, injuries and damages, relief and pensions, taxes and interest, shall be charged to particular jobs or units on the basis of the amounts of such overheads reasonably applicable thereto, to the end that each job or unit shall bear its equitable proportion of such costs and that the entire cost of the unit, both direct and overhead, shall be deducted from the plant accounts at the time the property is retired.

B. As far as practicable, the determination of pay roll charges includible in construction overheads shall be based on time card distributions thereof. Where this procedure is impractical, special studies shall be made periodically of the time of supervisory employees devoted to construction activities to the end that only such overhead costs as have a definite relation to construction shall be capitalized. The addition to direct construction costs of arbitrary percentages or amounts to cover assumed overhead costs is not permitted.

C. For Major utilities, the records supporting the entries for overhead construction costs shall be so kept as to show the total amount of each overhead for each year, the nature and amount of each overhead expenditure charged to each construction work order and to each electric plant account, and the bases of distribution of such costs.

5. *Electric Plant Purchased or Sold.*

A. When electric plant constituting an operating unit or system is acquired by purchase, merger, consolidation, liquidation, or otherwise, after the effective date of this system of accounts, the costs of acquisition, including expenses incidental thereto properly includible in electric plant, shall be charged to account 102, Electric Plant Purchased or Sold.

B. The accounting for the acquisition shall then be completed as follows:

(1) The original cost of plant, estimated if not known, shall be credited to account 102, Electric Plant Purchased or Sold, and concurrently charged to the appropriate electric

plant in service accounts and to account 104, Electric Plant Leased to Others, account 105, Electric Plant Held for Future Use, and account 107, Construction Work in Progress—Electric, as appropriate.

(2) The depreciation and amortization applicable to the original cost of the properties purchased shall be charged to account 102, Electric Plant Purchased or Sold, and concurrently credited to the appropriate account for accumulated provision for depreciation or amortization.

(3) The cost to the utility of any property includible in account 121, Nonutility Property, shall be transferred thereto.

(4) The amount remaining in account 102, Electric Plant Purchased or Sold, shall then be closed to account 114, Electric Plant Acquisition Adjustments.

C. If property acquired in the purchase of an operating unit or system is in such physical condition when acquired that it is necessary substantially to rehabilitate it in order to bring the property up to the standards of the utility, the cost of such work, except replacements, shall be accounted for as a part of the purchase price of the property.

D. When any property acquired as an operating unit or system includes duplicate or other plant which will be retired by the accounting utility in the reconstruction of the acquired property or its consolidation with previously owned property, the proposed accounting for such property shall be presented to the Commission.

E. In connection with the acquisition of electric plant constituting an operating unit or system, the utility shall procure, if possible, all existing records relating to the property acquired, or certified copies thereof, and shall preserve such records in conformity with regulations or practices governing the preservation of records of its own construction.

F. When electric plant constituting an operating unit or system is sold, conveyed, or transferred to another by sale, merger, consolidation, or otherwise, the book cost of the property sold or transferred to another shall be credited to the appropriate utility plant ac-

counts, including amounts carried in account 114, Electric Plant Acquisition Adjustments. The amounts (estimated if not known) carried with respect thereto in the accounts for accumulated provision for depreciation and amortization and in account 252, Customer Advances for Construction, shall be charged to such accounts and contra entries made to account 102, Electric Plant Purchased or Sold. Unless otherwise ordered by the Commission, the difference, if any, between (1) the net amount of debits and credits and (2) the consideration received for the property (less commissions and other expenses of making the sale) shall be included in account 421.1, Gain on Disposition of Property, or account 421.2, Loss on Disposition of Property. (See account 102, Electric Plant Purchased or Sold.)

NOTE: In cases where existing utilities merge or consolidate because of financial or operating reasons or statutory requirements rather than as a means of transferring title of purchased properties to a new owner, the accounts of the constituent utilities, with the approval of the Commission, may be combined. In the event original cost has not been determined, the resulting utility shall proceed to determine such cost as outlined herein.

6. *Expenditures on Leased Property.*

A. The cost of substantial initial improvements (including repairs, rearrangements, additions, and betterments) made in the course of preparing for utility service property leased for a period of more than one year, and the cost of subsequent substantial additions, replacements, or betterments to such property, shall be charged to the electric plant account appropriate for the class of property leased. If the service life of the improvements is terminable by action of the lease, the cost, less net salvage, of the improvements shall be spread over the life of the lease by charges to account 404, Amortization of Limited-Term Electric Plant. However, if the service life is not terminated by action of the lease but by depreciation proper, the cost of the improvements, less net salvage, shall be accounted for as depreciable plant. The provisions of this paragraph are applicable to property leased under

either capital leases or operating leases.

B. If improvements made to property leased for a period of more than one year are of relatively minor cost, or if the lease is for a period of not more than one year, the cost of the improvements shall be charged to the account in which the rent is included, either directly or by amortization thereof.

7. Land and Land Rights.

A. The accounts for land and land rights shall include the cost of land owned in fee by the utility and rights, interests, and privileges held by the utility in land owned by others, such as leaseholds, easements, water and water power rights, diversion rights, submerison rights, rights-of-way, and other like interests in land. Do not include in the accounts for land and land rights and rights-of-way costs incurred in connection with first clearing and grading of land and rights-of-way and the damage costs associated with the construction and installation of plant. Such costs shall be included in the appropriate plant accounts directly benefited.

B. Where special assessments for public improvements provide for deferred payments, the full amount of the assessments shall be charged to the appropriate land account and the unpaid balance shall be carried in an appropriate liability account. Interest on unpaid balances shall be charged to the appropriate interest account. If any part of the cost of public improvements is included in the general tax levy, the amount thereof shall be charged to the appropriate tax account.

C. The net profit from the sale of timber, cord wood, sand, gravel, other resources or other property acquired with the rights-of-way or other lands shall be credited to the appropriate plant account to which related. Where land is held for a considerable period of time and timber and other natural resources on the land at the time of purchase increases in value, the net profit (after giving effect to the cost of the natural resources) from the sales of timber or its products or other natural resources shall be credited to the appropriate utility operating income account when such land has been recorded in account 105, Electric Plant

Held for Future Use or classified as plant in service, otherwise to account 421, Miscellaneous Nonoperating Income.

D. Separate entries shall be made for the acquisition, transfer, or retirement of each parcel of land, and each land right (except rights of way for distribution lines), or water right, having a life of more than one year. A record shall be maintained showing the nature of ownership, full legal description, area, map reference, purpose for which used, city, county, and tax district on which situated, from whom purchased or to whom sold, payment given or received, other costs, contract date and number, date of recording of deed, and book and page of record. Entries transferring or retiring land or land rights shall refer to the original entry recording its acquisition.

E. Any difference between the amount received from the sale of land or land rights, less agents' commissions and other costs incident to the sale, and the book cost of such land or rights, shall be included in account 411.6, Gains from Disposition of Utility Plant, or 411.7, Losses from Disposition of Utility Plant when such property has been recorded in account 105, Electric Plant Held for Future Use, otherwise to account 421.1, Gain on Disposition of Property or 421.2, Loss on Disposition of Property, as appropriate, unless a reserve therefor has been authorized and provided. Appropriate adjustments of the accounts shall be made with respect to any structures or improvements located on land sold.

F. The cost of buildings and other improvements (other than public improvements) shall not be included in the land accounts. If at the time of acquisition of an interest in land such interest extends to buildings or other improvements (other than public improvements) which are then devoted to utility operations, the land and improvements shall be separately appraised and the cost allocated to land and buildings or improvements on the basis of the appraisals. If the improvements are removed or wrecked without being used in operations, the cost of removing or wrecking shall be charged and the salvage credited to the account

in which the cost of the land is recorded.

G. When the purchase of land for electric operations requires the purchase of more land than needed for such purposes, the charge to the specific land account shall be based upon the cost of the land purchased, less the fair market value of that portion of the land which is not to be used in utility operations. The portion of the cost measured by the fair market value of the land not to be used shall be included in account 105, Electric Plant Held for Future Use, or account 121, Nonutility Property, as appropriate.

H. Provisions shall be made for amortizing amounts carried in the accounts for limited-term interests in land so as to apportion equitably the cost of each interest over the life thereof. (For Major utilities, see account 111, Accumulated Provision for Amortization of Electric Plant Utility, and account 404, Amortization of Limited-Term Electric Plant. For Nonmajor utilities, see account 404.)

I. The items of cost to be included in the accounts for land and land rights are as follows:

1. Bulkheads, buried, not requiring maintenance or replacement.
2. Cost, first, of acquisition including mortgages and other liens assumed (but not subsequent interest thereon).
3. [Reserved]
4. Condemnation proceedings, including court and counsel costs.
5. Consents and abutting damages, payment for.
6. Conveyancers' and notaries' fees.
7. Fees, commissions, and salaries to brokers, agents and others in connection with the acquisition of the land or land rights.
8. [Reserved]
9. Leases, cost of voiding upon purchase to secure possession of land.
10. Removing, relocating, or reconstructing, property of others, such as buildings, highways, railroads, bridges, cemeteries, churches, telephone and power lines, etc., in order to acquire quiet possession.
11. Retaining walls unless identified with structures.
12. Special assessments levied by public authorities for public improvements on the basis of benefits for new roads, new bridges, new sewers, new curbing, new pavements, and other public improvements, but not taxes levied to provide for the maintenance of such improvements.

13. Surveys in connection with the acquisition, but not amounts paid for topographical surveys and maps where such costs are attributable to structures or plant equipment erected or to be erected or installed on such land.

14. Taxes assumed, accrued to date of transfer of title.

15. Title, examining, clearing, insuring and registering in connection with the acquisition and defending against claims relating to the period prior to the acquisition.

16. Appraisals prior to closing title.

17. Cost of dealing with distributees or legatees residing outside of the state or county, such as recording power of attorney, recording will or exemplification of will, recording satisfaction of state tax.

18. Filing satisfaction of mortgage.

19. Documentary stamps.

20. Photographs of property at acquisition.

21. Fees and expenses incurred in the acquisition of water rights and grants.

22. Cost of fill to extend bulkhead line over land under water, where riparian rights are held, which is not occasioned by the erection of a structure.

23. Sidewalks and curbs constructed by the utility on public property.

24. Labor and expenses in connection with securing rights of way, where performed by company employees and company agents.

8. Structures and Improvements.

A. The accounts for structures and improvements shall include the cost of all buildings and facilities to house, support, or safeguard property or persons, including all fixtures permanently attached to and made a part of buildings and which cannot be removed therefrom without cutting into the walls, ceilings, or floors, or without in some way impairing the buildings, and improvements of a permanent character on or to land. Also include those costs incurred in connection with the first clearing and grading of land and rights-of-way and the damage costs associated with construction and installation of plant.

B. The cost of specially provided foundations not intended to outlast the machinery or apparatus for which provided, and the cost of angle irons, castings, etc., installed at the base of an item of equipment, shall be charged to the same account as the cost of the machinery, apparatus, or equipment.

C. Minor buildings and structures, such as valve towers, patrolmen's towers, telephone stations, fish and wildlife, and recreation facilities, etc.,

which are used directly in connection with or form a part of a reservoir, dam, waterway, etc., shall be considered a part of the facility in connection with which constructed or operated and the cost thereof accounted for accordingly.

D. Where furnaces and boilers are used primarily for furnishing steam for some particular department and only incidentally for furnishing steam for heating a building and operating the equipment therein, the entire cost of such furnaces and boilers shall be charged to the appropriate plant account, and no part to the building account.

E. Where the structure of a dam forms also the foundation of the power plant building, such foundation shall be considered a part of the dam.

F. The cost of disposing of materials excavated in connection with construction of structures shall be considered as a part of the cost of such work, except as follows: (a) When such material is used for filling, the cost of loading, hauling, and dumping shall be equitably apportioned between the work in connection with which the removal occurs and the work in connection with which the material is used; (b) when such material is sold, the net amount realized from such sales shall be credited to the work in connection with which the removal occurs. If the amount realized from the sale of excavated materials exceeds the removal costs and the costs in connection with the sale, the excess shall be credited to the land account in which the site is carried.

G. Lighting or other fixtures temporarily attached to buildings for purposes of display or demonstration shall not be included in the cost of the building but in the appropriate equipment account.

H. The items of cost to be included in the accounts for structures and improvements are as follows:

1. Architects' plans and specifications including supervision.
2. Ash pits (when located within the building). (Major Utilities)
3. Athletic field structures and improvements.
4. Boilers, furnaces, piping, wiring, fixtures, and machinery for heating, lighting, signaling, ventilating, and air-conditioning

systems, plumbing, vacuum cleaning systems, incinerator and smoke pipe, flues, etc.

5. Bulkheads, including dredging, riprap fill, piling, decking, concrete, fenders, etc., when exposed and subject to maintenance and replacement.

6. Chimneys (Major Utilities).

7. Coal bins and bunkers.

8. Commissions and fees to brokers, agents, architects, and others.

9. Conduit (not to be removed) with its contents.

10. Damages to abutting property during construction.

11. Docks (Major Utilities).

12. Door checks and door stops (Major Utilities).

13. Drainage and sewerage systems.

14. Elevators, cranes, hoists, etc., and the machinery for operating them.

15. Excavation, including shoring, bracing, bridging, refill and disposal of excess excavated material, cofferdams around foundation, pumping water from cofferdams during construction, and test borings.

16. Fences and fence curbs (not including protective fences isolating items of equipment, which shall be charged to the appropriate equipment account).

17. Fire protection systems when forming a part of a structure.

18. Flagpole (Major Utilities).

19. Floor covering (permanently attached) (Major Utilities).

20. Foundations and piers for machinery, constructed as a permanent part of a building or other item listed herein.

21. Grading and clearing when directly occasioned by the building of a structure.

22. Intrasite communication system, poles, pole fixtures, wires, and cables.

23. Landscaping, lawns, shrubbery, etc.

24. Leases, voiding upon purchase to secure possession of structures.

25. Leased property, expenditures on.

26. Lighting fixtures and outside lighting system.

27. Mailchutes when part of a building (Major Utilities).

28. Marquee, permanently attached to building (Major Utilities).

29. Painting, first cost.

30. Permanent paving, concrete, brick, flagstone, asphalt, etc., within the property lines.

31. Partitions, including movable (Major Utilities).

32. Permits and privileges.

33. Platforms, railings, and gratings when constructed as a part of a structure.

34. Power boards for services to a building (Major Utilities).

35. Refrigerating systems for general use (Major Utilities).

36. Retaining walls except when identified with land.

37. Roadways, railroads, bridges, and trestles intrasite except railroads provided for in equipment accounts.
38. Roofs (Major Utilities).
39. Scales, connected to and forming a part of a structure (Major Utilities).
40. Screens (Major Utilities).
41. Sewer systems, for general use (Major Utilities).
42. Sidewalks, culverts, curbs and streets constructed by the utility on its property (Major Utilities).
43. Sprinkling systems (Major Utilities).
44. Sump pumps and pits (Major Utilities).
45. Stacks—brick, steel, or concrete, when set on foundation forming part of general foundation and steelwork of a building.
46. Steel inspection during construction (Major Utilities).
47. Storage facilities constituting a part of a building.
48. Storm doors and windows (Major Utilities).
49. Subways, areaways, and tunnels, directly connected to and forming part of a structure.
50. Tanks, constructed as part of a building or as a distinct structural unit.
51. Temporary heating during construction (net cost) (Major Utilities).
52. Temporary water connection during construction (net cost) (Major Utilities).
53. Temporary shanties and other facilities used during construction (net cost)
54. Topographical maps (Major Utilities).
55. Tunnels, intake and discharge, when constructed as part of a structure, including sluice gates, and those constructed to house mains.
56. Vaults constructed as part of a building.
57. Watchmen's sheds and clock systems (net cost when used during construction only) (Major Utilities).
58. Water basins or reservoirs.
59. Water front improvements (Major Utilities).
60. Water meters and supply system for a building or for general company purposes (Major Utilities).
61. Water supply piping, hydrants and wells (Major Utilities).
62. Wharves.
63. Window shades and ventilators (Major Utilities).
64. Yard drainage system (Major Utilities).
65. Yard lighting system (Major Utilities).
66. Yard surfacing, gravel, concrete, or oil. (First cost only.) (Major Utilities)

NOTE: Structures and Improvements accounts shall be credited with the cost of coal bunkers, stacks, foundations, subways, tunnels, etc., the use of which has terminated with the removal of the equipment with which they are associated even though they have not been physically removed.

9. *Equipment.*

A. The cost of equipment chargeable to the electric plant accounts, unless otherwise indicated in the text of an equipment account, includes the net purchase price thereof, sales taxes, investigation and inspection expenses necessary to such purchase, expenses of transportation when borne by the utility, labor employed, materials and supplies consumed, and expenses incurred by the utility in unloading and placing the equipment in readiness to operate. Also include those costs incurred in connection with the first clearing and grading of land and rights-of-way and the damage costs associated with construction and installation of plant.

B. Exclude from equipment accounts hand and other portable tools, which are likely to be lost or stolen or which have relatively small value (for example, \$500 or less) or short life, unless the correctness of the accounting therefor as electric plant is verified by current inventories. Special tools acquired and included in the purchase price of equipment shall be included in the appropriate plant account. Portable drills and similar tool equipment when used in connection with the operation and maintenance of a particular plant or department, such as production, transmission, distribution, etc., or in *stores*, shall be charged to the plant account appropriate for their use.

C. The equipment accounts shall include angle irons and similar items which are installed at the base of an item of equipment, but piers and foundations which are designed to be as permanent as the buildings which house the equipment, or which are constructed as a part of the building and which cannot be removed without cutting into the walls, ceilings or floors or without in some way impairing the building, shall be included in the building accounts.

D. The equipment accounts shall include the necessary costs of testing or running a plant or parts thereof during an experimental or test period prior to such plant becoming ready for or placed in service. In the case of Nonmajor utilities, the utility shall pay the fee prescribed in part 381 of this chapter and shall furnish the Commission with full particulars of and

justification for any test or experimental run extending beyond a period of 30 days. In the case of Major utilities, the utility shall furnish the Commission with full particulars of and justification for any test or experimental run extending beyond a period of 120 days for nuclear plant, and a period of 90 days for all other plant. Such particulars shall include a detailed operational and downtime log showing days of production, gross kilowatts generated by hourly increments, types, and periods of outages by hours with explanation thereof, beginning with the first date the equipment was either tested or synchronized on the line to the end of the test period.

E. The cost of efficiency or other tests made subsequent to the date equipment becomes available for service shall be charged to the appropriate expense accounts, except that tests to determine whether equipment meets the specifications and requirements as to efficiency, performance, etc., guaranteed by manufacturers, made after operations have commenced and within the period specified in the agreement or contract of purchase may be charged to the appropriate electric plant account.

10. *Additions and Retirements of Electric Plant.*

A. For the purpose of avoiding undue refinement in accounting for additions to and retirements and replacements of electric plant, all property will be considered as consisting of (1) retirement units and (2) minor items of property. Each utility shall maintain a written property units listing for use in accounting for additions and retirements of electric plant and apply the listing consistently.

B. The addition and retirement of retirement units shall be accounted for as follows:

(1) When a retirement unit is added to electric plant, the cost thereof shall be added to the appropriate electric plant account, except that when units are acquired in the acquisition of any electric plant constituting an operating system, they shall be accounted for as provided in electric plant instruction 5.

(2) When a retirement unit is retired from electric plant, with or without re-

placement, the book cost thereof shall be credited to the electric plant account in which it is included, determined in the manner set forth in paragraph D, below. If the retirement unit is of a depreciable class, the book cost of the unit retired and credited to electric plant shall be charged to the accumulated provision for depreciation applicable to such property. The cost of removal and the salvage shall be charged or credited, as appropriate, to such depreciation account.

C. The addition and retirement of minor items of property shall be accounted for as follows:

(1) When a minor item of property which did not previously exist is added to plant, the cost thereof shall be accounted for in the same manner as for the addition of a retirement unit, as set forth in paragraph B(1), above, if a substantial addition results, otherwise the charge shall be to the appropriate maintenance expense account.

(2) When a minor item of property is retired and not replaced, the book cost thereof shall be credited to the electric plant account in which it is included; and, in the event the minor item is a part of depreciable plant, the account for accumulated provision for depreciation shall be charged with the book cost and cost of removal and credited with the salvage. If, however, the book cost of the minor item retired and not replaced has been or will be accounted for by its inclusion in the retirement unit of which it is a part when such unit is retired, no separate credit to the property account is required when such minor item is retired.

(3) When a minor item of depreciable property is replaced independently of the retirement unit of which it is a part, the cost of replacement shall be charged to the maintenance account appropriate for the item, except that if the replacement effects a substantial betterment (the primary aim of which is to make the property affected more useful, more efficient, of greater durability, or of greater capacity), the excess cost of the replacement over the estimated cost at current prices of replacing without betterment shall be charged to the appropriate electric plant account.

D. The book cost of electric plant retired shall be the amount at which such property is included in the electric plant accounts, including all components of construction costs. The book cost shall be determined from the utility's records and if this cannot be done it shall be estimated. Utilities must furnish the particulars of such estimates to the Commission, if requested. When it is impracticable to determine the book cost of each unit, due to the relatively large number or small cost thereof, an appropriate average book cost of the units, with due allowance for any differences in size and character, shall be used as the book cost of the units retired.

E. The book cost of land retired shall be credited to the appropriate land account. If the land is sold, the difference between the book cost (less any accumulated provision for depreciation or amortization therefore which has been authorized and provided) and the sale price of the land (less commissions and other expenses of making the sale) shall be recorded in account 411.6, Gains from Disposition of Utility Plant, or 411.7, Losses from Disposition of Utility Plant when the property has been recorded in account 105, Electric Plant Held for Future Use, otherwise to accounts 421.1, Gain on Disposition of Property or 421.2, Loss on Disposition of Property, as appropriate. If the land is not used in utility service but is retained by the utility, the book cost shall be charged to account 105, Electric Plant Held for Future Use, or account 121, Nonutility Property, as appropriate.

F. The book cost less net salvage of depreciable electric plant retired shall be charged in its entirety to account 108, Accumulated Provision for Depreciation of Electric Plant in Service (Account 110, Accumulated Provision for Depreciation and Amortization of Electric Utility Plant, in the case of Nonmajor utilities). Any amounts which, by approval or order of the Commission, are charged to account 182.1, Extraordinary Property Losses, shall be credited to account 108 (Account 110 for Nonmajor utilities).

G. In the case of Major utilities, the accounting for the retirement of amounts included in account 302, Fran-

chises and Consents, and account 303, Miscellaneous Intangible Plant, and the items of limited-term interest in land included in the accounts for land and land rights, shall be as provided for in the text of account 111, Accumulated Provision for Amortization of Electric Plant in Service, account 404, Amortization of Limited-Term Electric Plant, and account 405, Amortization of Other Electric Plant.

11. *Work Order and Property Record System Required.*

A. Each utility shall record all construction and retirements of electric plant by means of work orders or job orders. Separate work orders may be opened for additions to and retirements of electric plant or the retirements may be included with the construction work order, provided, however, that all items relating to the retirements shall be kept separate from those relating to construction and provided, further, that any maintenance costs involved in the work shall likewise be segregated.

B. Each utility shall keep its work order system so as to show the nature of each addition to or retirement of electric plant, the total cost thereof, the source or sources of costs, and the electric plant account or accounts to which charged or credited. Work orders covering jobs of short duration may be cleared monthly.

C. In the case of Major utilities, each utility shall maintain records in which, for each plant account, the amounts of the annual additions and retirements are classified so as to show the number and cost of the various record units or retirement units.

12. *Transfers of Property.*

When property is transferred from one electric plant account to another, from one utility department to another, such as from electric to gas, from one operating division or area to another, to or from accounts 101, Electric Plant in Service, 104, Electric Plant Leased to Others, 105, Electric Plant Held for Future Use, and 121, Nonutility Property, the transfer shall be recorded by transferring the original cost thereof from the one account, department, or location to the other. Any related amounts carried in the accounts for accumulated provision for depreciation or amortization shall be

transferred in accordance with the segregation of such accounts.

13. *Common Utility Plant.*

A. If the utility is engaged in more than one utility service, such as electric, gas, and water, and any of its utility plant is used in common for several utility services or for other purposes to such an extent and in such manner that it is impracticable to segregate it by utility services currently in the accounts, such property, with the approval of the Commission, may be designated and classified as *common utility plant*.

B. The book amount of utility plant designated as common plant shall be included in account 118, Other Utility Plant, and if applicable in part to the electric department, shall be segregated and accounted for in sub-accounts as electric plant is accounted for in accounts 101 to 107, inclusive, and electric plant adjustments in account 116; any amounts classifiable as common plant acquisition adjustments or common plant adjustments shall be subject to disposition as provided in paragraphs C and B of accounts 114 and 116, respectively, for amounts classified in those accounts. The original cost of common utility plant in service shall be classified according to detailed utility plant accounts appropriate for the property.

C. The utility shall be prepared to show at any time and to report to the Commission annually, or more frequently, if required, and by utility plant accounts (301 to 399) the following: (1) The book cost of common utility plant, (2) The allocation of such cost to the respective departments using the common utility plant, and (3) The basis of the allocation.

D. The accumulated provision for depreciation and amortization of the utility shall be segregated so as to show the amount applicable to the property classified as common utility plant.

E. The expenses of operation, maintenance, rents, depreciation and amortization of common utility plant shall be recorded in the accounts prescribed herein, but designated as common expenses, and the allocation of such expenses to the departments using the common utility plant shall be sup-

ported in such manner as to reflect readily the basis of allocation used.

14. *Transmission and Distribution Plant.*

For the purpose of this system of accounts:

A. *Transmission system* means:

(1) All land, conversion structures, and equipment employed at a primary source of supply (i.e., generating station, or point of receipt in the case of purchased power) to change the voltage or frequency of electricity for the purpose of its more efficient or convenient transmission;

(2) All land, structures, lines, switching and conversion stations, high tension apparatus, and their control and protective equipment between a generating or receiving point and the entrance to a distribution center or wholesale point; and

(3) All lines and equipment whose primary purpose is to augment, integrate or tie together the sources of power supply

B. *Distribution system* means all land, structures, conversion equipment, lines, line transformers, and other facilities employed between the primary source of supply (i.e., generating station, or point of receipt in the case of purchased power) and of delivery to customers, which are not includible in transmission system, as defined in paragraph A, whether or not such land, structures, and facilities are operated as part of a transmission system or as part of a distribution system.

NOTE: Stations which change electricity from transmission to distribution voltage shall be classified as distribution stations.

C. Where poles or towers support both transmission and distribution conductors, the poles, towers, anchors, guys, and rights of way shall be classified as transmission system. The conductors, crossarms, braces, grounds, tie wire, insulators, etc., shall be classified as transmission or distribution facilities, according to the purpose for which used.

D. Where underground conduit contains both transmission and distribution conductors, the underground conduit and right of way shall be classified as distribution system. The conductors shall be classified as transmission or

distribution facilities according to the purpose for which used.

E. Land (other than rights of way) and structures used jointly for transmission and distribution purposes shall be classified as transmission or distribution according to the major use thereof.

15. *Hydraulic production plant (Major Utilities).*

For the purpose of this system of accounts hydraulic production plant means all land and land rights, structures and improvements used in connection with hydraulic power generation, reservoirs dams and waterways, water wheels, turbines, generators, accessory electric equipment, miscellaneous powerplant equipment, roads, railroads, and bridges, and structures and improvements used in connection with fish and wildlife, and recreation.

16. *Nuclear Fuel Records Required (Major Utilities).*

Each utility shall keep all the necessary records to support the entries to the various nuclear fuel plant accounts classified under "Assets and Other Debits," Utility Plant 120.1 through 120.6, inclusive, account 518, Nuclear Fuel Expense and account 157, Nuclear Materials Held for Sale. These records shall be so kept as to readily furnish the basis of the computation of the net nuclear fuel costs.

Operating Expense Instructions

1. *Supervision and Engineering (Major Utilities).*

The supervision and engineering includible in the operating expense accounts shall consist of the pay and expenses of superintendents, engineers, clerks, other employees and consultants engaged in supervising and directing the operation and maintenance of each utility function. Wherever allocations are necessary in order to arrive at the amount to be included in any account, the method and basis of allocation shall be reflected by underlying records.

ITEMS

Labor

1. Special tests to determine efficiency of equipment operation.

2. Preparing or reviewing budgets, estimates, and drawings relating to operation or maintenance for departmental approval.

3. Preparing instructions for operations and maintenance activities.

4. Reviewing and analyzing operating results.

5. Establishing organizational setup of departments and executing changes therein.

6. Formulating and reviewing routines of departments and executing changes therein.

7. General training and instruction of employees by supervisors whose pay is chargeable hereto. Specific instruction and training in a particular type of work is chargeable to the appropriate functional account (See Electric Plant Instruction 3(19)).

8. Secretarial work for supervisory personnel, but not general clerical and stenographic work chargeable to other accounts.

Expenses

9. Consultants' fees and expenses.

10. Meals, traveling and incidental expenses.

2. *Maintenance.*

A. The cost of maintenance chargeable to the various operating expense and clearing accounts includes labor, materials, overheads and other expenses incurred in maintenance work. A list of work operations applicable generally to utility plant is included hereunder. Other work operations applicable to specific classes of plant are listed in functional maintenance expense accounts.

B. Materials recovered in connection with the maintenance of property shall be credited to the same account to which the maintenance cost was charged.

C. If the book cost of any property is carried in account 102, Electric Plant Purchased or Sold, the cost of maintaining such property shall be charged to the accounts for maintenance of property of the same class and use, the book cost of which is carried in other electric plant in service accounts. Maintenance of property leased from others shall be treated as provided in operating expense instruction 3.

ITEMS

1. Direct field supervision of maintenance.
2. Inspecting, testing, and reporting on condition of plant specifically to determine the need for repairs, replacements, rearrangements and changes and inspecting and testing the adequacy of repairs which have been made.

3. Work performed specifically for the purpose of preventing failure, restoring serviceability or maintaining life of plant.

4. Rearranging and changing the location of plant not retired.

5. Repairing for reuse materials recovered from plant.

6. Testing for locating and clearing trouble.

7. Net cost of installing, maintaining, and removing temporary facilities to prevent interruptions in service.

8. Replacing or adding minor items of plant which do not constitute a retirement unit. (See electric plant instruction 10.)

3. Rents.

A. The rent expense accounts provided under the several functional groups of expense accounts shall include all rents, including taxes paid by the lessee on leased property, for property used in utility operations, except (1) minor amounts paid for occasional or infrequent use of any property or equipment and all amounts paid for use of equipment that, if owned, would be includible in plant accounts 391 to 398, inclusive, which shall be treated as an expense item and included in the appropriate functional account and (2) rents which are chargeable to clearing accounts, and distributed therefrom to the appropriate account. If rents cover property used for more than one function, such as production and transmission, or by more than one department, the rents shall be apportioned to the appropriate rent expense or clearing accounts of each department on an actual, or, if necessary, an estimated basis.

B. When a portion of property or equipment rented from others for use in connection with utility operations is subleased, the revenue derived from such subleasing shall be credited to the rent revenue account in operating revenues; provided, however, that in case the rent was charged to a clearing account, amounts received from subleasing the property shall be credited to such clearing account.

C. The cost, when incurred by the lessee, of operating and maintaining leased property, shall be charged to the accounts appropriate for the expense if the property were owned.

D. The cost incurred by the lessee of additions and replacements to electric plant leased from others shall be ac-

counted for as provided in electric plant instruction 6.

4. Training Costs.

When it is necessary that employees be trained to specifically operate or maintain plant facilities that are being constructed, the related costs shall be accounted for as a current operating and maintenance expense. These expenses shall be charged to the appropriate functional accounts currently as they are incurred. However, when the training costs involved relate to facilities which are not conventional in nature, or are new to the company's operations, then see Electric Plant Instruction 3(19), for accounting.

Balance Sheet Chart of Accounts

ASSETS AND OTHER DEBITS

1. UTILITY PLANT

- 101 Electric plant in service (Major only).
- 101.1 Property under capital leases.
- 102 Electric plant purchased or sold.
- 103 Experimental electric plant unclassified (Major only).
- 103.1 Electric plant in process of reclassification (Nonmajor only).
- 104 Electric plant leased to others.
- 105 Electric plant held for future use.
- 106 Completed construction not classified—Electric (Major only).
- 107 Construction work in progress—Electric.
- 108 Accumulated provision for depreciation of electric utility plant (Major only).
- 109 [Reserved]
- 110 Accumulated provision for depreciation and amortization of electric utility plant (Nonmajor only).
- 111 Accumulated provision for amortization of electric utility plant (Major only).
- 112-113 [Reserved]
- 114 Electric plant acquisition adjustments.
- 115 Accumulated provision for amortization of electric plant acquisition adjustments (Major only).
- 116 Other electric plant adjustments.
- 118 Other utility plant.
- 119 Accumulated provision for depreciation and amortization of other utility plant.
- 120.1 Nuclear fuel in process of refinement, conversion, enrichment and fabrication (Major only).
- 120.2 Nuclear fuel materials and assemblies—Stock account (Major only).
- 120.3 Nuclear fuel assemblies in reactor (Major only).
- 120.4 Spent nuclear fuel (Major only).
- 120.5 Accumulated provision for amortization of nuclear fuel assemblies (Major only).
- 120.6 Nuclear fuel under capital leases (Major only).

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2. OTHER PROPERTY AND INVESTMENTS

- 121 Nonutility property.
- 122 Accumulated provision for depreciation and amortization of nonutility property.
- 123 Investment in associated companies (Major only).
- 123.1 Investment in subsidiary companies (Major only).
- 124 Other investments.
- 125 Sinking funds (Major only).
- 126 Depreciation fund (Major only).
- 127 Amortization fund—Federal (Major only).
- 128 Other special funds (Major only).
- 129 Special funds (Nonmajor only).

3. CURRENT AND ACCRUED ASSETS

- 130 Cash and working funds (Nonmajor only).
- 131 Cash (Major only).
- 132 Interest special deposits (Major only).
- 133 Dividend special deposits (Major only).
- 134 Other special deposits (Major only).
- 135 Working funds (Major only).
- 136 Temporary cash investments.
- 141 Notes receivable.
- 142 Customer accounts receivable.
- 143 Other accounts receivable.
- 144 Accumulated provision for uncollectible accounts—credit.
- 145 Notes receivable from associated companies.
- 146 Accounts receivable from associated companies.
- 151 Fuel stock (Major only).
- 152 Fuel stock expenses undistributed (Major only).
- 153 Residuals (Major only).
- 154 Plant materials and operating supplies.
- 155 Merchandise (Major only).
- 156 Other materials and supplies (Major only).
- 157 Nuclear materials held for sale (Major only).
- 158.1 Allowance inventory.
- 158.2 Allowances withheld.
- 163 Stores expense undistributed (Major only).
- 165 Prepayments.
- 171 Interest and dividends receivable (Major only).
- 172 Rents receivable (Major only).
- 173 Accrued utility revenues (Major only).
- 174 Miscellaneous current and accrued assets.

4. DEFERRED DEBITS

- 181 Unamortized debt expense.
- 182.1 Extraordinary property losses.
- 182.2 Unrecovered plant and regulatory study costs.
- 182.3 Other regulatory assets.
- 183 Preliminary survey and investigation charges (Major only).
- 184 Clearing accounts (Major only).
- 185 Temporary facilities (Major only).
- 186 Miscellaneous deferred debits.

- 187 Deferred losses from disposition of utility plant.
- 188 Research, development, and demonstration expenditures (Major only).
- 189 Unamortized loss on reacquired debt.
- 190 Accumulated deferred income taxes.

LIABILITIES AND OTHER CREDITS

5. PROPRIETARY CAPITAL

- 201 Common stock issued.
- 202 Common stock subscribed (Major only).
- 203 Common stock liability for conversion (Major only).
- 204 Preferred stock issued.
- 205 Preferred stock subscribed (Major only).
- 206 Preferred stock liability for conversion (Major only).
- 207 Premium on capital stock (Major only).
- 208 Donations received from stockholders (Major only).
- 209 Reduction in par or stated value of capital stock (Major only).
- 210 Gain on resale or cancellation of reacquired capital stock (Major only).
- 211 Miscellaneous paid-in capital.
- 212 Installments received on capital stock.
- 213 Discount on capital stock.
- 214 Capital stock expense.
- 215 Appropriated retained earnings.
- 215.1 Appropriated retained earnings—Amortization reserve, Federal.
- 216 Unappropriated retained earnings.
- 216.1 Unappropriated undistributed subsidiary earnings (Major only).
- 217 Reacquired capital stock.
- 218 Noncorporate proprietorship (Nonmajor only).

6. LONG-TERM DEBT

- 221 Bonds.
- 222 Reacquired bonds (Major only).
- 223 Advances from associated companies.
- 224 Other long-term debt.
- 225 Unamortized premium on long-term debt.
- 226 Unamortized discount on long-term debt—Debit.

7. OTHER NONCURRENT LIABILITIES

- 227 Obligations under capital lease—noncurrent.
- 228.1 Accumulated provision for property insurance.
- 228.2 Accumulated provision for injuries and damages.
- 228.3 Accumulated provision for pensions and benefits.
- 228.4 Accumulated miscellaneous operating provisions.
- 229 Accumulated provision for rate refunds.

8. CURRENT AND ACCRUED LIABILITIES

- 231 Notes payable.
- 232 Accounts payable.
- 233 Notes payable to associated companies.

- 234 Accounts payable to associated companies.
- 235 Customer deposits.
- 236 Taxes accrued.
- 237 Interest accrued.
- 238 Dividends declared (Major only).
- 239 Matured long-term debt (Major only).
- 240 Matured interest (Major only).
- 241 Tax collections payable (Major only).
- 242 Miscellaneous current and accrued liabilities.
- 243 Obligations under capital leases—current.

9. DEFERRED CREDITS

- 251 [Reserved]
- 252 Customer advances for construction.
- 253 Other deferred credits.
- 254 Other regulatory liabilities.
- 255 Accumulated deferred investment tax credits.
- 256 Deferred gains from disposition of utility plant.
- 257 Unamortized gain on reacquired debt.
- 281 Accumulated deferred income taxes—Accelerated amortization property.
- 282 Accumulated deferred income taxes—Other property.
- 283 Accumulated deferred income taxes—Other.

Balance Sheet Accounts

101 Electric plant in service (Major only).

A. This account shall include the original cost of electric plant, included in accounts 301 to 399, prescribed herein, owned and used by the utility in its electric utility operations, and having an expectation of life in service of more than one year from date of installation, including such property owned by the utility but held by nominees. (See also account 106 for unclassified construction costs of completed plant actually in service.)

B. The cost of additions to and betterments of property leased from others, which are includible in this account, shall be recorded in subdivisions separate and distinct from those relating to owned property. (See electric plant instruction 6.)

101.1 Property under capital leases.

A. This account shall include the amount recorded under capital leases for plant leased from others and used by the utility in its utility operations.

B. The electric property included in this account shall be classified separately

according to the detailed accounts (301 to 399) prescribed for electric plant in service.

C. Records shall be maintained with respect to each capital lease reflecting: (1) name of lessor, (2) basic details of lease, (3) terminal date, (4) original cost or fair market value of property leased, (5) future minimum lease payments, (6) executory costs, (7) present value of minimum lease payments, (8) the amount representing interest and the interest rate used, and (9) expenses paid. Records shall also be maintained for plant under a lease, to identify the **asset retirement obligation** and cost originally recognized for each lease and the periodic charges and credits made to the **asset retirement obligations** and asset retirement costs.

102 Electric plant purchased or sold.

A. This account shall be charged with the cost of electric plant acquired as an operating unit or system by purchase, merger, consolidation liquidation, or otherwise, and shall be credited with the selling price of like property transferred to others pending the distribution to appropriate accounts in accordance with electric plant instruction 5.

B. Within six months from the date of acquisition or sale of property recorded herein, the utility shall file with the Commission the proposed journal entries to clear from this account the amounts recorded herein.

103 Experimental electric plant unclassified (Major only).

A. This account shall include the cost of electric plant which was constructed as a research, development, and demonstration plant under the provisions of paragraph C, Account 107, Construction Work in Progress—Electric, and due to the nature of the plant it is desirous to operate it for a period of time in an experimental status.

B. Amounts in this account shall be transferred to Account 101, Electric Plant in Service, or Account 121, Non-utility Property as appropriate when the project is no longer considered as experimental.

C. The depreciation on plant in this account shall be charged to account 403, Depreciation expense, and account

403.1, Depreciation expense for asset retirement costs, as appropriate, and credited to account 108, Accumulated provision for depreciation of electric utility plant (Major only). The amounts herein shall be depreciated over a period which corresponds to the estimated useful life of the relevant project considering the characteristics involved. However, when projects are transferred to account 101, Electric plant in service, a new depreciation rate based on the **remaining service life** and undepreciated amounts, will be established.

D. Records shall be maintained with respect to each unit of experiment so that full details may be obtained as to the cost, depreciation and the experimental status.

E. Should it be determined that experimental plant recorded in this account will fail to satisfactorily perform its function, the costs thereof shall be accounted for as directed or authorized by the Commission.

103.1 Electric plant in process of reclassification (Nonmajor only).

A. This account shall include temporarily the balance of electric plant as of the effective date of the prior system of accounts, which has not yet been reclassified as of the effective date of this system of accounts. The detail or primary accounts in support of this account employed prior to such date shall be continued pending reclassification into the electric plant accounts herein prescribed (301-399), but shall not be used for additions, betterments, or new construction.

B. No charges other than as provided in paragraph A, above, shall be made to this account, but retirements of such unclassified electric plant shall be credited hereto and to the supporting (old) fixed capital accounts until the reclassification shall have been accomplished.

104 Electric plant leased to others.

A. This account shall include the original cost of electric plant owned by the utility, but leased to others as operating units or systems, where the lessee has exclusive possession.

B. The property included in this account shall be classified according to

the detailed accounts (301 to 399) prescribed for electric plant in service and this account shall be maintained in such detail as though the property were used by the owner in its utility operations.

105 Electric plant held for future use.

A. This account shall include the original cost of electric plant (except land and land rights) owned and held for future use in electric service under a definite plan for such use, to include: (1) Property acquired (except land and land rights) but never used by the utility in electric service, but held for such service in the future under a definite plan, and (2) property (except land and land rights) previously used by the utility in service, but retired from such service and held pending its reuse in the future, under a definite plan, in electric service.

B. This account shall also include the original cost of land and land rights owned and held for future use in electric service under a plan for such use, to include land and land rights: (1) Acquired but never used by the utility in electric service, but held for such service in the future under a plan, and (2) previously held by the utility in service, but retired from such service and held pending its reuse in the future under a plan, in electric service. (See Electric Plant Instruction 7.)

C. In the event that property recorded in this account shall no longer be needed or appropriate for future utility operations, the company shall request Commission approval of journal entries to remove such property from this account when the gain realized from the sale or other disposition of the property is \$100,000 or more, prior to their being recorded. Such filings shall include the description and original cost of individual properties removed from this account, the accounts charged upon removal, and any associated gains realized upon disposition of such property.

D. Gains or losses from the sale of land and land rights or other disposition of such property previously recorded in this account and not placed in utility service shall be recorded directly in accounts 411.6 or 411.7, as appropriate, except when determined to

be significant by the Commission. Upon such a determination, the amounts shall be transferred to account 256, Deferred Gains from Disposition of Utility Plant, or account 187, Deferred Losses from Disposition of Utility Plant, and amortized to accounts 411.6, Gains from Disposition of Utility Plant, or 411.7, Losses from Disposition of Utility Plant, as appropriate.

E. The property included in this account shall be classified according to the detail accounts (301 to 399) prescribed for electric plant in service and the account shall be maintained in such detail as though the property were in service.

NOTE: Materials and supplies, meters and transformers held in reserve, and normal spare capacity of plant in service shall not be included in this account.

106 Completed construction not classified—Electric (Major only).

At the end of the year or such other date as a balance sheet may be required by the Commission, this account shall include the total of the balances of work orders for electric plant which has been completed and placed in service but which work orders have not been classified for transfer to the detailed electric plant accounts.

NOTE: For the purpose of reporting to the Commission the classification of electric plant in service by accounts is required, the utility shall also report the balance in this account tentatively classified as accurately as practicable according to prescribed account classifications. The purpose of this provision is to avoid any significant omissions in reported amounts of electric plant in service.

107 Construction work in progress—Electric.

A. This account shall include the total of the balances of work orders for electric plant in process of construction.

B. Work orders shall be cleared from this account as soon as practicable after completion of the job. Further, if a project, such as a hydroelectric project, a steam station or a transmission line, is designed to consist of two or more units or circuits which may be placed in service at different

dates, any expenditures which are common to and which will be used in the operation of the project as a whole shall be included in electric plant in service upon the completion and the readiness for service of the first unit. Any expenditures which are identified exclusively with units of property not yet in service shall be included in this account.

C. Expenditures on research, development, and demonstration projects for construction of utility facilities are to be included in a separate subdivision in this account. Records must be maintained to show separately each project along with complete detail of the nature and purpose of the research, development, and demonstration project together with the related costs.

108 Accumulated provision for depreciation of electric utility plant (Major only).

A. This account shall be credited with the following:

(1) Amounts charged to account 403, Depreciation Expense, or to clearing accounts for current depreciation expense for electric plant in service.

(2) Amounts charged to account 403.1, Depreciation expense for asset retirement costs, for current depreciation expense related to asset retirement costs in electric plant in service in a separate subaccount.

(3) Amounts charged to account 421, Miscellaneous Nonoperating Income, for depreciation expense on property included in account 105, Electric Plant Held for Future Use. Include, also, the balance of accumulated provision for depreciation on property when transferred to account 105, Electric Plant Held for Future Use, from other property accounts. Normally account 108 will not be used for current depreciation provisions because, as provided herein, the service life during which depreciation is computed commences with the date property is includible in electric plant in service; however, if special circumstances indicate the propriety of current accruals for depreciation, such charges shall be made to account 421, Miscellaneous Nonoperating Income.

(4) Amounts charged to account 413, Expenses of Electric Plant Leased to

Others, for electric plant included in account 104, Electric Plant Leased to Others.

(5) Amounts charged to account 416, Costs and Expenses of Merchandising, Jobbing, and Contract Work, or to clearing accounts for current depreciation expense.

(6) Amounts of depreciation applicable to electric properties acquired as operating units or systems. (See electric plant instruction 5.)

(7) Amounts charged to account 182, Extraordinary Property Losses, when authorized by the Commission.

(8) Amounts of depreciation applicable to electric plant donated to the utility.

(The utility shall maintain separate subaccounts for depreciation applicable to electric plant in service, electric plant leased to others and electric plant held for future use.)

B. At the time of retirement of depreciable electric utility plant, this account shall be charged with the book cost of the property retired and the cost of removal and shall be credited with the salvage value and any other amounts recovered, such as insurance. When retirement, costs of removal and salvage are entered originally in retirement work orders, the net total of such work orders may be included in a separate subaccount hereunder. Upon completion of the work order, the proper distribution to subdivisions of this account shall be made as provided in the following paragraph.

C. For general ledger and balance sheet purposes, this account shall be regarded and treated as a single composite provision for depreciation. For purposes of analysis, however, each utility shall maintain subsidiary records in which this account is segregated according to the following functional classification for electric plant: (1) Steam production, (2) Nuclear production, (3) Hydraulic production, (4) Other production, (5) Transmission, (6) Distribution, and (7) General. These subsidiary records shall reflect the current credits and debits to this account in sufficient detail to show separately for each such functional classification (a) the amount of accrual for depreciation, (b) the book cost of property retired, (c) cost of removal, (d) salvage,

and (e) other items, including recoveries from insurance. Separate subsidiary records shall be maintained for the amount of accrued cost of removal other than legal obligations for the retirement of plant recorded in account 108, Accumulated provision for depreciation of electric utility plant (Major only).

D. When transfers of plant are made from one electric plant account to another, or from or to another utility department, or from or to nonutility property accounts, the accounting for the related accumulated provision for depreciation shall be as provided in electric plant instruction 12.

E. The utility is restricted in its use of the accumulated provision for depreciation to the purposes set forth above. It shall not transfer any portion of this account to retained earnings or make any other use thereof without authorization by the Commission.

109 [Reserved]

110 Accumulated provision for depreciation and amortization of electric utility plant (Nonmajor only).

A. This account shall be credited with the following:

(1) Amounts charged to account 403 Depreciation Expense, to account 404 Amortization of Limited-Term Electric Plant, to account 405, Amortization of Other Electric Plant, to account 413, Expenses of Electric Plant Leased to Others, to account 416. Costs and Expenses of Merchandising, Jobbing and Contract Work, or to clearing accounts for currently accruing depreciation and amortization.

(2) Amounts charged to account 403.1, Depreciation expense for asset retirement costs, in electric utility plant in service in a separate subaccount.

(3) Amounts of depreciation applicable to electric properties acquired as operating units or systems. (See electric plant instruction 4.)

(4) Amounts chargeable to account 182, Extraordinary Property Losses, when authorized by the Commission.

(5) Amounts of depreciation applicable to electric plant donated to the utility.

B. At the time of retirement of electric plant, this account shall be

charged with the book cost of the property retired and the cost of removal, and shall be credited with the salvage value and any other amounts recovered, such as insurance. When retirements, cost of removal and salvage are entered originally in retirement work orders, the net total of such work orders may be included in a separate sub-account hereunder. Upon completion of the work order, the proper distribution to subdivisions of this account shall be made as provided in the following paragraph.

C. For general ledger and balance sheet purposes, this account shall be regarded and treated as a single composite provision for depreciation. This account shall be subdivided to show the amount applicable to Electric Plant in Service, Electric Plant Leased to Others, and Electric Plant Held for Future Use. These subsidiary records shall show the current credits and debits to this account in sufficient detail to show separately for each subdivision, (1) the amount of accrual for depreciation or amortization, (2) the book cost of property retired, (3) cost of removal, (4) salvage and (5) other items, including recoveries from insurance. Separate subsidiary records shall be maintained for the amount of accrued cost of removal other than legal obligations for the retirement of plant recorded in account 110, Accumulated provision for depreciation of electric utility plant (Nonmajor only).

D. When transfers of plant are made from one electric plant account to another, or from or to nonutility property, the accounting shall be as provided in electric plant instruction 10.

E. The utility is restricted in its use of the accumulated provision for depreciation to the purposes set forth above. It shall not transfer any portion of this account to retained earnings or make any other use thereof without authorization by the Commission.

111 Accumulated provision for amortization of electric utility plant (Major only).

A. This account shall be credited with the following:

(1) Amounts charged to account 404, Amortization of Limited-Term Electric Plant, for the current amortization of

limited-term electric plant investments.

(2) Amounts charged to account 421, Miscellaneous Nonoperating Income, for amortization expense on property included in account 105, Electric Plant Held for Future Use. Include also the balance of accumulated provision for amortization on property when transferred to account 105, Electric Plant Held for Future Use, from other property accounts. See also paragraph A(2), account 108, Accumulated Provision for Depreciation of Electric Utility Plant.

(3) Amounts charged to account 405, Amortization of Other Electric Plant.

(4) Amounts charged to account 413, Expenses of Electric Plant Leased to Others, for the current amortization of limited-term or other investments subject to amortization included in account 104, Electric Plant Leased to Others.

(5) Amounts charged to account 425, Miscellaneous Amortization, for the amortization of intangible or other electric plant which does not have a definite or terminable life and is not subject to charges for depreciation expense, with Commission approval.

(The utility shall maintain sub-accounts of this account for the amortization applicable to electric plant in service, electric plant leased to others and electric plant held for future use.)

B. When any property to which this account applies is sold, relinquished, or otherwise retired from service, this account shall be charged with the amount previously credited in respect to such property. The book cost of the property so retired less the amount chargeable to this account and less the net proceeds realized at retirement shall be included in account 421.1, Gain on Disposition of Property, or account 421.2, Loss on Disposition of Property, as appropriate.

C. For general ledger and balance sheet purposes, this account shall be regarded and treated as a single composite provision for amortization. For purposes of analysis, however, each utility shall maintain subsidiary records in which this account is segregated according to the following functional classification for electric plant: (1) Steam production, (2) nuclear production, (3) hydraulic production,

(4) other production, (5) transmission, (6) distribution, and (7) general. These subsidiary records shall reflect the current credits and debits to this account in sufficient detail to show separately for each such functional classification (a) the amount of accrual for amortization, (b) the book cost of property retired, (c) cost of removal, (d) salvage, and (e) other items, including recoveries from insurance.

D. The utility is restricted in its use of the accumulated provision for amortization to the purposes set forth above. It shall not transfer any portion of this account to retained earnings or make any other use thereof without authorization by the Commission.

112-113 [Reserved]

114 Electric plant acquisition adjustments.

A. This account shall include the difference between (1) the cost to the accounting utility of electric plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise, and (2) the original cost, estimated, if not known, of such property, less the amount or amounts credited by the accounting utility at the time of acquisition to accumulated provisions for depreciation and amortization and contributions in aid of construction with respect to such property.

B. With respect to acquisitions after the effective date of this system of accounts, this account shall be subdivided so as to show the amounts included herein for each property acquisition and to electric plant in service, electric plant held for future use, and electric plant leased to others. (See electric plant instruction 5.)

C. Debit amounts recorded in this account related to plant and land acquisition may be amortized to account 425, Miscellaneous Amortization, over a period not longer than the estimated **remaining life** of the properties to which such amounts relate. Amounts related to the acquisition of land only may be amortized to account 425 over a period of not more than 15 years. Should a utility wish to account for debit amounts in this account in any other manner, it shall petition the Commission

for authority to do so. Credit amounts recorded in this account shall be accounted for as directed by the Commission.

115 Accumulated provision for amortization of electric plant acquisition adjustments (Major only).

This account shall be credited or debited with amounts which are includible in account 406. Amortization of Electric Plant Acquisition Adjustments or account 425, Miscellaneous Amortization, for the purpose of providing for the extinguishment of amounts in account 114, Electric Plant Acquisition Adjustments, in instances where the amortization of account 114 is not being made by direct write-off of the account.

116 Other electric plant adjustments.

A. This account shall include the difference between the original cost, estimated if not known, and the book cost of electric plant to the extent that such difference is not properly includible in account 114, Electric Plant Acquisition Adjustments. (See electric plant instruction 1C).

B. Amounts included in this account shall be classified in such manner as to show the origin of each amount and shall be disposed of as the Commission may approve or direct.

NOTE: The provisions of this account shall not be construed as approving or authorizing the recording of appreciation of electric plant.

118 Other utility plant.

This account shall include the balances in accounts for utility plant, other than electric plant, such as gas, railway, etc.

119 Accumulated provision for depreciation and amortization of other utility plant.

This account shall include the accumulated provision for depreciation and amortization applicable to utility property other than electric plant.

120.1 Nuclear fuel in process of refinement, conversion, enrichment and fabrication (Major only).

A. This account shall include the original cost to the utility of nuclear

fuel materials while in process of refinement, conversion, enrichment, and fabrication into nuclear fuel assemblies and components, including processing, fabrication, and necessary shipping costs. This account shall also include the salvage value of nuclear materials which are actually being reprocessed for use and were transferred from account 120.5, Accumulated Provision for Amortization of Nuclear Fuel Assemblies. (See definition 20.)

B. This account shall be credited and account 120.2, Nuclear Fuel Materials and Assemblies—Stock Account, shall be debited for the cost of completed fuel assemblies delivered for use in refueling or to be held as spares. In the case of the initial core loading, the transfer shall be made directly to account 120.3, Nuclear Fuel Assemblies in Reactor, upon the conclusion of the experimental or test period of the plant prior to its becoming available for service.

ITEMS

1. Cost of natural uranium, uranium ores concentrates or other nuclear fuel sources, such as thorium, plutonium, and U-233.
2. Value of recovered nuclear materials being reprocessed for use.
3. Milling process costs.
4. Sampling and weighing, and assaying costs.
5. Purification and conversion process costs.
6. Costs of enrichment by gaseous diffusion or other methods.
7. Costs of fabrication into fuel forms suitable for insertion in the reactor.
8. All shipping costs of materials and components, including shipping of fabricated fuel assemblies to the reactor site.
9. Use charges on leased nuclear materials while in process of refinement, conversion, enrichment, and fabrication.

120.2 Nuclear fuel materials and assemblies—Stock account (Major only).

A. This account shall be debited and account 120.1, Nuclear Fuel in Process of Refinement, Conversion, Enrichment, and Fabrication, shall be credited with the cost of fabricated fuel assemblies delivered for use in refueling or to be carried in stock as spares. It shall also include the original cost of fabricated fuel assemblies purchased in completed form. This account shall also include the original cost of par-

tially irradiated fuel assemblies being held in stock for reinsertion in a reactor which had been transferred from account 120.3, Nuclear Fuel Assemblies in Reactor.

B. When fuel assemblies included in this account are inserted in a reactor, this account shall be credited and account 120.3, Nuclear Fuel Assemblies in Reactor, debited for the cost of such assemblies.

C. This account shall also include the cost of nuclear materials and byproduct materials being held for future use and not actually in process in account 120.1, Nuclear Fuel in Process of Refinement, Conversion, Enrichment, and Fabrication.

120.3 Nuclear fuel assemblies in reactor (Major only).

A. This account shall include the cost of nuclear fuel assemblies when inserted in a reactor for the production of electricity. The amounts included herein shall be transferred from account 120.2, Nuclear Fuel Materials and Assemblies—Stock Account, except for the initial core loading which will be transferred directly from account 120.1.

B. Upon removal of fuel assemblies from a reactor, the original cost of the assemblies removed shall be transferred to account 120.4, Spent Nuclear Fuel or account 120.2, Nuclear Fuel Materials and Assemblies—Stock Account, as appropriate.

120.4 Spent nuclear fuel (Major only).

A. This account shall include the original cost of nuclear fuel assemblies, in the process of cooling, transferred from account 120.3, Nuclear Fuel Assemblies in Reactor, upon removal from a reactor pending reprocessing.

B. This account shall be credited and account 120.5, Accumulated Provision for Amortization of Nuclear Fuel Assemblies, debited for fuel assemblies, after the cooling period is over, at the cost recorded in this account.

120.5 Accumulated provision for amortization of nuclear fuel assemblies (Major only).

A. This account shall be credited and account 518, Nuclear fuel expense shall be debited for the amortization of the net cost of nuclear fuel assemblies used

in the production of energy. The net cost of nuclear fuel assemblies subject to amortization shall be the original cost of nuclear fuel assemblies, plus or less the expected net salvage value of uranium, plutonium, and other by-products.

B. This account shall be credited with the net salvage value of uranium, plutonium, and other nuclear by-products when such items are sold, transferred or otherwise disposed of. Account 120.1, Nuclear Fuel in Process of Refinement, Conversion, Enrichment, and Fabrication, shall be debited with the net salvage value of nuclear materials to be reprocessed. Account 157, Nuclear Materials Held for Sale shall be debited for the net salvage value of nuclear materials not to be reprocessed but to be sold or otherwise disposed of and account 120.2, will be debited with the net salvage value of nuclear materials that will be held for future use and not actually in process, in account 120.1, Nuclear Fuel in Process of Refinement, Conversion, Enrichment, and Fabrication.

C. This account shall be debited and account 120.4, Spent Nuclear Fuel, shall be credited with the cost of fuel assemblies at the end of the cooling period.

120.6 Nuclear fuel under capital leases (Major only).

A. This account shall include the amount recorded under capital leases for nuclear fuel leased from others for use by the utility in its utility operations.

B. Records shall be maintained with respect to each capital lease reflecting: (1) Name of lessor, (2) basic details of lease, (3) terminal date, (4) original cost or fair market value of nuclear fuel leased, (5) future minimum lease payments, (6) executory costs, (7) present value of minimum lease payments, (8) the amount representing interest and the interest rate used, and (9) expenses paid.

121 Nonutility property.

A. This account shall include the book cost of land, structures, equipment, or other tangible or intangible property owned by the utility, but not used in utility service and not properly

includible in account 105, Electric Plant Held for Future Use. This account shall also include, where applicable, amounts recorded for asset retirement costs associated with nonutility plant.

B. This account shall also include the amount recorded under capital leases for property leased from others and used by the utility in its nonutility operations. Records shall be maintained with respect to each lease reflecting: (1) name of lessor, (2) basic details of lease, (3) terminal date, (4) original cost or fair market value of property leased, (5) future minimum lease payments, (6) executory costs, (7) present value of minimum lessee payments, (8) the amount representing interest and the interest rate used, and (9) expenses paid.

C. This account shall be subdivided so as to show the amount of property used in operations which are nonutility in character but nevertheless constitute a distinct operating activity of the company (such as operation of an ice department where such activity is not classed as a utility) and the amount of miscellaneous property not used in operations. The records in support of each subaccount shall be maintained so as to show an appropriate classification of the property.

NOTE: The gain from the sale or other disposition of property included in this account which had been previously recorded in account 105, Electric Plant Held for Future Use, shall be accounted for in accordance with paragraph C of account 105.

122 Accumulated provision for depreciation and amortization of nonutility property.

This account shall include the accumulated provision for depreciation and amortization applicable to nonutility property.

123 Investment in associated companies (Major only).

A. This account shall include the book cost of investments in securities issued or assumed by associated companies and investment advances to such companies, including interest accrued thereon when such interest is not subject to current settlement, provided that the investment does not relate to

a subsidiary company. (If the investment relates to a subsidiary company it shall be included in account 123.1, Investment in Subsidiary Companies.) Include herein the offsetting entry to the recording of amortization of discount or premium on interest bearing investments. (See account 419, Interest and Dividend Income.)

B. This account shall be maintained in such manner as to show the investment in securities of, and advances to, each associated company together with full particulars regarding any of such investments that are pledged.

NOTE A: Securities and advances of associated companies owned and pledged shall be included in this account, but such securities, if held in special deposits or in special funds, shall be included in the appropriate deposit or fund account. A complete record of securities pledged shall be maintained.

NOTE B: Securities of associated companies held as temporary cash investments are includible in account 136, Temporary Cash Investments.

NOTE C: Balances in open accounts with associated companies, which are subject to current settlement, are includible in account 146, Accounts Receivable from Associated Companies.

NOTE D: The utility may write down the cost of any security in recognition of a decline in the value thereof. Securities shall be written off or written down to a nominal value if there is no reasonable prospect of substantial value. Fluctuations in market value shall not be recorded but a permanent impairment in the value of securities shall be recognized in the accounts. When securities are written off or written down, the amount of the adjustment shall be charged to account 426.5, Other Deductions, or to an appropriate account for accumulated provisions for loss in value established as a separate subdivision of this account.

123.1 Investment in subsidiary companies (Major only).

A. This account shall include the cost of investments in securities issued or assumed by subsidiary companies and investment advances to such companies, including interest accrued thereon when such interest is not subject to current settlement plus the equity in undistributed earnings or losses of such subsidiary companies since acquisition. This account shall be credited with any dividends declared by such subsidiaries.

B. This account shall be maintained in such a manner as to show separately for each subsidiary: the cost of such investments in the securities of the subsidiary at the time of acquisition; the amount of equity in the subsidiary's undistributed net earnings or net losses since acquisition; advances or loans to such subsidiary; and full particulars regarding any such investments that are pledged.

124 Other investments.

A. This account shall include the book cost of investments in securities issued or assumed by nonassociated companies, investment advances to such companies, and any investments not accounted for elsewhere. This account shall also include unrealized holding gains and losses on trading and available-for-sale types of security investments. Include also the offsetting entry to the recording of amortization of discount or premium on interest bearing investments. (See account 419, interest and dividend income.)

B. The cost of capital stock of the utility reacquired by it under a definite plan for resale pursuant to authorization by the Board of Directors may, if permitted by statutes, be included in a separate subdivision of this account. (See also account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, and account 217, Reacquired Capital Stock.)

C. The records shall be maintained in such manner as to show the amount of each investment and the investment advances to each person.

NOTE A: Securities owned and pledged shall be included in this account, but securities held in special deposits or in special funds shall be included in appropriate deposit or fund accounts. A complete record of securities pledged shall be maintained.

NOTE B: Securities held as temporary cash investments shall not be included in this account.

NOTE C: Special funds. See Note D of account 123.

125 Sinking funds (Major only).

This account shall include the amount of cash and book cost of investments held in sinking funds. This account shall also include unrealized holding gains and losses on trading and

available-for-sale types of security investments. A separate account, with appropriate title, shall be kept for each sinking fund. Transfers from this account to special deposit accounts may be made as necessary for the purpose of paying matured sinking-fund obligations, or obligations called for redemption but not presented, or the interest thereon.

126 Depreciation fund (Major only).

This account shall include the amount of cash and book cost of investments which have been segregated in a special fund for the purpose of identifying such assets with the accumulated provisions for depreciation. This account shall also include unrealized holding gains and losses on trading and available-for-sale types of security investments.

127 Amortization fund—Federal (Major only).

This account shall include the amount of cash and book cost of investments of any investments of any fund maintained pursuant to the requirements of a federal regulatory body, as the cash and investments segregated for the purpose of identifying the specific assets associated with account 215.1, appropriated retained earnings—amortization reserve, federal. This account shall also include unrealized holding gains and losses on trading and available-for-sale types of security investments.

128 Other special funds (Major only).

This account shall include the amount of cash and book cost of investments which have been segregated in special funds for insurance, employee pensions, savings, relief, hospital, and other purposes not provided for elsewhere. This account shall also include unrealized holding gains and losses on trading and available-for-sale types of security investments. A separate account with appropriate title, shall be kept for each fund.

NOTE: Amounts deposited with a trustee under the terms of an irrevocable trust agreement for pensions or other employee benefits shall not be included in this account.

Special Instructions for Current and Accrued Assets. Current and accrued assets are cash, those assets which are readily convertible into cash or are held for current use in operations or construction, current claims against others, payment of which is reasonably assured, and amounts accruing to the utility which are subject to current settlement, except such items for which accounts other than those designated as current and accrued assets are provided. There shall not be included in the group of accounts designated as current and accrued assets any item, the amount or collectibility of which is not reasonably assured, unless an adequate provision for possible loss has been made therefor. Items of current character but of doubtful value may be written down and for record purposes carried in these accounts at nominal value.

129 Special funds (Nonmajor only).

This account shall include the amount of cash and book cost of investments which have been segregated in special funds for bond retirements, property additions and replacements, insurance, employees' pensions, savings, relief, hospital, and other purposes not provided for elsewhere. This account shall also include unrealized holding gains and losses on trading and available-for-sale types of security investments. A separate account, with appropriate title, shall be kept for each fund.

NOTE A: Amounts deposited with a trustee under the terms of an irrevocable trust agreement for pensions or other employees benefits shall not be included in this account.

NOTE B: Licensees under the Federal Power Act which are required to establish an amortization fund under terms of the license shall provide a special subdivision of this account for the purpose of accounting for and identifying the cash, investments or other specific assets associated with account 215.1, Appropriated Retained Earnings—Amortization Reserve, Federal.

Special Instructions for Current and Accrued Assets. Current and accrued assets are cash, those assets which are readily convertible into cash or are held for current use in operations or construction, current claims against others, payment of which is reasonably

assured, and amounts accruing to the utility which are subject to current settlement, except such items for which accounts other than those designated as current and accrued assets are provided. There shall not be included in the group of accounts designated as current and accrued assets any item, the amount or collectibility of which is not reasonably assured, unless an adequate provision for possible loss has been made therefor. Items of current character but of doubtful value may be written down and for record purposes carried in these accounts at nominal value.

130 Cash and working funds (Nonmajor only).

This account shall include the amount of cash on hand and in banks and cash advanced to officers, agents, employees, and others as petty cash or working funds. Special cash deposits for payment of interest, dividends or other special purposes shall be included in this account in separate subdivisions which shall specify the purpose for which each such special deposit is made.

NOTE: Special Deposits for more than one year which are not offset by current liabilities, shall not be charged to this account but to account 125, Special Funds.

131 Cash (Major only).

This account shall include the amount of current cash funds except working funds.

132 Interest special deposits (Major only).

This account shall include special deposits with fiscal agents or others for the payment of interest.

133 Dividend special deposits (Major only).

This account shall include special deposits with fiscal agents or others for the payment of dividends.

134 Other special deposits (Major only).

This account shall include deposits with fiscal agents or others for special purposes other than the payment of interest and dividends. Such special deposits may include cash deposited with federal, state, or municipal authorities

as a guaranty for the fulfillment of obligations; cash deposited with trustees to be held until mortgaged property sold, destroyed, or otherwise disposed of is replaced; cash realized from the sale of the accounting utility's securities and deposited with trustees to be held until invested in property of the utility, etc. Entries to this account shall specify the purpose for which the deposit is made.

NOTE: Assets available for general corporate purposes shall not be included in this account. Further, deposits for more than one year, which are not offset by current liabilities, shall not be charged to this account but to account 128, Other Special Funds.

135 Working funds (Major only).

This account shall include cash advanced to officers, agents, employees, and others as petty cash or working funds.

136 Temporary cash investments.

A. This account shall include the book cost of investments, such as demand and time loans, bankers' acceptances, United States Treasury certificates, marketable securities, and other similar investments, acquired for the purpose of temporarily investing cash.

B. This account shall be so maintained as to show separately temporary cash investments in securities of associated companies and of others. Records shall be kept of any pledged investments.

141 Notes receivable.

This account shall include the book cost, not includible elsewhere, of all collectible obligations in the form of notes receivable and similar evidences (except interest coupons) of money due on demand or within one year from the date of issue, except, however, notes receivable from associated companies. (See account 136, Temporary Cash Investments, and account 145, Notes Receivable from Associated Companies.)

NOTE: The face amount of notes receivable discounted, sold, or transferred without releasing the utility from liability as endorser thereon, shall be credited to a separate subdivision of this account and appropriate disclosure shall be made in financial statements of any contingent liability arising from such transactions.

142 Customer accounts receivable.

A. This account shall include amounts due from customers for utility service, and for merchandising, jobbing and contract work. This account shall not include amounts due from associated companies.

B. This account shall be maintained so as to permit ready segregation of the amounts due for merchandising, jobbing and contract work.

143 Other accounts receivable.

A. This account shall include amounts due the utility upon open accounts, other than amounts due from associated companies and from customers for utility services and merchandising, jobbing and contract work.

B. This account shall be maintained so as to show separately amounts due on subscriptions to capital stock and from officers and employees, but the account shall not include amounts advanced to officers or others as working funds. (See account 135, Working Funds.)

144 Accumulated provision for uncollectible accounts—credit.

A. This account shall be credited with amounts provided for losses on accounts receivable which may become uncollectible, and also with collections on accounts previously charged hereto. Concurrent charges shall be made to account 904, Uncollectible Accounts, for amounts applicable to utility operations, and to corresponding accounts for other operations. Records shall be maintained so as to show the write-offs of account receivable for each utility department.

B. This account shall be subdivided to show the provision applicable to the following classes of accounts receivable:

Utility customers.
Merchandising, jobbing and contract work.
Officers and employees.
Others.

NOTE A: Accretions to this account shall not be made in excess of a reasonable provision against losses of the character provided for.

NOTE B: If provisions for uncollectible notes receivable or for uncollectible receivables from associated companies are necessary, separate subaccounts therefor shall

be established under the account in which the receivable is carried.

145 Notes receivable from associated companies.**146 Accounts receivable from associated companies.**

A. These accounts shall include notes and drafts upon which associated companies are liable, and which mature and are expected to be paid in full not later than one year from the date of issue, together with any interest thereon, and debit balances subject to current settlement in open accounts with associated companies. Items which do not bear a specified due date but which have been carried for more than twelve months and items which are not paid within twelve months from due date shall be transferred to account 123, Investment in Associated Companies.

B. A public utility or licensee participating in a cash management program must maintain supporting documentation for all deposits into, borrowings from, interest income from, and interest expense to such program. Cash management programs include all agreements in which funds in excess of the daily needs of the public utility or licensee along with the excess funds of the public utility's or licensee's parent, affiliated and subsidiary companies are concentrated, consolidated, or otherwise made available for use by other entities within the corporate group. The written documentation must include the following information:

(1) For deposits with and withdrawals from the cash management program: the date of the deposit or withdrawal, the amount of the deposit or withdrawal, and the maturity date, if any, of the deposit;

(2) For borrowings from a cash management program: the date of the borrowing, the amount of the borrowing, and the maturity date, if any, of the borrowing;

(3) The security, if any, provided by the cash management program for repayment of deposits into the cash management program and the security required, if any, by the cash management program in support of borrowings from the program; and

(4) The monthly balance of the cash management program.

C. The public utility or licensee must maintain current and up-to-date copies of the documents authorizing the establishment of the cash management program including the following:

(1) The duties and responsibilities of the administrator and the public utilities or licensees in the cash management program;

(2) The restrictions on deposits or borrowings by public utilities or licensees in the cash management program;

(3) The interest rate, including the method used to determine the interest earning rates and interest borrowing rates for deposits into and borrowings from the program; and

(4) The method used to allocate interest income and expenses among public utilities or licensees in the program.

NOTE A: On the balance sheet, accounts receivable from an associated company may be set off against accounts payable to the same company.

NOTE B: The face amount of notes receivable discounted, sold or transferred without releasing the utility from liability as endorser thereon, shall be credited to a separate subdivision of this account and appropriate disclosure shall be made in financial statements of any contingent liability arising from such transactions.

151 Fuel stock (Major only).

This account shall include the book cost of fuel on hand.

Items

1. Invoice price of fuel less any cash or other discounts.

2. Freight, switching, demurrage and other transportation charges, not including, however, any charges for unloading from the shipping medium.

3. Excise taxes, purchasing agents' commissions, insurance and other expenses directly assignable to cost of fuel.

4. Operating, maintenance and depreciation expenses and ad valorem taxes on utility-owned transportation equipment used to transport fuel from the point of acquisition to the unloading point.

5. Lease or rental costs of transportation equipment used to transport fuel from the point of acquisition to the unloading point.

152 Fuel stock expenses undistributed (Major only).

A. This account may include the cost of labor and of supplies used and expenses incurred in unloading fuel from

the shipping medium and in the handling thereof prior to its use, if such expenses are sufficiently significant in amount to warrant being treated as a part of the cost of fuel inventory rather than being charged direct to expense as incurred.

B. Amounts included herein shall be charged to expense as the fuel is used to the end that the balance herein shall not exceed the expenses attributable to the inventory of fuel on hand.

ITEMS

Labor:

1. Procuring and handling of fuel.

2. All routine fuel analyses.

3. Unloading from shipping facility and putting in storage.

4. Moving of fuel in storage and transferring from one station to another.

5. Handling from storage or shipping facility to first bunker, hopper, bucket, tank or holder of boiler house structure.

6. Operation of mechanical equipment, such as locomotives, trucks, cars, boats, barges, cranes, etc.

Supplies and Expenses:

7. Tools, lubricants and other supplies.

8. Operating supplies for mechanical equipment.

9. Transportation and other expenses in moving fuel.

10. Stores expenses applicable to fuel.

153 Residuals (Major only).

This account shall include the book cost of any residuals produced in production or manufacturing processes.

154 Plant materials and operating supplies.

A. This account shall include the cost of materials purchased primarily for use in the utility business for construction, operation and maintenance purposes. For Nonmajor utilities, this account shall include the cost of fuel on hand and unapplied materials and supplies (except meters and house regulators). For both Major and Nonmajor utilities, it shall include also the book cost of materials recovered in connection with construction, maintenance or the retirement of property, such materials being credited to construction, maintenance or accumulated depreciation provision, respectively, and included herein as follows:

(1) Reusable materials consisting of large individual items shall be included

in this account at original cost, estimated if not known. The cost of repairing such items shall be charged to the maintenance account appropriate for the previous use.

(2) Reusable materials consisting of relatively small items, the identity of which (from the date of original installation to the final abandonment or sale thereof) cannot be ascertained without undue refinement in accounting, shall be included in this account at current prices new for such items. The cost of repairing such items shall be charged to the appropriate expense account as indicated by previous use.

(3) Scrap and nonusable materials included in this account shall be carried at the estimated net amount realizable therefrom. The difference between the amounts realized for scrap and nonusable materials sold and the net amount at which the materials were carried in this account, as far as practicable, shall be adjusted to the accounts credited when the materials were charged to this account.

B. Materials and supplies issued shall be credited hereto and charged to the appropriate construction, operating expense, or other account on the basis of a unit price determined by the use of cumulative average, first-in-first-out, or such other method of inventory accounting as conforms with accepted accounting standards consistently applied.

C. For Nonmajor utilities, inventories of materials, supplies, fuel, etc., shall be taken at least annually and the necessary adjustments shall be made to bring this account into agreement with the actual inventories. In effecting the adjustments, large differences which can be assigned to important classes of materials shall be equitably adjusted among the accounts to which such classes of materials have been charged since the previous inventory. Other differences shall be equitably apportioned among the accounts to which materials have been charged.

ITEMS

1. Invoice price of materials less cash or other discounts.
2. Freight, switching or other transportation charges when practicable to include

as part of the cost of particular materials to which they relate.

3. Customs duties and excise taxes.

4. Costs of inspection and special tests prior to acceptance.

5. Insurance and other directly assignable charges.

NOTE A: Where expenses applicable to materials purchased cannot be directly assigned to particular purchases, they may be charged to a stores expense clearing account (account 163, Stores Expense Undistributed, in the case of Major utilities), and distributed therefrom to the appropriate account.

NOTE B: When materials and supplies are purchased for immediate use, they need not be carried through this account but may be charged directly to the appropriate utility plant or expense account.

155 Merchandise (Major only).

This account shall include the book cost of materials and supplies and appliances and equipment held primarily for merchandising, jobbing and contract work. The principles prescribed in accounting for utility materials and supplies shall be observed in respect to items carried in this account.

156 Other materials and supplies (Major only).

This account shall include the book cost of materials and supplies held primarily for nonutility purposes. The principles prescribed in accounting for utility materials and supplies shall be observed in respect to items carried in this account.

157 Nuclear materials held for sale (Major only).

This account shall include the net salvage value of uranium, plutonium and other nuclear materials held by the company for sale or other disposition and that are not to be reused by the company in its electric utility operations. This account shall be debited and account 120.5, Accumulated Provision for Amortization of Nuclear Fuel Assemblies, credited for such net salvage value. Any difference between the amount recorded in this account and the actual amount realized from the sale of materials shall be debited or credited, as appropriate, to account 518, Nuclear Fuel Expense at the time of such sale.

158.1 Allowance inventory.

A. This account shall include the cost of allowances owned by the utility and not withheld by the Environmental Protection Agency. See General Instruction No. 21 and Account 158.2, Allowances Withheld.

B. This account shall be credited and Account 509, Allowances, shall be debited concurrent with the monthly emission of sulfur dioxide.

C. Separate subdivisions of this account shall be maintained so as to separately account for those allowances usable in the current year and in each subsequent year. The underlying records of these subdivisions shall be maintained in sufficient detail so as to identify each allowance included; the origin of each allowance; and the acquisition cost, if any, of the allowance.

158.2 Allowances withheld.

A. This account shall include the cost of allowances owned by the utility but withheld by the Environmental Protection Agency. (See General Instruction No. 21.)

B. The inventory cost of the allowances released by the Environmental Protection Agency for use by the utility shall be transferred to Account 158.1, Allowance Inventory.

C. The underlying records of this account shall be maintained in sufficient detail so as to identify each allowance included; the origin of each allowance; and the acquisition cost, if any, of the allowances.

163 Stores expense undistributed (Major only).

A. This account shall include the cost of supervision, labor and expenses incurred in the operation of general storerooms, including purchasing, storage, handling and distribution of materials and supplies.

B. This account shall be cleared by adding to the cost of materials and supplies issued a suitable loading charge which will distribute the expense equitably over stores issues. The balance in the account at the close of the year shall not exceed the amount of stores expenses reasonably attributable to the inventory of materials and supplies exclusive of fuel, as any amount applicable to fuel costs should

be included in account 152, Fuel Stock Expenses Undistributed.

ITEMS

Labor:

1. Inspecting and testing materials and supplies when not assignable to specific items.

2. Unloading from shipping facility and putting in storage.

3. Supervision of purchasing and stores department to extent assignable to materials handled through stores.

4. Getting materials from stock and in readiness to go out.

5. Inventorying stock received or stock on hand by stores employees but not including inventories by general department employees as part of internal or general audits.

6. Purchasing department activities in checking material needs, investigating sources of supply, analyzing prices, preparing and placing orders, and related activities to extent applicable to materials handled through stores. (Optional. Purchasing department expenses may be included in administrative and general expenses.)

7. Maintaining stores equipment.

8. Cleaning and tidying storerooms and stores offices.

9. Keeping stock records, including recording and posting of material receipts and issues and maintaining inventory record of stock.

10. Collecting and handling scrap materials in stores.

Supplies and expenses:

11. Adjustments of inventories of materials and supplies but not including large differences which can readily be assigned to important classes of materials and equitably distributed among the accounts to which such classes of materials have been charged since the previous inventory.

12. Cash and other discounts not practically assignable to specific materials.

13. Freight, express, etc., when not assignable to specific items.

14. Heat, light and power for storerooms and store offices.

15. Brooms, brushes, sweeping compounds and other supplies used in cleaning and tidying storerooms and stores offices.

16. Injuries and damages.

17. Insurance on materials and supplies and on stores equipment.

18. Losses due to breakage, leakage, evaporation, fire or other causes, less credits for amounts received from insurance, transportation companies or others in compensation of such losses.

19. Postage, printing, stationery and office supplies.

20. Rent of storage space and facilities.

21. Communication service.

22. Excise and other similar taxes not assignable to specific materials.

23. Transportation expense on inward movement of stores and on transfer between storerooms but not including charges on materials recovered from retirements which shall be accounted for as part of cost of removal.

NOTE: A physical inventory of each class of materials and supplies shall be made at least every two years.

165 Prepayments.

This account shall include amounts representing prepayments of insurance, rents, taxes, interest and miscellaneous items, and shall be kept or supported in such manner as to disclose the amount of each class of prepayment.

171 Interest and dividends receivable (Major only).

This account shall include the amount of interest on bonds, mortgages, notes, commercial paper, loans, open accounts, deposits, etc., the payment of which is reasonably assured, and the amount of dividends declared or guaranteed on stocks owned.

NOTE A: Interest which is not subject to current settlement shall not be included herein but in the account in which is carried the principal on which the interest is accrued.

NOTE B: Interest and dividends receivable from associated companies shall be included in account 146, Accounts receivable from associated companies.

172 Rents receivable (Major only).

This account shall include rents receivable or accrued on property rented or leased by the utility to others.

NOTE: Rents receivable from associated companies shall be included in account 146, Accounts Receivable from Associated Companies.

173 Accrued utility revenues (Major only).

At the option of the utility, the estimated amount accrued for service rendered, but not billed at the end of any accounting period, may be included herein. In case accruals are made for unbilled revenues, they shall be made likewise for unbilled expenses, such as for the purchase of energy.

174 Miscellaneous current and accrued assets.

This account shall include the book cost of all other current and accrued assets, appropriately designated and supported so as to show the nature of each asset included herein.

175 Derivative instrument assets.

This account shall include the amounts paid for derivative instruments, and the change in the fair value of all derivative instrument assets not designated as cash flow or fair value hedges. Account 421, miscellaneous nonoperating income, shall be credited or debited, as appropriate, with the corresponding amount of the change in the fair value of the derivative instrument.

176 Derivative instrument assets—Hedges.

A. This account shall include the amounts paid for derivative instruments, and the change in the fair value of derivative instrument assets designated by the utility as cash flow or fair value hedges.

B. When a utility designates a derivative instrument asset as a cash flow hedge it will record the change in the fair value of the derivative instrument in this account with a concurrent charge to account 219, accumulated other comprehensive income, with the effective portion of the gain or loss. The ineffective portion of the cash flow hedge shall be charged to the same income or expense account that will be used when the hedged item enters into the determination of net income.

C. When a utility designates a derivative instrument as a fair value hedge it shall record the change in the fair value of the derivative instrument in this account with a concurrent charge to a subaccount of the asset or liability that carries the item being hedged. The ineffective portion of the fair value hedge shall be charged to the same income or expense account that will be used when the hedged item enters into the determination of net income.

181 Unamortized debt expense.

This account shall include expenses related to the issuance or assumption of debt securities. Amounts recorded in

this account shall be amortized over the life of each respective issue under a plan which will distribute the amount equitably over the life of the security. The amortization shall be on a monthly basis, and the amounts thereof shall be charged to account 428, Amortization of Debt Discount and Expense. Any unamortized amounts outstanding at the time that the related debt is prematurely reacquired shall be accounted for as indicated in General Instruction 17.

182.1 Extraordinary property losses.

A. When authorized or directed by the Commission, this account shall include extraordinary losses, which could not reasonably have been anticipated and which are not covered by insurance or other provisions, such as unforeseen damages to property.

B. Application to the Commission for permission to use this account shall be accompanied by a statement giving a complete explanation with respect to the items which it is proposed to include herein, the period over which, and the accounts to which it is proposed to write off the charges, and other pertinent information.

182.2 Unrecovered plant and regulatory study costs.

A. This account shall include: (1) Nonrecurring costs of studies and analyses mandated by regulatory bodies related to plants in service, transferred from account 183, Preliminary Survey and Investigation Charges, and not resulting in construction; and (2) when authorized by the Commission, significant unrecovered costs of plant facilities where construction has been cancelled or which have been prematurely retired.

B. This account shall be credited and account 407, Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs, shall be debited over the period specified by the Commission.

C. Any additional costs incurred, relative to the cancellation or premature retirement, may be included in this account and amortized over the remaining period of the original amortization period. Should any gains or recoveries be realized relative to the cancelled or

prematurely retired plant, such amounts shall be used to reduce the unamortized amount of the costs recorded herein.

D. In the event that the recovery of costs included herein is disallowed in the rate proceedings, the disallowed costs shall be charged to account 426.5, Other Deductions, or account 435, Extraordinary Deductions, in the year of such disallowance.

182.3 Other regulatory assets.

A. This account shall include the amounts of regulatory-created assets, not includible in other accounts, resulting from the ratemaking actions of regulatory agencies. (See Definition No. 30.)

B. The amounts included in this account are to be established by those charges which would have been included in net income, or accumulated other comprehensive income, determinations in the current period under the general requirements of the Uniform System of Accounts but for it being probable that such items will be included in a different period(s) for purposes of developing rates that the utility is authorized to charge for its utility services. When specific identification of the particular source of a regulatory asset cannot be made, such as in plant phase-ins, rate moderation plans, or rate levelization plans, account 407.4, regulatory credits, shall be credited. The amounts recorded in this account are generally to be charged, concurrently with the recovery of the amounts in rates, to the same account that would have been charged if included in income when incurred, except all regulatory assets established through the use of account 407.4 shall be charged to account 407.3, regulatory debits, concurrent with the recovery in rates.

C. If rate recovery of all or part of an amount included in this account is disallowed, the disallowed amount shall be charged to Account 426.5, Other Deductions, or Account 435, Extraordinary Deductions, in the year of the disallowance.

D. The records supporting the entries to this account shall be kept so that the utility can furnish full information as to the nature and amount of each

regulatory asset included in this account, including justification for inclusion of such amounts in this account.

183 Preliminary survey and investigation charges (Major only).

A. This account shall be charged with all expenditures for preliminary surveys, plans, investigations, etc., made for the purpose of determining the feasibility of utility projects under contemplation. If construction results, this account shall be credited and the appropriate utility plant account charged. If the work is abandoned, the charge shall be made to account 426.5, Other Deductions, or to the appropriate operating expense account.

B. This account shall also include costs of studies and analyses mandated by regulatory bodies related to plant in service. If construction results from such studies, this account shall be credited and the appropriate utility plant account charged with an equitable portion of such study costs directly attributable to new construction. The portion of such study costs not attributable to new construction or the entire cost if construction does not result shall be charged to account 182.2, Unrecovered Plant and Regulatory Costs, or the appropriate operating expense account. The costs of such studies relative to plant under construction shall be included directly in account 107, Construction Work in Progress-Electric.

C. The records supporting the entries to this account shall be so kept that the utility can furnish complete information as to the nature and the purpose of the survey, plans, or investigations and the nature and amounts of the several charges.

NOTE: The amount of preliminary survey and investigation charges transferred to utility plant shall not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to utility plant.

184 Clearing accounts (Major only).

This caption shall include undistributed balances in clearing accounts at the date of the balance sheet. Balances in clearing accounts shall be substantially cleared not later than the end of

the calendar year unless items held therein relate to a future period.

185 Temporary facilities (Major only).

This account shall include amounts shown by work orders for plant installed for temporary use in utility service for periods of less than one year. Such work orders shall be charged with the cost of temporary facilities and credited with payments received from customers and net salvage realized on removal of the temporary facilities. Any net credit or debit resulting shall be cleared to account 451, Miscellaneous Service Revenues.

186 Miscellaneous deferred debits.

A. For Major utilities, this account shall include all debits not elsewhere provided for, such as miscellaneous work in progress, and unusual or extraordinary expenses, not included in other accounts, which are in process of amortization and items the proper final disposition of which is uncertain.

B. For Nonmajor utilities, this account shall include the following classes of items:

(1) Expenditures for preliminary surveys, plans, investigations, etc., made for the purpose of determining the feasibility of utility projects under contemplation. If construction results, this account shall be credited with the amount applicable thereto and the appropriate plant accounts shall be charged with an amount which does not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to plant. If the work is abandoned, the charge shall be to account 426.5, Other Deductions, or to the appropriate operating expense accounts.

(2) Undistributed balances in clearing accounts at the date of the balance sheet. Balances in clearing accounts shall be substantially cleared not later than the end of the calendar year unless items held therein related to a future period.

(3) Balances representing expenditures for work in progress other than on utility plant. This includes jobbing and contract work in progress.

(4) Other debit balances, the proper final disposition of which is uncertain

and unusual or extraordinary expenses not included in other accounts, which are in process of being written off.

C. For both Major and Nonmajor utilities, the records supporting the entries to this account shall be so kept that the utility can furnish full information as to each deferred debit included herein.

187 Deferred losses from disposition of utility plant.

This account shall include losses from the sale or other disposition of property previously recorded in account 105, Electric Plant held for Future Use, under the provisions of paragraphs B, C, and D thereof, where such losses are significant and are to be amortized over a period of 5 years, unless otherwise authorized by the Commission. The amortization of the amounts in this account shall be made by debits to account 411.7, Losses from Disposition of Utility Plant. (See account 105, Electric Plant Held for Future Use.)

188 Research, development and demonstration expenditures (Major only).

A. This account shall be charged with the cost of all expenditures coming within the meaning of Research, Development and Demonstration (RD & D) of this uniform system of accounts (see definition 27.B.), except those expenditures properly chargeable to account 107, Construction Work in Progress—Electric.

B. Costs that are minor or of a general or recurring nature shall be transferred from this account to the appropriate operating expense function or if such costs are common to the overall operations or cannot be feasibly allocated to the various operating accounts, then such costs shall be recorded in account 930.2, Miscellaneous General Expenses.

C. In certain instances a company may incur large and significant research, development, and demonstration expenditures which are non-recurring and which would distort the annual research, development, and demonstration charges for the period. In such a case the portion of such amounts that cause the distortion may be amortized to the appropriate oper-

ating expense account over a period not to exceed 5 years unless otherwise authorized by the Commission.

D. The entries in this account must be so maintained as to show separately each project along with complete detail of the nature and purpose of the research, development, and demonstration project together with the related costs.

189 Unamortized loss on reacquired debt.

This account shall include the losses on long-term debt reacquired or redeemed. The amounts in this account shall be amortized in accordance with General Instruction 17.

190 Accumulated deferred income taxes.

A. This account shall be debited and account 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, or account 411.2, Provision for Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall be credited with an amount equal to that by which income taxes payable for the year are higher because of the inclusion of certain items in income for tax purposes, which items for general accounting purposes will not be fully reflected in the utility's determination of annual net income until subsequent years.

B. This account shall be credited and account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or account 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with an amount equal to that by which income taxes payable for the year are lower because of prior payment of taxes as provided by paragraph A above, because of difference in timing for tax purposes of particular items of income or income deductions from that recognized by the utility for general accounting purposes. Such credit to this account and debit to account 410.1 or 410.2 shall, in general, represent the effect on taxes payable in the current year of the smaller amount of book income recognized for tax purposes as compared to the amount recognized in the utility's current accounts with respect to the item or

class of items for which deferred tax accounting by the utility was authorized by the Commission.

C. Vintage year records with respect to entries to this account, as described above, and the account balance, shall be so maintained as to show the factor of calculation with respect to each annual amount of the item or class of items for which deferred tax accounting by the utility is utilized.

D. The utility is restricted in its use of this account to the purpose set forth above. It shall not make use of the balance in this account or any portion thereof except as provided in the text of this account, without prior approval of the Commission. Any remaining deferred tax account balance with respect to an amount for any prior year's tax deferral, the amortization of which or other recognition in the utility's income accounts has been completed, or other disposition made, shall be debited to account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or account 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, or otherwise disposed of as the Commission may authorize or direct. (See General Instruction 18.)

201 Common stock issued.

202 Common stock subscribed (Major only).

203 Common stock liability for conversion (Major only).

204 Preferred stock issued.

A. These accounts shall include the par value or the stated value of stock without par value if such stock has a stated value, and, if not, the cash value of the consideration received for such nonpar stock, of each class of capital stock actually issued, including the par or stated value of such capital stock in account 124, Other Investments, and account 217, Reacquired Capital Stock.

B. When the actual cash value of the consideration received is more or less than the par or stated value of any stock having a par or stated value, the difference shall be credited or debited, as the case may be, to the premium or discount account for the particular class and series.

C. When capital stock is retired, these accounts shall be charged with the amount at which such stock is carried herein.

D. A separate ledger account, with a descriptive title, shall be maintained for each class and series of stock. The supporting records shall show the shares nominally issued, actually issued, and nominally outstanding.

NOTE: When a levy or assessment, except a call for payment on subscriptions, is made against holders of capital stock, the amount collected upon such levy or assessment shall be credited to account 207, Premium on Capital Stock (for Nonmajor utilities, account 211, Miscellaneous Paid-In Capital), provided, however, that the credit shall be made to account 213, Discount on Capital Stock, to the extent of any remaining balance of discount on the issue of stock.

205 Preferred stock subscribed (Major only).

A. These accounts shall include the amount of legally enforceable subscriptions to capital stock of the utility. They shall be credited with the par or stated value of the stock subscribed, exclusive of accrued dividends, if any. Concurrently, a debit shall be made to subscriptions to capital stock, included as a separate subdivision of account 143, Other Accounts Receivable, for the agreed price, and any discount or premium shall be debited or credited to the appropriate discount or premium account. When properly executed stock certificates have been issued representing the shares subscribed, this account shall be debited, and the appropriate capital stock account credited, with the par or stated value of such stock.

B. The records shall be kept in such manner as to show the amount of subscriptions to each class and series of stock.

206 Preferred stock liability for conversion (Major only).

A. These accounts shall include the par value or stated value, as appropriate, of capital stock which the utility has agreed to exchange for outstanding securities of other companies in connection with the acquisition of properties of such companies under terms which allow the holders of the securities of the other companies to

surrender such securities and receive in return therefor capital stock of the accounting utility.

B. When the securities of the other companies have been surrendered and capital stock issued in accordance with the terms of the exchange, these accounts shall be charged and accounts 201, Common Stock Issued, or 204, Preferred Stock Issued, as the case may be, shall be credited.

C. The records shall be kept so as to show separately the stocks of each class and series for which a conversion liability exists.

207 Premium on capital stock (Major only).

A. This account shall include, in a separate subdivision for each class and series of stock, the excess of the actual cash value of the consideration received on original issues of capital stock over the par or stated value and accrued dividends of such stock, together with assessments against stockholders representing payments required in excess of par or stated values.

B. Premium on capital stock shall not be set off against expenses. Further, a premium received on an issue of a certain class or series of stock shall not be set off against expenses of another issue of the same class or series.

C. When capital stock which has been actually issued is retired, the amount in this account applicable to the shares retired shall be transferred to account 210, Gain on Resale or Cancellation of Reacquired Capital Stock.

208 Donations received from stockholders (Major only).

This account shall include the balance of credits for donations received from stockholders consisting of capital stock of the utility, cancellation or reduction of debt of the utility, and the cash value of other assets received as a donation.

209 Reduction in par or stated value of capital stock (Major only).

This account shall include the balance of credits arising from a reduction in the par or stated value of capital stock.

210 Gain on resale or cancellation of reacquired capital stock (Major only).

This account shall include the balance of credits arising from the resale or cancellation of reacquired capital stock. (See account 217, Reacquired Capital Stock.)

211 Miscellaneous paid-in capital.

This account shall include the balance of all other credits for paid-in capital which are not properly includible in the foregoing accounts. This account may include all commissions and expenses incurred in connection with the issuance of capital stock. (In the case of Nonmajor companies, this account shall be kept so as to show the source of the credits includible herein.)

ITEMS (NONMAJOR ONLY)

1. Premium received on original issues of capital stock.

2. Donations received from stockholders or reduction of debt of the utility, and the cash value of other assets received as a donation.

3. Reduction in part or stated value of capital stock.

4. Gain on resale or cancellation of reacquired capital stock.

NOTE A: (Major utilities) Amounts included in capital surplus at the effective date of this system of accounts which cannot be classified as to the source thereof shall be included in this account.

NOTE B: (Nonmajor utilities) Premium on capital stock shall not be set off against expenses. Further, a premium received on an issue of a certain class or series of stock shall not be set off against expense of another issue of the same class or series.

212 Installments received on capital stock.

A. This account shall include in a separate subdivision for each class and series of capital stock the amount of installments received on capital stock on a partial or installment payment plan from subscribers who are not bound by legally enforceable subscription contracts.

B. As subscriptions are paid in full and certificates issued, this account shall be charged and the appropriate capital stock account credited with the par or stated value of such stock. Any discount or premium on an original issue shall be included in the appropriate discount or premium account.

213 Discount on capital stock.

A. This account shall include in a separate subdivision for each class and series of capital stock all discount on the original issuance and sale of capital stock, including additional capital stock of a particular class or series as well as first issues.

B. When capital stock which has been actually issued is retired, the amount in this account applicable to the shares retired shall be written off to account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, provided, however, that the amount shall be charged to account 439, Adjustments to Retained Earnings, to the extent that it exceeds the balance in account 210.

214 Capital stock expense.

A. This account shall include in a separate subdivision for each class and series of stock all commissions and expenses incurred in connection with the original issuance and sale of capital stock, including additional capital stock of a particular class or series as well as first issues. Expenses applicable to capital stock shall not be deducted from premium on capital stock.

B. When capital stock which has been actually issued by the utility is retired the amount in this account, applicable to the shares retired shall be written off to account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, provided, however, that the amount shall be charged to account 439, Adjustments to Retained Earnings, to the extent that it exceeds the balance in account 210.

NOTE A: Expenses in connection with the reacquisition or resale of the utility's capital stock shall not be included herein.

NOTE B: The utility may write off capital stock expense in whole or in part by charges to account 211, Miscellaneous Paid-in Capital.

215 Appropriated retained earnings.

This account shall include the amount of retained earnings which has been appropriated or set aside for specific purposes. Separate subaccounts shall be maintained under such titles as will designate the purpose for which each appropriation was made.

215.1 Appropriated retained earnings—Amortization reserve, Federal.

A. This account shall be credited with such amounts as are appropriated by a licensee from account 216, Unappropriated Retained Earnings, for amortization reserve purposes in accordance with the requirements of a hydroelectric project license.

B. This account shall be debited with only such items or amounts as the Commission may require or approve. (See account 127, Amortization Fund—Federal.)

216 Unappropriated retained earnings.

This account shall include the balances, either debit or credit, of unappropriated retained earnings arising from earnings of the utility. This account shall not include any amounts representing the undistributed earnings of subsidiary companies.

216.1 Unappropriated undistributed subsidiary earnings (Major only).

This account shall include the balances, either debit or credit, of undistributed retained earnings of subsidiary companies since their acquisition. When dividends are received from subsidiary companies relating to amounts included in this account, this account shall be debited and account 216, "Unappropriated Retained Earnings," credited.

217 Reacquired capital stock.

A. This account shall include in a separate subdivision for each class and series of capital stock, the cost of capital stock actually issued by the utility and reacquired by it and not retired or canceled, except, however, stock which is held by trustees in sinking or other funds.

B. When reacquired capital stock is retired or canceled, the difference between its cost, including commissions and expenses paid in connection with the reacquisition, and its par or stated value plus any premium and less any discount and expenses applicable to the shares retired, shall be debited or credited, as appropriate, to account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, provided, however, that debits shall be charged to account 439, Adjustments to Retained

Earnings, to the extent that they exceed the balance in account 210.

C. When reacquired capital stock is resold by the utility, the difference between the amount received on the resale of the stock, less expenses incurred in the resale, and the cost of the stock included in this account shall be accounted for as outlined in paragraph B.

NOTE A: See account 124. Other Investments, for permissive accounting treatment of stock reacquired under a definite plan for resale.

NOTE B: The accounting for reacquired stock shall be as prescribed herein unless otherwise specifically required by statute.

218 Noncorporate proprietorship (Nonmajor only).

This account shall include the investment in an unincorporated utility by the proprietor thereof, and shall be charged with all withdrawals from the business by its proprietor. At the end of each calendar year the net income for the year, as developed in the income account, shall be transferred to this account. (See optional accounting procedure provided in Note C, hereunder.)

NOTE A: Amounts payable to the proprietor as just and reasonable compensation for services performed shall not be charged to this account but to appropriate operating expense or other accounts.

NOTE B: When the utility is owned by a partnership, a separate account shall be kept to show the net equity of each member therein and the transactions affecting the interest of each such partner.

NOTE C: This account may be restricted to the amount considered by the proprietor to be the permanent investment in the business, subject to change only by additional investment by the proprietor or the withdrawal of portions thereof not representing net income. When this option is taken, the retained earnings accounts shall be maintained and entries thereto shall be made in accordance with the texts thereof.

219 Accumulated other comprehensive income.

A. This account shall include revenues, expenses, gains, and losses that are properly includable in other comprehensive income during the period. Examples of other comprehensive income include foreign currency items, minimum pension liability adjust-

ments, unrealized gains and losses on certain investments in debt and equity securities, and cash flow hedges. Records supporting the entries to this account shall be maintained so that the utility can furnish the amount of other comprehensive income for each item included in this account.

B. This account shall also be debited or credited, as appropriate, with amounts of accumulated other comprehensive income that have been included in the determination of net income during the period and in accumulated other comprehensive income in prior periods. Separate records for each category of items shall be maintained to identify the amount of the reclassification adjustments from accumulated other comprehensive income to earnings made during the period.

221 Bonds.

This account shall include in a separate subdivision for each class and series of bonds the face value of the actually issued and unmatured bonds which have not been retired or canceled; also the face value of such bonds issued by others the payment of which has been assumed by the utility.

222 Reacquired bonds (Major only).

A. This account shall include the face value of bonds actually issued or assumed by the utility and reacquired by it and not retired or canceled. The account for reacquired debt shall not include securities which are held by trustees in sinking or other funds.

B. When bonds are reacquired, the difference between face value, adjusted for unamortized discount, expenses or premium, and the amount paid upon reacquisition, shall be included in account 189, Unamortized Loss on Reacquired Debt, or account 257, Unamortized Gain on Reacquired Debt, as appropriate. (See General Instruction 17.)

223 Advances from associated companies.

A. This account shall include the face value of notes payable to associated companies and the amount of open book accounts representing advances from associated companies. It does not

include notes and open accounts representing indebtedness subject to current settlement which are includible in account 233, Notes Payable to Associated Companies, or account 234, Accounts Payable to Associated Companies.

B. The records supporting the entries to this account shall be so kept that the utility can furnish complete information concerning each note and open account.

224 Other long-term debt.

A. This account shall include, until maturity all long-term debt not otherwise provided for. This covers such items as receivers' certificates, real estate mortgages executed or assumed, assessments for public improvements, notes and unsecured certificates of indebtedness not owned by associated companies, receipts outstanding for long-term debt, and other obligations maturing more than one year from date of issue or assumption.

B. Separate accounts shall be maintained for each class of obligation, and records shall be maintained to show for each class all details as to date of obligation, date of maturity, interest dates and rates, security for the obligation, etc.

NOTE: Miscellaneous long-term debt reacquired shall be accounted for in accordance with the procedure set forth in account 222, Reacquired Bonds.

225 Unamortized premium on long-term debt.

A. This account shall include the excess of the cash value of consideration received over the face value upon the issuance or assumption of long-term debt securities.

B. Amounts recorded in this account shall be amortized over the life of each respective issue under a plan which will distribute the amount equitably over the life of the security. The amortization shall be on a monthly basis, with the amounts thereof to be credited to account 429, Amortization of Premium on Debt—Credit. (See General Instruction 17.)

226 Unamortized discount on long-term debt—Debit.

A. This account shall include the excess of the face value of long-term debt securities over the cash value of consideration received therefor, related to the issue or assumption of all types and classes of debt.

B. Amounts recorded in this account shall be amortized over the life of the respective issues under a plan which will distribute the amount equitably over the life of the securities. The amortization shall be on a monthly basis, with the amounts thereof charged to account 428, Amortization of Debt Discount and Expense. (See General Instruction 17.)

Special Instructions for Current and Accrued Liabilities. Current and accrued liabilities are those obligations which have either matured or which become due within one year from the date thereof: except, however, bonds, receivers' certificates and similar obligations which shall be classified as long-term debt until date of maturity; accrued taxes, such as income taxes, which shall be classified as accrued liabilities even though payable more than one year from date; compensation awards, which shall be classified as current liabilities regardless of date due; and minor amounts payable in installments which may be classified as current liabilities. If a liability is due more than one year from date of issuance or assumption by the utility, it shall be credited to a long-term debt account appropriate for the transaction, except, however, the current liabilities previously mentioned.

227 Obligations under capital lease—noncurrent.

This account shall include the portion not due within one year, of the obligations recorded for the amounts applicable to leased property recorded as assets in account 101.1, Property under Capital Leases, account 120.6, Nuclear Fuel under Capital Leases, or account 121, Nonutility Property.

SPECIAL INSTRUCTIONS TO ACCOUNTS
228.1 THROUGH 228.4

No amounts shall be credited to these accounts unless authorized by a regulatory authority or authorities to be collected in a utility's rate levels.

228.1 Accumulated provision for property insurance.

A. This account shall include amounts reserved by the utility for losses through accident, fire, flood, or other hazards to its own property or property leased from others, not covered by insurance. The amounts charged to account 924, Property Insurance, or other appropriate accounts to cover such risks shall be credited to this account. A schedule of risks covered shall be maintained, giving a description of the property involved, the character of the risks covered and the rates used.

B. Charges shall be made to this account for losses covered, not to exceed the account balance. Details of these charges shall be maintained according to the year the casualty occurred which gave rise to the loss.

228.2 Accumulated provision for injuries and damages.

A. This account shall be credited with amounts charged to account 925, Injuries and Damages, or other appropriate accounts, to meet the probable liability, not covered by insurance, for deaths or injuries to employees and others and for damages to property neither owned nor held under lease by the utility.

B. When liability for any injury or damage is admitted by the utility either voluntarily or because of the decision of a court or other lawful authority, such as a workmen's compensation board, the admitted liability shall be charged to this account and credited to the appropriate current liability account. Details of these charges shall be maintained according to the year the casualty occurred which gave rise to the loss.

NOTE: Recoveries or reimbursements for losses charged to this account shall be credited hereto; the cost of repairs to property of others if provided for herein shall be charged to this account.

228.3 Accumulated provision for pensions and benefits.

A. This account shall include provisions made by the utility and amounts contributed by employees for pensions, accident and death benefits, savings, relief, hospital and other provident purposes, where the funds are included in the assets of the utility either in general or in segregated fund accounts.

B. Amounts paid by the utility for the purposes for which this liability is established shall be charged hereto.

C. A separate account shall be kept for each kind of provision included herein.

NOTE: If employee pension or benefit plan funds are not included among the assets of the utility but are held by outside trustees, payments into such funds, or accruals therefor, shall not be included in this account.

228.4 Accumulated miscellaneous operating provisions.

A. This account shall include all operating provisions which are not provided for elsewhere.

B. This account shall be maintained in such manner as to show the amount of each separate provision and the nature and amounts of the debits and credits thereto.

NOTE: This account includes only provisions as may be created for operating purposes and does not include any reservations of income the credits for which should be carried in account 215, Appropriated Retained Earnings.

229 Accumulated provision for rate refunds.

A. This account shall be credited with amounts charged to Account 449.1, Provisions for Rate Refunds, to provide for estimated refunds where the utility is collecting amounts in rates subject to refund.

B. When refund of any amount recorded in this account is ordered by a regulatory authority, such amount shall be changed hereto and credited to account 242, Miscellaneous Current and Accrued Liabilities.

C. Records supporting the entries to this account shall be kept so as to identify each amount recorded by the respective rate filing docket number.

230 Asset retirement obligations.

A. This account shall include the amount of liabilities for the recognition of **asset retirement obligations** related to electric utility plant and non-utility plant that gives rise to the obligations. This account shall be credited for the amount of the liabilities for **asset retirement obligations** with amounts charged to the appropriate electric utility plant accounts or non-utility plant account to record the related asset retirement costs.

B. The utility shall charge the accretion expense to account 411.10, Accretion expense, for electric utility plant, account 413, Expenses of electric plant leased to others, for electric plant leased to others, or account 421, Miscellaneous nonoperating income, for nonutility plant, as appropriate, and credit account 230, **Asset retirement obligations**.

C. This account shall be debited with amounts paid to settle the asset retirement obligations recorded herein.

D. The utility shall clear from this account any gains or losses resulting from the settlement of **asset retirement obligations** in accordance with the instructions prescribed in General Instruction 25.

231 Notes payable.

This account shall include the face value of all notes, drafts, acceptances, or other similar evidences of indebtedness, payable on demand or within a time not exceeding one year from date of issue, to other than associated companies.

232 Accounts payable.

This account shall include all amounts payable by the utility within one year, which are not provided for in other accounts.

233 Notes payable to associated companies.**234 Accounts payable to associated companies.**

These accounts shall include amounts owing to associated companies on notes, drafts, acceptances, or other similar evidences of indebtedness, and open accounts payable on de-

mand or not more than one year from date of issue or creation.

NOTE: Exclude from these accounts notes and accounts which are includible in account 223, Advances from Associated Companies.

235 Customer deposits.

This account shall include all amounts deposited with the utility by customers as security for the payment of bills.

236 Taxes accrued.

A. This account shall be credited with the amount of taxes accrued during the accounting period, corresponding debits being made to the appropriate accounts for tax charges. Such credits may be based upon estimates, but from time to time during the year as the facts become known, the amount of the periodic credits shall be adjusted so as to include as nearly as can be determined in each year the taxes applicable thereto. Any amount representing a prepayment of taxes applicable to the period subsequent to the date of the balance sheet, shall be shown under account 165, Prepayments.

B. If accruals for taxes are found to be insufficient or excessive, correction therefor shall be made through current tax accruals.

C. Accruals for taxes shall be based upon the net amounts payable after credit for any discounts, and shall not include any amounts for interest on tax deficiencies or refunds. Interest received on refunds shall be credited to account 419, Interest and Dividend Income, and interest paid on deficiencies shall be charged to account 431, Other Interest Expense.

D. The records supporting the entries to this account shall be kept so as to show for each class of taxes, the amount accrued, the basis for the accrual, the accounts to which charged, and the amount of tax paid.

237 Interest accrued.

This account shall include the amount of interest accrued but not matured on all liabilities of the utility not including, however, interest which is added to the principal of the debt on which incurred. Supporting records shall be maintained so as to show the

amount of interest accrued on each obligation.

238 Dividends declared (Major only).

This account shall include the amount of dividends which have been declared but not paid. Dividends shall be credited to this account when they become a liability.

239 Matured long-term debt (Major only).

This account shall include the amount of long-term debt (including any obligation for premiums) matured and unpaid, without specific agreement for extension of the time of payment and bonds called for redemption but not presented.

240 Matured interest (Major only).

This account shall include the amount of matured interest on long-term debt or other obligations of the utility at the date of the balance sheet unless such interest is added to the principal of the debt on which incurred.

241 Tax collections payable (Major only).

This account shall include the amount of taxes collected by the utility through payroll deductions or otherwise pending transmittal of such taxes to the proper taxing authority.

NOTE: Do not include liability for taxes assessed directly against the utility which are accounted for as part of the utility's own tax expense.

242 Miscellaneous current and accrued liabilities.

This account shall include the amount of all other current and accrued liabilities not provided for elsewhere appropriately designated and supported so as to show the nature of each liability.

ITEMS (NONMAJOR ONLY)

1. Dividends declared but not paid.
2. Matured long-term debt.
3. Matured interest.
4. Taxes collected through payroll deductions or otherwise pending transmittal to the proper taxing authority.

243 Obligations under capital leases—current.

This account shall include the portion, due within one year, of the obligations recorded for the amounts applicable to leased property recorded as assets in account 101.1, Property under Capital Leases, account 120.6, Nuclear Fuel under Capital Leases (Major only), or account 121, Nonutility Property.

244 Derivative instrument liabilities.

This account shall include the change in the fair value of all derivative instrument liabilities not designated as cash flow or fair value hedges. Account 426, other deductions, shall be debited or credited as appropriate with the corresponding amount of the change in the fair value of the derivative instrument.

245 Derivative instrument liabilities—Hedges.

A. This account shall include the change in the fair value of derivative instrument liabilities designated by the utility as cash flow or fair value hedges.

B. A utility shall record the change in the fair value of a derivative instrument liability related to a cash flow hedge in this account, with a concurrent charge to account 219, accumulated other comprehensive income, with the effective portion of the derivative's gain or loss. The ineffective portion of the cash flow hedge shall be charged to the same income or expense account that will be used when the hedged item enters into the determination of net income.

C. A utility shall record the change in the fair value of a derivative instrument liability related to a fair value hedge in this account, with a concurrent charge to a subaccount of the asset or liability that carries the item being hedged. The ineffective portion of the fair value hedge shall be charged to the same income or expense account that will be used when the hedged item enters into the determination of net income.

251 [Reserved]**252 Customer advances for construction.**

This account shall include advances by customers for construction which are to be refunded either wholly or in part. When a customer is refunded the entire amount to which he is entitled, according to the agreement or rule under which the advance was made, the balance, if any, remaining in this account shall be credited to the respective plant account.

253 Other deferred credits.

This account shall include advance billings and receipts and other deferred credit items, not provided for elsewhere, including amounts which cannot be entirely cleared or disposed of until additional information has been received.

254 Other regulatory liabilities.

A. This account shall include the amounts of regulatory liabilities, not includible in other accounts, imposed on the utility by the ratemaking actions of regulatory agencies. (See Definition No. 30.)

B. The amounts included in this account are to be established by those credits which would have been included in net income, or accumulated other comprehensive income, determinations in the current period under the general requirements of the Uniform System of Accounts but for it being probable that: Such items will be included in a different period(s) for purposes of developing the rates that the utility is authorized to charge for its utility services; or refunds to customers, not provided for in other accounts, will be required. When specific identification of the particular source of the regulatory liability cannot be made or when the liability arises from revenues collected pursuant to tariffs on file at a regulatory agency, account 407.3, regulatory debits, shall be debited. The amounts recorded in this account generally are to be credited to the same account that would have been credited if included in income when earned except: All regulatory liabilities established through the use of account 407.3 shall be credited to account 407.4, regu-

latory credits; and in the case of refunds, a cash account or other appropriate account should be credited when the obligation is satisfied.

C. If it is later determined that the amounts recorded in this account will not be returned to customers through rates or refunds, such amounts shall be credited to Account 421, Miscellaneous Nonoperating Income, or Account 434, Extraordinary Income, as appropriate, in the year such determination is made.

D. The records supporting the entries to this account shall be so kept that the utility can furnish full information as to the nature and amount of each regulatory liability included in this account, including justification for inclusion of such amounts in this account.

255 Accumulated deferred investment tax credits.

A. This account shall be credited with all investment tax credits deferred by companies which have elected to follow deferral accounting, partial or full, rather than recognizing in the income statement the total benefits of the tax credit as realized. After such election, a company may not transfer amounts from this account, except as authorized herein and in accounts 411.4, Investment Tax Credit Adjustments, Utility Operations, 411.5, Investment Tax Credit Adjustments, Nonutility Operations, and 420, Investment Tax Credits, or with approval of the Commission.

B. Where the company's accounting provides that investment tax credits are to be passed on to customers, this account shall be debited and account 411.4 credited with a proportionate amount determined in relation to the average useful life of electric utility property to which the tax credits relate or such lesser period of time as allowed by a regulatory agency having rate jurisdiction. If, however, the deferral procedure provides that investment tax credits are not to be passed on to customers, the proportionate restorations to income shall be credited to account 420.

C. Subdivisions of this account by department shall be maintained for deferred investment tax credits that are related to nonelectric utility or other

operations. Contra entries affecting such account subdivisions shall be appropriately recorded in account 413, Expenses of Electric Plant Leased to Others; or account 414, Other Utility Operating Income. Use of deferral or nondeferral accounting procedures adopted for nonelectric utility or other operations are to be followed on a consistent basis.

D. Separate records for electric and nonelectric utility or other operations shall be maintained identifying the properties giving rise to the investment tax credits for each year with the **weighted-average service life** of such properties and any unused balances of such credits. Such records are not necessary unless the tax credits are deferred.

256 Deferred gains from disposition of utility plant.

This account shall include gains from the sale or other disposition of property previously recorded in account 105, Electric Plant Held for Future Use, under the provisions of paragraphs B, C, and D thereof, where such gains are significant and are to be amortized over a period of 5 years, unless otherwise authorized by the Commission. The amortization of the amounts in this account shall be made by credits to account 411.6, Gains from Disposition of Utility Plant. (See account 105, Electric Plant Held for Future Use.)

257 Unamortized gain on reacquired debt.

This account shall include the amounts of discount realized upon reacquisition or redemption of long-term debt. The amounts in this account shall be amortized in accordance with General Instruction 17.

SPECIAL INSTRUCTIONS

Accumulated Deferred Income Taxes

Before using the deferred tax accounts provided below refer to General Instruction 18. *Comprehensive Interperiod Income Tax Allocation*.

The text of these accounts are designed primarily to cover deferrals of Federal income taxes. However, they are also to be used when making deferrals of state and local income taxes.

Public utilities and licensees which, in addition to an electric utility department, have another utility department, gas, water, etc., and nonutility property and which have deferred taxes on income with respect thereto shall separately classify such deferrals in the accounts provided below so as to allow ready identification of items relating to each utility Deductions.

281 Accumulated deferred income taxes—Accelerated amortization property.

A. This account shall include tax deferrals resulting from adoption of the principles of comprehensive interperiod tax allocation described in General Instruction 18 of this system of accounts that relate to property for which the utility has availed itself of the use of accelerated (5-year) amortization of (1) certified defense facilities as permitted by Section 168 of the Internal Revenue Code and (2) certified pollution control facilities as permitted by Section 169 of the Internal Revenue Code.

B. This account shall be credited and accounts 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with tax effects related to property described in paragraph A above where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

C. This account shall be debited and accounts 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, or 411.2, Provision for Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall be credited with tax effects related to property described in paragraph A above where taxable income is higher than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

D. The utility is restricted in its use of this account to the purposes set forth above. It shall not transfer the balance in this account or any portion thereof to retained earnings or make any use thereof except as provided in the text of this account without prior approval of the Commission. Upon the disposition by sale exchange, transfer, abandonment or premature retirement of plant on which there is a related balance herein, this account shall be charged with an amount equal to the related income tax expense, if any, arising from such disposition and account 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, or 411.2, Provision for Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall be credited. When the remaining balance, after consideration of any related income tax expense, is less than \$25,000, this account shall be charged and account 411.1 or 411.2, as appropriate, credited with such balance. If after consideration of any related income tax expense, there is a remaining amount of \$25,000 or more, the Commission shall authorize or direct how such amount shall be accounted for at the time approval for the disposition of accounting is granted. When plant is disposed of by transfer to a wholly owned subsidiary the related balance in this account shall also be transferred. When the disposition relates to retirement of an item or items under a group method of depreciation where there is no tax effect in the year of retirement, no entries are required in this account if it can be determined that the related balances would be necessary to be retained to offset future group item tax deficiencies.

282 Accumulated deferred income taxes—Other property.

A. This account shall include the tax deferrals resulting from adoption of the principle of comprehensive interperiod income tax allocation described in General Instruction 18 of this system of accounts which are related to all property other than accelerated amortization property.

B. This account shall be credited and accounts 410.1, Provision for Deferred Income Taxes, Utility Operating In-

come, or 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with tax effects related to property described in paragraph A above where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

C. This account shall be debited and accounts 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, or 411.2, Provision for Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall be credited with tax effects related to property described in paragraph A above where taxable income is higher than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

D. The utility is restricted in its use of this account to the purposes set forth above. It shall not transfer the balance in this account or any portion thereof to retained earnings or make any use thereof except as provided in the text of this account without prior approval of the Commission. Upon the disposition by sale, exchange, transfer, abandonment or premature retirement of plant on which there is a related balance herein, this account shall be charged with an amount equal to the related income tax expense, if any, arising from such disposition and account 411.1, Income Taxes Deferred in Prior Years—Credit, Utility Operating Income, or 411.2, Income Taxes Deferred in Prior Years—Credit, Other Income and Deductions, shall be credited. When the remaining balance after consideration of any related tax expenses, is less than \$25,000, this account shall be charged and account 411.1 or 411.2, as appropriate, credited with such balance. If after consideration of any related income tax expense, there is a remaining amount of \$25,000 or more, the Commission shall authorize or direct how such amount shall be accounted

for at the time approval for the disposition of accounting is granted. When plant disposed of by transfer to a wholly owned subsidiary, the related balance in this account shall also be transferred. When the disposition relates to retirement of an item or items under a group method of depreciation where there is no tax effect in the year of retirement, no entries are required in this account if it can be determined that the related balance would be necessary to be retained to offset future group item tax deficiencies.

283 Accumulated deferred income taxes—Other.

A. This account shall include all credit tax deferrals resulting from the adoption of the principles of comprehensive interperiod income tax allocation described in General Instruction 18 of this system of accounts other than those deferrals which are includible in Accounts 281, Accumulated Deferred Income Taxes—Accelerated Amortization Property and 282, Accumulated Deferred Income Taxes—Other Property.

B. This account shall be credited and accounts 410.1 Provision for Deferred Income Taxes, Utility Operating Income, or 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with tax effects related to items described in paragraph A above where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

C. This account shall be debited and accounts 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income or 411.2, Provision for Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall be credited with tax effects related to items described in paragraph A above where taxable income is higher than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the de-

termination of pretax accounting income.

D. Records with respect to entries to this account, as described above, and the account balance, shall be so maintained as to show the factors of calculation with respect to each annual amount of the item or class of items.

E. The utility is restricted in its use of this account to the purposes set forth above. It shall not transfer the balance in the account or any portion thereof to retained earnings or to any other account or make any use thereof except as provided in the text of this account, without prior approval of the Commission. Upon the disposition by sale, exchange, transfer, abandonment or premature retirement of items on which there is a related balance herein, this account shall be charged with an amount equal to the related income tax effect, if any, arising from such disposition and account 411.1, Provision For Deferred Income Taxes—Credit, Utility Operating Income, or 411.2, Provision For Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall be credited. When the remaining balance, after consideration of any related tax expenses, is less than \$25,000, this account shall be charged and account 411.1 or 411.2, as appropriate, credited with such balance. If after consideration of any related income tax expense, there is a remaining amount of \$25,000 or more, the Commission shall authorize or direct how such amount shall be accounted for at the time approval for the disposition of accounting is granted.

When plant is disposed of by transfer to a wholly owned subsidiary, the related balance in this account shall also be transferred. When the disposition relates to retirement of an item or items under a group method of depreciation where there is no tax effect in the year of retirement, no entries are required in this account if it can be determined that the related balance would be necessary to be retained to offset future group item tax deficiencies.

Electric Plant Chart of Accounts

1. INTANGIBLE PLANT

- 301 Organization.
- 302 Franchises and consents.
- 303 Miscellaneous intangible plant.

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2. PRODUCTION PLANT

A. STEAM PRODUCTION

- 310 Land and land rights.
- 311 Structures and improvements.
- 312 Boiler plant equipment.
- 313 Engines and engine-driven generators.
- 314 Turbogenerator units.
- 315 Accessory electric equipment.
- 316 Miscellaneous power plant equipment

B. NUCLEAR PRODUCTION

- 320 Land and land rights (Major only).
- 321 Structures and improvements (Major only).
- 322 Reactor plant equipment (Major only).
- 323 Turbogenerator units (Major only).
- 324 Accessory electric equipment (Major only).
- 325 Miscellaneous power plant equipment (Major only).

C. HYDRAULIC PRODUCTION

- 330 Land and land rights.
- 331 Structures and improvements.
- 332 Reservoirs, dams, and waterways.
- 333 Water wheels, turbines and generators.
- 334 Accessory electric equipment.
- 335 Miscellaneous power plant equipment.
- 336 Roads, railroads and bridges.

D. OTHER PRODUCTION

- 340 Land and land rights.
- 341 Structures and improvements.
- 342 Fuel holders, producers, and accessories.
- 343 Prime movers.
- 344 Generators.
- 345 Accessory electric equipment.
- 346 Miscellaneous power plant equipment.

3. TRANSMISSION PLANT

- 350 Land and land rights.
- 351 [Reserved]
- 352 Structures and improvements.
- 353 Station equipment.
- 354 Towers and fixtures.
- 355 Poles and fixtures.
- 356 Overhead conductors and devices.
- 357 Underground conduit.
- 358 Underground conductors and devices.
- 359 Roads and trails.

4. DISTRIBUTION PLANT

- 360 Land and land rights.
- 361 Structures and improvements.
- 362 Station equipment.
- 363 Storage battery equipment.
- 364 Poles, towers and fixtures.
- 365 Overhead conductors and devices
- 366 Underground conduit.
- 367 Underground conductors and devices
- 368 Line transformers.
- 369 Services.
- 370 Meters.
- 371 Installations on customers' premises

- 372 Leased property on customers' premises.
- 373 Street lighting and signal systems.

5. GENERAL PLANT

- 389 Land and land rights.
- 390 Structures and improvements.
- 391 Office furniture and equipment.
- 392 Transportation equipment.
- 393 Stores equipment.
- 394 Tools, shop and garage equipment.
- 395 Laboratory equipment.
- 396 Power operated equipment.
- 397 Communication equipment.
- 398 Miscellaneous equipment.
- 399 Other tangible property.

Electric Plant Accounts

301 Organization.

This account shall include all fees paid to federal or state governments for the privilege of incorporation and expenditures incident to organizing the corporation, partnership, or other enterprise and putting it into readiness to do business.

ITEMS

1. Cost of obtaining certificates authorizing an enterprise to engage in the public-utility business.
2. Fees and expenses for incorporation
3. Fees and expenses for mergers or consolidations.
4. Office expenses incident to organizing the utility.
5. Stock and minute books and corporate seal.

NOTE A: This account shall not include any discounts upon securities issued or assumed; nor shall it include any costs incident to negotiating loans, selling bonds or other evidences of debt or expenses in connection with the authorization, issuance or sale of capital stock.

NOTE B: Exclude from this account and include in the appropriate expense account the cost of preparing and filing papers in connection with the extension of the term of incorporation unless the first organization costs have been written off. When charges are made to this account for expenses incurred in mergers, consolidations, or reorganizations, amounts previously included herein or in similar accounts in the books of the companies concerned shall be excluded from this account.

302 Franchises and consents.

A. This account shall include amounts paid to the federal government, to a state or to a political subdivision thereof in consideration for

franchises, consents, water power licenses, or certificates, running in perpetuity or for a specified term of more than one year, together with necessary and reasonable expenses incident to procuring such franchises, consents, water power licenses, or certificates of permission and approval, including expenses of organizing and merging separate corporations, where statutes require, solely for the purpose of acquiring franchises.

B. If a franchise, consent, water power license or certificate is acquired by assignment, the charge to this account in respect thereof shall not exceed the amount paid therefor by the utility to the assignor, nor shall it exceed the amount paid by the original grantee, plus the expense of acquisition to such grantee. Any excess of the amount actually paid by the utility over the amount above specified shall be charged to account 426.5, Other Deductions.

C. When any franchise has expired, the book cost thereof shall be credited hereto and charged to account 426.5, Other Deductions, or to account 111, Accumulated Provision for Amortization of Electric Utility Plant (for Nonmajor utilities, account 110, Accumulated Provision for Depreciation and Amortization of Electric Plant), as appropriate.

D. Records supporting this account shall be kept so as to show separately the book cost of each franchise or consent.

NOTE: Annual or other periodic payments under franchises shall not be included herein but in the appropriate operating expense account.

303 Miscellaneous intangible plant.

A. This account shall include the cost of patent rights, licenses, privileges, and other intangible property necessary or valuable in the conduct of utility operations and not specifically chargeable to any other account.

B. When any item included in this account is retired or expires, the book cost thereof shall be credited hereto and charged to account 426.5, Other Deductions, or account 111, Accumulated Provision for Amortization of Electric Utility Plant (for Nonmajor utilities, account 110, Accumulated Provision for

Depreciation and Amortization of Electric Plant), as appropriate.

C. This account shall be maintained in such a manner that the utility can furnish full information with respect to the amounts included herein.

310 Land and land rights.

This account shall include the cost of land and land rights used in connection with steam-power generation. (See electric plant instruction 7.)

311 Structures and improvements.

This account shall include the cost in place of structures and improvements used in connection with steam-power generation. (See electric plant instruction 8.)

NOTE: Include steam production roads and railroads in this account.

312 Boiler plant equipment.

This account shall include the cost installed of furnaces, boilers, coal and ash handling and coal preparing equipment, steam and feed water piping, boiler apparatus and accessories used in the production of steam, mercury, or other vapor, to be used primarily for generating electricity.

ITEMS

1. Ash handling equipment, including hoppers, gates, cars, conveyors, hoists, sluicing equipment, including pumps and motors, sluicing water pipe and fittings, sluicing trenches and accessories, etc., except sluices which are a part of a building.
2. Boiler feed system, including feed water heaters, evaporator condensers, heater drain pumps, heater drainers, deaerators, and vent condensers, boiler feed pumps, surge tanks, feed water regulators, feed water measuring equipment, and all associated drives.
3. Boiler plant cranes and hoists and associated drives.
4. Boilers and equipment, including boilers and baffles, economizers, superheaters, soot blowers, foundations and settings, water walls, arches, grates, insulation, blow-down system, drying out of new boilers, also associated motors or other power equipment.
5. Breeching and accessories, including breeching, dampers, soot spouts, hoppers and gates, cinder eliminators, breeching insulation, soot blowers and associated motors.
6. Coal handling and storage equipment, including coal towers, coal lorries, coal cars,

locomotives and tracks when devoted principally to the transportation of coal, hoppers, downtakes, unloading and hoisting equipment, skip hoists and conveyors, weighing equipment, magnetic separators, cable ways, housings and supports for coal handling equipment.

7. Draft equipment, including air preheaters and accessories, induced and forced draft fans, air ducts, combustion control mechanisms, and associated motors or other power equipment.

8. Gas-burning equipment, including holders, burner equipment and piping, control equipment, etc.

9. Instruments and devices, including all measuring, indicating, and recording equipment for boiler plant service together with mountings and supports.

10. Lighting systems.

11. Oil-burning equipment, including tanks, heaters, pumps with drive, burner equipment and piping, control equipment, etc.

12. Pulverized fuel equipment, including pulverizers, accessory motors, primary air fans, cyclones and ducts, dryers, pulverized fuel bins, pulverized fuel conveyors and equipment, burners, burner piping, priming equipment, air compressors, motors, etc.

13. Stacks, including foundations and supports, stack steel and ladders, stack brick work, stack concrete, stack lining, stack painting (first), when set on separate foundations, independent of substructure or superstructure of building.

14. Station piping, including pipe, valves, fittings, separators, traps, desuperheaters, hangers, excavation, covering, etc., for station piping system, including all steam, condensate, boiler feed and water supply piping, etc., but not condensing water, plumbing, building heating, oil, gas, air piping or piping specifically provided for in account 313.

15. Stoker or equivalent feeding equipment, including stokers and accessory motors, clinker grinders, fans and motors, etc.

16. Ventilating equipment.

17. Water purification equipment, including softeners and accessories, evaporators and accessories, heat exchangers, filters, tanks for filtered or softened water, pumps, motors, etc.

18. Water-supply systems, including pumps, motors, strainers, raw-water storage tanks, boiler wash pumps, intake and discharge pipes and tunnels not a part of a building.

19. Wood fuel equipment, including hoppers, fuel hogs and accessories, elevators and conveyors, bins and gates, spouts, measuring equipment and associated drives.

NOTE: When the system for supplying boiler or condenser water is elaborate, as when it includes a dam, reservoir, canal, pipe line, cooling ponds, or where gas or oil is used as a fuel for producing steam and is supplied through a pipe line system owned by the

utility, the cost of such special facilities shall be charged to a subdivision of account 311, Structures and Improvements.

313 Engines and engine-driven generators.

This account shall include the cost installed of steam engines, reciprocating or rotary, and their associated auxiliaries; and engine-driven main generators, except turbogenerator units.

ITEMS

1. Air cleaning and cooling apparatus, including blowers, drive equipment, air ducts not a part of building, louvers, pumps, hoods, etc.

2. Belting, shafting, pulleys, reduction gearing, etc.

3. Circulating pumps, including connections between condensers and intake and discharge tunnels.

4. Cooling system, including towers, pumps, tank, and piping.

5. Condensers, including condensate pumps, air and vacuum pumps, ejectors, unloading valves and vacuum breakers, expansion devices, screens, etc.

6. Cranes, hoists, etc., including items wholly identified with items listed herein.

7. Engines, reciprocating or rotary.

8. Fire-extinguishing systems.

9. Foundations and settings, especially constructed for and not expected to outlast the apparatus for which provided.

10. Generators—Main, a.c. or d.c., including field rheostats and connections for self-excited units, and excitation systems when identified with the generating unit.

11. Governors.

12. Lighting systems.

13. Lubricating systems including gauges, filters, tanks, pumps, piping, motors, etc.

14. Mechanical meters, including gauges, recording instruments, sampling and testing equipment.

15. Piping—main exhaust, including connections between generator and condenser and between condenser and hotwell.

16. Piping—main steam, including connections from main throttle valve to turbine inlet.

17. Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.

18. Pressure oil system, including accumulators, pumps, piping, motors, etc.

19. Throttle and inlet valve.

20. Tunnels, intake and discharge, for condenser system, when not a part of a structure.

21. Water screens, motors, etc.

314 Turbogenerator units.

This account shall include the cost installed of main turbine-driven units and accessory equipment used in generating electricity by steam.

ITEMS

1. Air cleaning and cooling apparatus, including blowers, drive equipment, air ducts not a part of building, louvers, pumps, hoods, etc.
2. Circulating pumps, including connections between condensers and intake and discharge tunnels.
3. Condensers, including condensate pumps, air and vacuum pumps, ejectors, unloading valves and vacuum breakers, expansion devices, screens, etc.
4. Generator hydrogen, gas piping and de-trainment equipment.
5. Cooling system, including towers, pumps, tanks, and piping.
6. Cranes, hoists, etc., including items wholly identified with items listed herein.
7. Excitation system, when identified with main generating units.
8. Fire-extinguishing systems.
9. Foundations and settings, especially constructed for and not expected to outlast the apparatus for which provided.
10. Governors.
11. Lighting systems.
12. Lubricating systems, including gauges, filters, water separators, tanks, pumps, piping, motors, etc.
13. Mechanical meters, including gauges, recording instruments, sampling and testing equipment.
14. Piping—main exhaust, including connections between turbogenerator and condenser and between condenser and hotwell.
15. Piping—main steam, including connections from main throttle valve to turbine inlet.
16. Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.
17. Pressure oil systems, including accumulators, pumps, piping, motors, etc.
18. Steelwork, specially constructed for apparatus listed herein.
19. Throttle and inlet valve.
20. Tunnels, intake and discharge, for condenser system, when not a part of structure, water screens, etc.
21. Turbogenerators—main, including turbine and generator, field rheostats and electric connections for self-excited units.
22. Water screens, motors, etc.
23. Moisture separator for turbine steam.
24. Turbine lubricating oil (initial charge).

315 Accessory electric equipment.

This account shall include the cost installed of auxiliary generating apparatus, conversion equipment, and

equipment used primarily in connection with the control and switching of electric energy produced by steam power, and the protection of electric circuits and equipment, except electric motors used to drive equipment included in other accounts. Such motors shall be included in the account in which the equipment with which they are associated is included.

ITEMS

1. Auxiliary generators, including boards, compartments, switching equipment, control equipment, and connections to auxiliary power bus.
2. Excitation system, including motor, turbine and dual-drive exciter sets and rheostats, storage batteries and charging equipment, circuit breakers, panels and accessories, knife switches and accessories, surge arresters, instrument shunts, conductors and conduit, special supports for conduit, generator field and exciter switch panels, exciter bus tie panels, generator and exciter rheostats, etc., special housing, protective screens, etc.
3. Generator main connections, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, current transformers, potential transformers, protective relays, isolated panels and equipment, conductors and conduit, special supports for generator main leads grounding switch, etc., special housings, protective screens, etc.
4. Station buses including main, auxiliary, transfer, synchronizing and fault ground buses, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, reactors and accessories, voltage regulators and accessories, compensators, resistors, starting transformers, current transformers, potential transformers, protective relays, storage batteries and charging equipment, isolated panels and equipment, conductors and conduit, special supports, special housings, concrete pads, general station grounding system, special fire-extinguishing system, and test equipment.
5. Station control system, including station switchboards with panel wiring, panels with instruments and control equipment only, panels with switching equipment mounted or mechanically connected, truck-type boards complete, cubicles, station supervisory control boards, generator and exciter signal stands, temperature recording devices, frequency-control equipment, master clocks, watt-hour meters and synchronoscope in the turbine room, station totalizing wattmeter, boiler-room load indicator equipment, storage batteries, panels and charging sets, instrument transformers

for supervisory metering, conductors and conduit, special supports for conduit, switchboards, batteries, special housing for batteries, protective screens, doors, etc.

NOTE A: Do not include in this account transformers and other equipment used for changing the voltage or frequency of electricity for the purposes of transmission or distribution.

NOTE B: When any item of equipment listed herein is used wholly to furnish power to equipment included in another account, its cost shall be included in such other account.

316 Miscellaneous power plant equipment.

This account shall include the cost installed of miscellaneous equipment in and about the steam generating plant devoted to general station use, and which is not properly includible in any of the foregoing steam-power production accounts.

ITEMS

1. Compressed air and vacuum cleaning systems, including tanks, compressors, exhausters, air filters, piping, etc.
2. Cranes and hoisting equipment, including cranes, cars, crane rails, monorails, hoists, etc., with electric and mechanical connections.
3. Fire-extinguishing equipment for general station use.
4. Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.
5. Locomotive cranes not includible elsewhere.
6. Locomotives not includible elsewhere.
7. Marine equipment, including boats, barges, etc.
8. Miscellaneous belts, pulleys, countershafts, etc.
9. Miscellaneous equipment, including atmospheric and weather indicating devices, intrasite communication equipment, laboratory equipment, signal systems, callophones emergency whistles and sirens, fire alarms, insect-control equipment, and other similar equipment.
10. Railway cars not includible elsewhere.
11. Refrigerating systems, including compressors, pumps, cooling coils, etc.
12. Station maintenance equipment, including lathes, shapers, planers, drill presses, hydraulic presses, grinders, etc., with motors, shafting, hangers, pulleys, etc.
13. Ventilating equipment, including items wholly identified with apparatus listed herein.

NOTE: When any item of equipment listed herein is wholly used in connection with

equipment included in another account, its cost shall be included in such other account.

317 Asset retirement costs for steam production plant.

This account shall include asset retirement costs on plant included in the steam production function.

320 Land and land rights (Major only).

This account shall include the cost of land and land rights used in connection with nuclear power generation. (See electric plant instruction 7.)

321 Structures and improvements (Major only).

This account shall include the cost in place of structures and improvements used and useful in connection with nuclear power generation. (See electric plant instruction 8.)

NOTE: Include vapor containers and nuclear production roads and railroads in this account.

322 Reactor plant equipment (Major only).

This account shall include the installed cost of reactors, reactor fuel handling and storage equipment, pressurizing equipment, coolant charging equipment, purification and discharging equipment, radioactive waste treatment and disposal equipment, boilers, steam and feed water piping, reactor and boiler apparatus and accessories and other reactor plant equipment used in the production of steam to be used primarily for generating electricity, including auxiliary superheat boilers and associated equipment in systems which change temperatures or pressure of steam from the reactor system.

ITEMS

1. Auxiliary superheat boilers and associated fuel storage handling preparation and burning equipment, etc. (See account 312 Boiler Plant Equipment, for items, but exclude water supply, water flow lines, and steam lines, as well as other equipment not strictly within the superheat function.)
2. Boiler feed system, including feed water heaters, evaporator condensers, heater drain pumps, heater drainers, deaerators, and vent condensers, boiler feed pumps, surge tanks, feed water regulators, feed water measuring equipment, and all associated drivers.

3. Boilers and heat exchangers.
4. Instruments and devices, including all measuring, indicating, and recording equipment for reactor and boiler plant service together with mountings and supports.
5. Lighting systems.
6. Moderators, such as heavy water, graphite, etc., initial charge.
7. Reactor coolant; primary and secondary systems (initial charge).
8. Radioactive waste treatment and disposal equipment, including tanks, ion exchangers, incinerators, condensers, chimneys, and diluting fans and pumps.
9. Foundations and settings, especially constructed for and not expected to outlast the apparatus for which provided.
10. Reactor including shielding, control rods and mechanisms.
11. Reactor fuel handling equipment, including manipulating and extraction tools, underwater viewing equipment, seal cutting and welding equipment, fuel transfer equipment and fuel disassembly machinery.
12. Reactor fuel element failure detection system.
13. Reactor emergency poison container and injection system.
14. Reactor pressurizing and pressure relief equipment, including pressurizing tanks and immersion heaters.
15. Reactor coolant or moderator circulation charging, purification, and discharging equipment, including tanks, pumps, heat exchangers, demineralizers, and storage.
16. Station piping, including pipes, valves, fittings, separators, traps, desuperheaters, hangers, excavation, covering, etc., for station piping system, including all-reactor coolant, steam, condensate, boiler feed and water supply piping, etc., but not condensing water, plumbing, building heating, oil, gas, or air piping.
17. Ventilating equipment.
18. Water purification equipment, including softeners, demineralizers, and accessories, evaporators and accessories, heat exchangers, filters, tanks for filtered or softened water, pumps, motors, etc.
19. Water supply systems, including pumps, motors, strainers, raw-water storage tanks, boiler wash pumps, intake and discharge pipes and tunnels not a part of a building.
20. Reactor plant cranes and hoists, and associated drives.

NOTE: When the system for supplying boiler or condenser water is elaborate, as when it includes a dam, reservoir, canal, pipe lines, or cooling ponds, the cost of such special facilities shall be charged to a subdivision of account 321, Structures and Improvements.

323 Turbogenerator units (Major only).

This account shall include the cost installed of main turbine-driven units

and accessory equipment used in generating electricity by steam.

ITEMS

1. Air cleaning and cooling apparatus, including blowers, drive equipment, air ducts not a part of building, louvers, pumps, hoods, etc.
2. Circulating pumps, including connections between condensers, and intake and discharge tunnels.
3. Condensers, including condensate pumps, air and vacuum pumps ejectors, unloading valves and vacuum breakers, expansion devices, screens, etc.
4. Generator hydrogen gas piping system and hydrogen detrainment equipment, and bulk hydrogen gas storage equipment.
5. Cooling system, including towers, pumps, tanks and piping.
6. Cranes, hoists, etc., including items wholly identified with items listed herein.
7. Excitation system, when identified with main generating units.
8. Fire extinguishing systems.
9. Foundations and settings, especially constructed for and not expected to outlast the apparatus for which provided.
10. Governors.
11. Lighting systems.
12. Lubricating systems, including gauges filters, water separators, tanks, pumps, piping motors, etc.
13. Mechanical meters, including gauges recording instruments, sampling and testing equipment.
14. Piping—main exhaust, including connections between turbogenerator and condenser and between condenser and hotwell.
15. Piping—main steam, including connections from main throttle valve to turbine inlet.
16. Platforms, railings, steps, gratings, etc. appurtenant to apparatus listed herein.
17. Pressure oil systems, including accumulators, pumps, piping, motors, etc.
18. Steelwork, specially constructed for apparatus listed herein.
19. Throttle and inlet valve.
20. Tunnels, intake and discharge, for condenser system, when not a part of structure water screens, etc.
21. Turbogenerators—main, including turbine and generator, field rheostats and electric connections for self-excited units.
22. Water screens, motors, etc.
23. Moisture separators for turbine steam.
24. Turbine lubricating oil (initial charge).

324 Accessory electric equipment (Major only).

This account shall include the cost installed of auxiliary generating apparatus, conversion equipment, and

equipment used primarily in connection with the control and switching of electric energy produced by nuclear power, and the protection of electric circuits and equipment, except electric motors used to drive equipment included in other accounts. Such motors shall be included in the account in which the equipment with which they are associated is included.

NOTE: Do not include in this account transformers and other equipment used for changing the voltage or frequency of electric energy for the purpose of transmission or distribution.

ITEMS

1. Auxiliary generators, including boards, compartments, switching equipment, control equipment, and connections to auxiliary power bus.
2. Excitation system, including motor, turbine and dual-drive exciter sets and rheostats, storage batteries and charging equipment, circuit breakers, panels and accessories, knife switches and accessories, surge arresters, instrument shunts, conductors and conduit, special supports for conduit, generator field and exciter switch panels, exciter bus tie panels, generator and exciter rheostats, etc., special housing, protective screens, etc.
3. Generator main connections, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, current transformers, potential transformers, protective relays, isolated panels and equipment, conductors and conduit, special supports for generator main leads, grounding switch, etc., special housings, protective screens, etc.
4. Station buses, including main, auxiliary, transfer, synchronizing and fault ground buses, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, reactors and accessories, voltage regulators and accessories, compensators, resistors, starting transformers, current transformers, potential transformers, protective relays, storage batteries and charging equipment, isolated panels and equipment, conductors and conduit, special supports, special housings, concrete pads, general station grounding system, fire-extinguishing system, and test equipment.
5. Station control system, including station switchboards with panel wiring, panels with instruments and control equipment only, panels with switching equipment mounted or mechanically connected, truck-type boards complete, cubicles, station supervisory control boards, generator and exciter signal stands, temperature recording devices, frequency-control equipment, mas-

ter clocks, watt-hour meters and synchronoscope in the turbine room, station totalizing wattmeter, boiler-room load indicator equipment, storage batteries, panels and charging sets, instrument transformers for supervisory metering, conductors and conduit, special supports for conduit, switchboards, batteries, special housing for batteries, protective screens, doors, etc.

NOTE: When any item of equipment listed herein is used wholly to furnish power to equipment included in another account, its cost shall be included in such other account

325 Miscellaneous power plant equipment (Major only).

This account shall include the cost installed of miscellaneous equipment in and about the nuclear generating plant devoted to general station use, and which is not properly includible in any of the foregoing nuclear-power production accounts.

ITEMS

1. Compressed air and vacuum cleaning systems, including tanks, compressors, exhausters, air filters, piping, etc.
2. Cranes and hoisting equipment, including cranes, cars, crane rails, monorails, hoists, etc., with electric and mechanical connections.
3. Fire-extinguishing equipment for general station and site use.
4. Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.
5. Locomotive cranes not includible elsewhere.
6. Locomotives not included elsewhere.
7. Marine equipment, including boats, barges, etc.
8. Miscellaneous belts, pulleys, countershafts, etc.
9. Miscellaneous equipment, including atmospheric and weather recording devices, intrasite communication equipment, laboratory equipment, signal systems, callophones emergency whistles and sirens, fire alarms, insect-control equipment, and other similar equipment.
10. Railway cars or special shipping containers not includible elsewhere.
11. Refrigerating systems, including compressors, pumps, cooling coils, etc.
12. Station maintenance equipment, including lathes, shapers, planers, drill presses, hydraulic presses, grinders, etc., with motors, shafting, hangers, pulleys, etc.
13. Ventilating equipment, including items wholly identified with apparatus listed herein.
14. Station and area radiation monitoring equipment.

NOTE: When any item of equipment listed herein is wholly used in connection with equipment included in another account, its cost shall be included in such other account.

326 Asset retirement costs for nuclear production plant (Major only).

This account shall include asset retirement costs on plant included in the nuclear production function.

330 Land and land rights.

This account shall include the cost of land and land rights used in connection with hydraulic power generation. (See electric plant instruction 7.) For Major utilities, it shall also include the cost of land and land rights used in connection with (1) the conservation of fish and wildlife, and (2) recreation. Separate subaccounts shall be maintained for each of the above.

331 Structures and improvements.

This account shall include the cost in place of structures and improvements used in connection with hydraulic power generation. (See electric plant instruction 8.) For Major utilities, it shall also include the cost in place of structures and improvements used in connection with (1) the conservation of fish and wildlife, and (2) recreation. Separate subaccounts shall be maintained for each of the above.

332 Reservoirs, dams, and waterways.

This account shall include the cost in place of facilities used for impounding, collecting, storage, diversion, regulation, and delivery of water used primarily for generating electricity. For Major utilities, it shall also include the cost in place of facilities used in connection with (a) the conservation of fish and wildlife, and (b) recreation. Separate subaccounts shall be maintained for each of the above. (See electric plant instruction 8C.)

ITEMS

1. Bridges and culverts (when not a part of roads or railroads).
2. Clearing and preparing land.
3. Dams, including wasteways, spillways, flash boards, spillway gates with operating and control mechanisms, tunnels, gate houses, and fish ladders.
4. Dikes and embankments.

5. Electric system, including conductors control system, transformers, lighting fixtures, etc.

6. Excavation, including shoring, bracing, bridging, refill, and disposal of excess excavated material.

7. Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.

8. Intakes, including trash racks, rack cleaners, control gates and valves with operating mechanisms, and intake house when not a part of station structure.

9. Platforms, railings, steps, gratings, etc., appurtenant to structures listed herein.

10. Power line wholly identified with items included herein.

11. Retaining walls.

12. Water conductors and accessories, including canals, tunnels, flumes, penstocks pipe conductors, forebays, tailraces, navigation locks and operating mechanisms, waterhammer and surge tanks, and supporting trestles and structures.

13. Water storage reservoirs, including dams, flashboards, spillway gates and operating mechanisms, inlet and outlet tunnels, regulating valves and valve towers, silt and mud sluicing tunnels with valve or gate towers, and all other structures wholly identified with any of the foregoing items.

333 Water wheels, turbines and generators.

This account shall include the cost installed of water wheels and hydraulic turbines (from connection with penstock or flume to tailrace) and generators driven thereby devoted to the production of electricity by water power or for the production of power for industrial or other purposes, if the equipment used for such purposes is a part of the hydraulic power plant works.

ITEMS

1. Exciter water wheels and turbines, including runners, gates, governors, pressure regulators, oil pumps, operating mechanisms, scroll cases, draft tubes, and draft-tube supports.

2. Fire-extinguishing equipment.

3. Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.

4. Generator cooling system, including air cooling and washing apparatus, air fans and accessories, air ducts, etc.

5. Generators—main, a.c. or d.c., including field rheostats and connections for self-excited units and excitation system when identified with the generating unit.

6. Lighting systems.

7. Lubricating systems, including gauges, filters, tanks, pumps, piping, etc.

8. Main penstock valves and appurtenances, including main valves, control equipment, bypass valves and fittings, and other accessories.

9. Main turbines and water wheels, including runners, gates, governors, pressure regulators, oil pumps, operating mechanisms, scroll cases, draft tubes, and draft-tube supports.

10. Mechanical meters and recording instruments.

11. Miscellaneous water-wheel equipment, including gauges, thermometers, meters, and other instruments.

12. Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.

13. Scroll case filling and drain system, including gates, pipe, valves, fittings, etc.

14. Water-actuated pressure-regulator system, including tanks and housings, pipes, valves, fittings and insulations, piers and anchorage, and excavation and backfill.

334 Accessory electric equipment.

This account shall include the cost installed of auxiliary generating apparatus, conversion equipment, and equipment used primarily in connection with the control and switching of electric energy produced by hydraulic power and the protection of electric circuits and equipment, except electric motors used to drive equipment included in other accounts, such motors being included in the account in which the equipment with which they are associated is included.

ITEMS

1. Auxiliary generators, including boards, compartments, switching equipment, control equipment, and connections to auxiliary power bus.

2. Excitation system, including motor, turbine, and dual-drive exciter sets and rheostats, storage batteries and charging equipment, circuit breakers, panels and accessories, knife switches and accessories, surge arresters, instrument shunts, conductors and conduit, special supports for conduit, generator field and exciter switch panels, exciter bus tie panels, generator and exciter rheostats, etc., special housings, protective screens, etc.

3. Generator main connections, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, current transformers, potential transformers, protective relays, isolated panels and equipment, conductors and conduit, special supports for generator main leads, grounding switch, etc., special housings, protective screens, etc.

4. Station buses, including main, auxiliary, transfer, synchronizing, and fault ground buses, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, reactors and accessories, voltage regulators and accessories, compensators, resistors starting transformers, current transformers, potential transformers, protective relays, storage batteries, and charging equipment, isolated panels and equipment, conductors and conduit, special supports, special fire-extinguishing system, and test equipment.

5. Station control system, including station switchboards with panel wiring panels with instruments and control equipment only, panels with switching equipment mounted or mechanically connected, trucktype boards complete, cubicles, station supervisory control devices, frequency control equipment, master clocks, watt-hour meter, station totalizing watt-meter, storage batteries, panels and charging sets, instrument transformers for supervisory metering, conductors and conduit, special supports for conduit, switchboards, batteries, special housings for batteries, protective screens, doors, etc.

NOTE A: Do not include in this account transformers and other equipment used for changing the voltage or frequency of electricity for the purpose of transmission or distribution.

NOTE B: When any item of equipment listed herein is used wholly to furnish power to equipment, it shall be included in such equipment account.

335 Miscellaneous power plant equipment.

This account shall include the cost installed of miscellaneous equipment in and about the hydroelectric generating plant which is devoted to general station use and is not properly includible in other hydraulic production accounts. For Major utilities, it shall also include the cost of equipment used in connection with (a) the conservation of fish and wildlife, and (b) recreation. Separate subaccounts shall be maintained for each of the above.

ITEMS

1. Compressed air and vacuum cleaning systems, including tanks, compressors, exhausters, air filters, piping, etc.

2. Cranes and hoisting equipment, including cranes, cars, crane rails, monorails, hoists, etc., with electric and mechanical connections.

3. Fire-extinguishing equipment for general station use.

4. Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.

5. Locomotive cranes not includible elsewhere.

6. Locomotives not includible elsewhere.

7. Marine equipment, including boats, barges, etc.

8. Miscellaneous belts, pulleys, countershafts, etc.

9. Miscellaneous equipment, including atmospheric and weather indicating devices, intrasite communication equipment, laboratory equipment, insect control equipment, signal systems, callophones, emergency whistles and sirens, fire alarms, and other similar equipment.

10. Railway cars, not includible elsewhere.

11. Refrigerating system, including compressors, pumps, cooling coils, etc.

12. Station maintenance equipment, including lathes, shapers, planers, drill presses, hydraulic presses, grinders, etc., with motors, shafting, hangers, pulleys, etc.

13. Ventilating equipment, including items wholly identified with apparatus listed herein.

NOTE: When any item of equipment, listed herein is used wholly in connection with equipment included in another account, its cost shall be included in such other account.

336 Roads, railroads and bridges.

This account shall include the cost of roads, railroads, trails, bridges, and trestles used primarily as production facilities. It includes also those roads, etc., necessary to connect the plant with highway transportation systems, except when such roads are dedicated to public use and maintained by public authorities.

ITEMS

1. Bridges, including foundations, piers, girders, trusses, flooring, etc.

2. Clearing land.

3. Railroads, including grading, ballast, ties, rails, culverts, hoists, etc.

4. Roads, including grading, surfacing, culverts, etc.

5. Structures, constructed and maintained in connection with items listed herein.

6. Trails, including grading, surfacing, culverts, etc.

7. Trestles, including foundations, piers, girders, trusses, flooring, etc.

NOTE A: Roads intended primarily for connecting employees' houses with the power-plant, and roads used primarily in connection with fish and wildlife, and recreation activities, shall not be included herein but in account 331, Structures and Improvements.

NOTE B: The cost of temporary roads, bridges, etc. necessary during the period of construction but abandoned or dedicated to public use upon completion of the plant, shall not be included herein but shall be charged to the accounts appropriate for the construction.

337 Asset retirement costs for hydraulic production plant.

This account shall include asset retirement costs on plant included in the hydraulic production function.

340 Land and land rights.

This account shall include the cost of land and land rights used in connection with other power generation. (See electric plant instruction 7.)

341 Structures and improvements.

This account shall include the cost in place of structures and improvements used in connection with other power generation. (See electric plant instruction 8.)

342 Fuel holders, producers, and accessories.

This account shall include the cost installed of fuel handling and storage equipment used between the point of fuel delivery to the station and the intake pipe through which fuel is directly drawn to the engine, also the cost of gas producers and accessories devoted to the production of gas for use in prime movers driving main electric generators.

ITEMS

1. Blower and fans.

2. Boilers and pumps.

3. Economizers.

4. Exhauster outfits.

5. Flues and piping.

6. Pipe system.

7. Producers.

8. Regenerators.

9. Scrubbers.

10. Steam injectors.

11. Tanks for storage of oil, gasoline, etc.

12. Vaporizers.

343 Prime movers.

This account shall include the cost installed of Diesel or other prime movers devoted to the generation of electric energy, together with their auxiliaries.

ITEMS

1. Air-filtering system.
2. Belting, shafting, pulleys, reduction gearing, etc.
3. Cooling system, including towers, pumps, tanks, and piping.
4. Cranes, hoists, etc., including items wholly identified with apparatus listed herein.
5. Engines, Diesel, gasoline, gas, or other internal combustion.
6. Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.
7. Governors.
8. Ignition system.
9. Inlet valve.
10. Lighting systems.
11. Lubricating systems, including filters, tanks, pumps, and piping.
12. Mechanical meters, including gauges, recording instruments, sampling, and testing equipment.
13. Mufflers.
14. Piping.
15. Starting systems, compressed air, or other, including compressors and drives, tanks, piping, motors, boards and connections, storage tanks, etc.
16. Steelwork, specially constructed for apparatus listed herein.
17. Waste heat boilers, antifructuators, etc.

344 Generators.

This account shall include the cost installed of Diesel or other power driven main generators.

ITEMS

1. Cranes, hoists, etc., including items wholly identified with such apparatus.
2. Fire-extinguishing equipment.
3. Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.
4. Generator cooling system, including air cooling and washing apparatus, air fans and accessories, air ducts, etc.
5. Generators—main, a.c. or d.c., including field rheostats and connections for self-excited units and excitation system when identified with the generating unit.
6. Lighting systems.
7. Lubricating system, including tanks, filters, strainers, pumps, piping, coolers, etc.
8. Mechanical meters, and recording instruments.
9. Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.

NOTE: If prime movers and generators are so integrated that it is not practical to classify them separately, the entire unit may be included in account 344, Generators.

345 Accessory electric equipment.

This account shall include the cost installed of auxiliary generating apparatus, conversion equipment, and equipment used primarily in connection with the control and switching of electric energy produced in other power generating stations, and the protection of electric circuits and equipment, except electric motors used to drive equipment included in other accounts. Such motors shall be included in the account in which the equipment with which it is associated is included.

ITEMS

1. Auxiliary generators, including boards, compartments, switching equipment, control equipment, and connections to auxiliary power bus.
2. Excitation system, including motor, turbine and dual-drive exciter sets and rheostats, storage batteries and charging equipment, circuit breakers, panels and accessories, knife switches and accessories, surge arresters, instrument shunts, conductors and conduit, special supports for conduit, generator field and exciter switch panels, exciter bus tie panels, generator and exciter rheostats, etc., special housings, protective screens, etc.
3. Generator main connections, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, current transformers, potential transformers, protective relays, isolated panels and equipment, conductors and conduit, special supports for generator main leads, grounding switch, etc., special housing, protective screens, etc.
4. Station control system, including station switchboards with panel wiring, panels with instruments and control equipment only, panels with switching equipment mounted or mechanically connected, trunktype boards complete, cubicles, station supervisory control boards, generator and exciter signal stands, temperature-recording devices, frequency control equipment, master clocks, watt-hour meter, station totalizing wattmeter, storage batteries, panels and charging sets, instrument transformers for supervisory metering, conductors and conduit, special supports for conduit, switchboards, batteries, special housing for batteries, protective screens, doors, etc.
5. Station buses, including main, auxiliary transfer, synchronizing and fault ground buses, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, reactors and accessories, voltage regulators and accessories, compensators, resistors, starting transformers, current transformers,

potential transformers, protective relays, storage batteries and charging equipment, isolated panels and equipment, conductors and conduit, special supports, special housings, concrete pads, general station ground system, special fire-extinguishing system, and test equipment.

NOTE A: Do not include in this account transformers and other equipment used for changing the voltage or frequency of electric energy for the purpose of transmission or distribution.

NOTE B: When any item of equipment listed herein is used wholly to furnish power to equipment included in another account, its cost shall be included in such other account.

346 Miscellaneous power plant equipment.

This account shall include the cost installed of miscellaneous equipment in and about the other power generating plant, devoted to general station use, and not properly includible in any of the foregoing other power production accounts.

ITEMS

1. Compressed air and vacuum cleaning systems, including tanks, compressors, exhausters, air filters, piping, etc.
2. Cranes and hoisting equipment, including cranes, cars, crane rails, monorails, hoists, etc., with electric and mechanical connections.
3. Fire-extinguishing equipment for general station use.
4. Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.
5. Miscellaneous equipment, including atmospheric and weather indicating devices, intrasite communication equipment, laboratory equipment, signal systems, callophones, emergency whistles and sirens, fire alarms, and other similar equipment.
6. Miscellaneous belts, pulleys, countershafts, etc.
7. Refrigerating system including compressors, pumps, cooling coils, etc.
8. Station maintenance equipment, including lathes, shapers, planers, drill presses, hydraulic presses, grinders, etc., with motors, shafting, hangers, pulleys, etc.
9. Ventilating equipment, including items wholly identified with apparatus listed herein.

NOTE: When any item of equipment, listed herein is used wholly in connection with equipment included in another account, its cost shall be included in such other account.

347 Asset retirement costs for other production plant.

This account shall include asset retirement costs on plant included in the other production function.

350 Land and land rights.

This account shall include the cost of land and land rights used in connection with transmission operations. (See electric plant instruction 7.)

351 [Reserved]

352 Structures and improvements.

This account shall include the cost in place of structures and improvements used in connection with transmission operations. (See electric plant instruction 8.)

353 Station equipment.

This account shall include the cost installed of transforming, conversion, and switching equipment used for the purpose of changing the characteristics of electricity in connection with its transmission or for controlling transmission circuits.

ITEMS

1. Bus compartments, concrete, brick, and sectional steel, including items permanently attached thereto.
2. Conduit, including concrete and iron duct runs not a part of a building.
3. Control equipment, including batteries battery charging equipment, transformers, remote relay boards, and connections.
4. Conversion equipment, including transformers, indoor and outdoor, frequency changers, motor generator sets, rectifiers, synchronous converters, motors, cooling equipment, and associated connections.
5. Fences.
6. Fixed and synchronous condensers, including transformers, switching equipment blowers, motors and connections.
7. Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.
8. General station equipment, including air compressors, motors, hoists, cranes, test equipment, ventilating equipment, etc.
9. Platforms, railings, steps, gratings, etc. appurtenant to apparatus listed herein.
10. Primary and secondary voltage connections, including bus runs and supports, insulators, potheads, lightning arresters, cable and wire runs from and to outdoor connections or to manholes and the associated

regulators, reactors, resistors, surge arresters, and accessory equipment.

11. Switchboards, including meters, relays, control wiring, etc.

12. Switching equipment, indoor and outdoor, including oil circuit breakers and operating mechanisms, truck switches, and disconnect switches.

13. Tools and appliances.

354 Towers and fixtures.

This account shall include the cost installed of towers and appurtenant fixtures used for supporting overhead transmission conductors.

ITEMS

1. Anchors, guys, braces.
2. Brackets.
3. Crossarms, including braces.
4. Excavation, backfill, and disposal of excess excavated material.
5. Foundations.
6. Guards.
7. Insulator pins and suspension bolts.
8. Ladders and steps.
9. Railings, etc.
10. Towers.

355 Poles and fixtures.

This account shall include the cost installed of transmission line poles, wood, steel, concrete, or other material, together with appurtenant fixtures used for supporting overhead transmission conductors.

ITEMS

1. Anchors, head arm and other guys, including guy guards, guy clamps, strain insulators, pole plates, etc.
2. Brackets.
3. Crossarms and braces.
4. Excavation and backfill, including disposal of excess excavated material.
5. Extension arms.
6. Gaining, roofing stenciling, and tagging.
7. Insulator pins and suspension bolts.
8. Paving.
9. Pole steps.
10. Poles, wood, steel, concrete, or other material.
11. Racks complete with insulators.
12. Reinforcing and stubbing.
13. Settings.
14. Shaving and painting.

356 Overhead conductors and devices.

This account shall include the cost installed of overhead conductors and devices used for transmission purposes.

ITEMS

1. Circuit breakers.

2. Conductors, including insulated and bare wires and cables.

3. Ground wires and ground clamps.

4. Insulators, including pin, suspension, and other types.

5. Lightning arresters.

6. Switches.

7. Other line devices.

357 Underground conduit.

This account shall include the cost installed of underground conduit and tunnels used for housing transmission cables or wires. (See electric plant instruction 14.)

ITEMS

1. Conduit, concrete, brick or tile, including iron pipe, fiber pipe, Murray duct, and standpipe on pole or tower.

2. Excavation, including shoring, bracing, bridging, backfill, and disposal of excess excavated material.

3. Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.

4. Lighting systems.

5. Manholes, concrete or brick, including iron or steel, frames and covers, hatchways, gratings, ladders, cable racks and hangers, etc., permanently attached to manholes.

6. Municipal inspection.

7. Pavement disturbed, including cutting and replacing pavement, pavement base and sidewalks.

8. Permits.

9. Protection of street openings.

10. Removal and relocation of subsurface obstructions.

11. Sewer connections, including drains, traps, tide valves, check valves, etc.

12. Sumps, including pumps.

13. Ventilating equipment.

358 Underground conductors and devices.

This account shall include the cost installed of underground conductors and devices used for transmission purposes.

ITEMS

1. Armored conductors, buried, including insulators, insulating materials, splices, pot-heads, trenching, etc.

2. Armored conductors, submarine, including insulators, insulating materials, splices in terminal chambers, potheads, etc.

3. Cables in standpipe, including pothead and connection from terminal chamber of manhole to insulators on pole.

4. Circuit breakers.

5. Fireproofing, in connection with any items listed herein.

6. Hollow-core oil-filled cable, including straight or stop joints pressure tanks, auxiliary air tanks, feeding tanks, terminals, pot-heads and connections, ventilating equipment, etc.

7. Lead and fabric covered conductors, including insulators, compound filled, oil filled, or vacuum splices, potheads, etc.

8. Lightning arresters.

9. Municipal inspection.

10. Permits.

11. Protection of street openings.

12. Racking of cables.

13. Switches.

14. Other line devices.

359 Roads and trails.

This account shall include the cost of roads, trails, and bridges used primarily as transmission facilities.

ITEMS

1. Bridges, including foundation piers, girders, trusses, flooring, etc.

2. Clearing land.

3. Roads, including grading, surfacing, culverts, etc.

4. Structures, constructed and maintained in connection with items included herein.

5. Trails, including grading, surfacing, culverts, etc.

NOTE: The cost of temporary roads, bridges, etc., necessary during the period of construction but abandoned or dedicated to public use upon completion of the plant, shall be charged to the accounts appropriate for the construction.

359.1 Asset retirement costs for transmission plant.

This account shall include asset retirement costs on plant included in the transmission plant function.

360 Land and land rights.

This account shall include the cost of land and land rights used in connection with distribution operations. (See electric plant instruction 7.)

NOTE: Do not include in this account the cost of permits to erect poles, towers, etc., or to trim trees. (See account 364, Poles, Towers and Fixtures, and account 365, Overhead Conductors and Devices.)

361 Structures and improvements.

This account shall include the cost in place of structures and improvements used in connection with distribution operations. (See electric plant instruction 8.)

362 Station equipment.

This account shall include the cost installed of station equipment, including transformer banks, etc., which are used for the purpose of changing the characteristics of electricity in connection with its distribution.

ITEMS

1. Bus compartments, concrete, brick and sectional steel, including items permanently attached thereto.

2. Conduit, including concrete and iron duct runs not part of building.

3. Control equipment, including batteries, battery charging equipment, transformers, remote relay boards, and connections.

4. Conversion equipment, indoor and outdoor, frequency changers, motor generator sets, rectifiers, synchronous converters, motors, cooling equipment, and associated connections.

5. Fences.

6. Fixed and synchronous condensers, including transformers, switching equipment, blowers, motors, and connections.

7. Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.

8. General station equipment, including air compressors, motors, hoists, cranes, test equipment, ventilating equipment, etc.

9. Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.

10. Primary and secondary voltage connections, including bus runs and supports, insulators, potheads, lightning arresters, cable and wire runs from and to outdoor connections or to manholes and the associated regulators, reactors, resistors, surge arresters, and accessory equipment.

11. Switchboards, including meters, relays, control wiring, etc.

12. Switching equipment, indoor and outdoor, including oil circuit breakers and operating mechanisms, truck switches, disconnect switches.

NOTE: The cost of rectifiers, series transformers, and other special station equipment devoted exclusively to street lighting service shall not be included in this account, but in account 373, Street Lighting and Signal Systems.

363 Storage battery equipment.

This account shall include the cost installed of storage battery equipment used for the purpose of supplying electricity to meet emergency or peak demands.

ITEMS

1. Batteries, including elements, tanks, tank insulators, etc.

2. Battery room connections, including cable or bus runs and connections.
3. Battery room flooring, when specially laid for supporting batteries.
4. Charging equipment, including motor generator sets and other charging equipment and connections, and cable runs from generator or station bus to battery room connections.
5. Miscellaneous equipment, including instruments, water stills, etc.
6. Switching equipment, including endcell switches and connections, boards and panels, used exclusively for battery control, not part of general station switchboard.
7. Ventilating equipment, including fans and motors, louvers, and ducts not part of building.

NOTE: Storage batteries used for control and general station purposes shall not be included in this account but in the account appropriate for their use.

364 Poles, towers and fixtures.

This account shall include the cost installed of poles, towers, and appurtenant fixtures used for supporting overhead distribution conductors and service wires.

ITEMS

1. Anchors, head arm, and other guys, including guy guards, guy clamps, strain insulators, pole plates, etc.
2. Brackets.
3. Crossarms and braces.
4. Excavation and backfill, including disposal of excess excavated material.
5. Extension arms.
6. Foundations.
7. Guards.
8. Insulator pins and suspension bolts.
9. Paving.
10. Permits for construction.
11. Pole steps and ladders.
12. Poles, wood, steel, concrete, or other material.
13. Racks complete with insulators.
14. Railings.
15. Reinforcing and stubbing.
16. Settings.
17. Shaving, painting, gaining, roofing, stenciling, and tagging.
18. Towers.
19. Transformer racks and platforms.

365 Overhead conductors and devices.

This account shall include the cost installed of overhead conductors and devices used for distribution purposes.

ITEMS

1. Circuit breakers.

2. Conductors, including insulated and bare wires and cables.
3. Ground wires, clamps, etc.
4. Insulators, including pin, suspension, and other types, and tie wire or clamps.
5. Lightning arresters.
6. Railroad and highway crossing guards.
7. Splices.
8. Switches.
9. Tree trimming, initial cost including the cost of permits therefor.
10. Other line devices.

NOTE: The cost of conductors used solely for street lighting or signal systems shall not be included in this account but in account 373, Street Lighting and Signal Systems.

366 Underground conduit.

This account shall include the cost installed of underground conduit and tunnels used for housing distribution cables or wires.

ITEMS

1. Conduit, concrete, brick and tile, including iron pipe, fiber pipe, Murray duct, and standpipe on pole or tower.
2. Excavation, including shoring, bracing, bridging, backfill, and disposal of excess excavated material.
3. Foundations and settings specially constructed for and not expected to outlast the apparatus for which constructed.
4. Lighting systems.
5. Manholes, concrete or brick, including iron or steel frames and covers, hatchways, gratings, ladders, cable racks and hangers, etc., permanently attached to manholes.
6. Municipal inspection.
7. Pavement disturbed, including cutting and replacing pavement, pavement base, and sidewalks.
8. Permits.
9. Protection of street openings.
10. Removal and relocation of subsurface obstructions.
11. Sewer connections, including drains, traps, tide valves, check valves, etc.
12. Sumps, including pumps.
13. Ventilating equipment.

NOTE: The cost of underground conduit used solely for street lighting or signal systems shall be included in account 373, Street Lighting and Signal Systems.

367 Underground conductors and devices.

This account shall include the cost installed of underground conductors and devices used for distribution purposes.

ITEMS

1. Armored conductors, buried, including insulators, insulating materials, splices, pot-heads, trenching, etc.
2. Armored conductors, submarine, including insulators, insulating materials, splices in terminal chamber, potheads, etc.
3. Cables in standpipe, including pothead and connection from terminal chamber or manhole to insulators on pole.
4. Circuit breakers.
5. Fireproofing, in connection with any items listed herein.
6. Hollow-core oil-filled cable, including straight or stop joints, pressure tanks, auxiliary air tanks, feeding tanks, terminals, pot-heads and connections, etc.
7. Lead and fabric covered conductors, including insulators, compound-filled, oil-filled or vacuum splices, potheads, etc.
8. Lightning arresters.
9. Municipal inspection.
10. Permits.
11. Protection of street openings.
12. Racking of cables.
13. Switches.
14. Other line devices.

NOTE: The cost of underground conductors and devices used solely for street lighting or signal systems shall be included in account 373, Street Lighting and Signal Systems.

368 Line transformers.

A. This account shall include the cost installed of overhead and underground distribution line transformers and poletype and underground voltage regulators owned by the utility, for use in transforming electricity to the voltage at which it is to be used by the customer, whether actually in service or held in reserve.

B. When a transformer is permanently retired from service, the original installed cost thereof shall be credited to this account.

C. The records covering line transformers shall be so kept that the utility can furnish the number of transformers of various capacities in service and those in reserve, and the location and the use of each transformer.

ITEMS

1. Installation, labor of (first installation only).
2. Transformer cut-out boxes.
3. Transformer lightning arresters.
4. Transformers, line and network.
5. Capacitors.
6. Network protectors.

NOTE: The cost of removing and resetting line transformers shall not be charged to this account but to account 583, Overhead Line Expenses, or account 584, Underground Line Expenses (for Nonmajor utilities, account 561, Line and Station Labor, or account 562, Line and Station Supplies and Expenses), as appropriate. The cost of line transformers used solely for street lighting or signal systems shall be included in account 373, Street Lighting and Signal Systems.

369 Services.

This account shall include the cost installed of overhead and underground conductors leading from a point where wires leave the last pole of the overhead system or the distribution box or manhole, or the top of the pole of the distribution line, to the point of connection with the customer's outlet or wiring. Conduit used for underground service conductors shall be included herein.

ITEMS

1. Brackets.
2. Cables and wires.
3. Conduit.
4. Insulators.
5. Municipal inspection.
6. Overhead to underground, including conduit or standpipe and conductor from last splice on pole to connection with customer's wiring.
7. Pavement disturbed, including cutting and replacing pavement, pavement base, and sidewalks.
8. Permits.
9. Protection of street openings.
10. Service switch.
11. Suspension wire.

370 Meters.

A. This account shall include the cost installed of meters or devices and appurtenances thereto, for use in measuring the electricity delivered to its users, whether actually in service or held in reserve.

B. When a meter is permanently retired from service, the installed cost included herein shall be credited to this account.

C. The records covering meters shall be so kept that the utility can furnish information as to the number of meters of various capacities in service and in reserve as well as the location of each meter owned.

ITEMS

1. Alternating current, watt-hour meters.
2. Current limiting devices.
3. Demand indicators.
4. Demand meters.
5. Direct current watt-hour meters.
6. Graphic demand meters.
7. Installation, labor of (first installation only).
8. Instrument transformers.
9. Maximum demand meters.
10. Meter badges and their attachments.
11. Meter boards and boxes.
12. Meter fittings, connections, and shelves (first set).
13. Meter switches and cut-outs.
14. Prepayment meters.
15. Protective devices.
16. Testing new meters.

NOTE A: This account shall not include meters for recording output of a generating station, substation meters, etc. It includes only those meters used to record energy delivered to customers.

NOTE B: The cost of removing and resetting meters shall be charged to account 586, Meter Expenses (for Nonmajor utilities, account 556, Meter Expenses).

371 Installations on customers' premises.

This account shall include the cost installed of equipment on the customer's side of a meter when the utility incurs such cost and when the utility retains title to and assumes full responsibility for maintenance and replacement of such property. This account shall not include leased equipment, for which see account 372, Leased Property on Customers' Premises.

ITEMS

1. Cable vaults.
2. Commercial lamp equipment.
3. Foundations and settings specially provided for equipment included herein.
4. Frequency changer sets.
5. Motor generator sets.
6. Motors.
7. Switchboard panels, high or low tension.
8. Wire and cable connections to incoming cables.

NOTE: Do not include in this account any costs incurred in connection with merchandising, jobbing, or contract work activities.

372 Leased property on customers' premises.

This account shall include the cost of electric motors, transformers, and other equipment on customers' prem-

ises (including municipal corporations), leased or loaned to customers, but not including property held for sale.

NOTE A: The cost of setting and connecting such appliances or equipment on the premises of customers and the cost of resetting or removal shall not be charged to this account but to operating expenses, account 587, Customer Installations Expenses (for Nonmajor utilities, account 567, Customer Installations Expenses).

NOTE B: Do not include in this account any costs incurred in connection with merchandising, jobbing, or contract work activities.

373 Street lighting and signal systems.

This account shall include the cost installed of equipment used wholly for public street and highway lighting or traffic, fire alarm, police, and other signal systems.

ITEMS

1. Armored conductors, buried or submarine, including insulators, insulating materials, splices, trenching, etc.
2. Automatic control equipment.
3. Conductors, overhead or underground, including lead or fabric covered, parkway cables, etc., including splices, insulators, etc.
4. Lamps, are, incandescent, or other types, including glassware, suspension fixtures, brackets, etc.
5. Municipal inspection.
6. Ornamental lamp posts.
7. Pavement disturbed, including cutting and replacing pavement, pavement base, and sidewalks.
8. Permits.
9. Posts and standards.
10. Protection of street openings.
11. Relays or time clocks.
12. Series contactors.
13. Switches.
14. Transformers, pole or underground.

374 Asset retirement costs for distribution plant.

This account shall include asset retirement costs on plant included in the distribution plant function.

389 Land and land rights.

This account shall include the cost of land and land rights used for utility purposes, the cost of which is not properly includible in other land and land rights accounts. (See electric plant instruction 7.)

390 Structures and improvements.

This account shall include the cost in place of structures and improvements used for utility purposes, the cost of which is not properly includible in other structures and improvements accounts (See electric plant instruction 8.)

391 Office furniture and equipment.

This account shall include the cost of office furniture and equipment owned by the utility and devoted to utility service, and not permanently attached to buildings, except the cost of such furniture and equipment which the utility elects to assign to other plant accounts on a functional basis.

ITEMS

1. Bookcases and shelves.
2. Desks, chairs, and desk equipment.
3. Drafting-room equipment.
4. Filing, storage, and other cabinets.
5. Floor covering.
6. Library and library equipment.
7. Mechanical office equipment, such as accounting machines, typewriters, etc.
8. Safes.
9. Tables.

392 Transportation equipment.

This account shall include the cost of transportation vehicles used for utility purposes.

ITEMS

1. Airplanes.
2. Automobiles.
3. Bicycles.
4. Electrical vehicles.
5. Motor trucks.
6. Motorcycles.
7. Repair cars or trucks.
8. Tractors and trailers.
9. Other transportation vehicles.

393 Stores equipment.

This account shall include the cost of equipment used for the receiving, shipping, handling, and storage of materials and supplies.

ITEMS

1. Chain falls.
2. Counters.
3. Cranes (portable).
4. Elevating and stacking equipment (portable).
5. Hoists.
6. Lockers.
7. Scales.

8. Shelving.
9. Storage bins.
10. Trucks, hand and power driven.
11. Wheelbarrows.

394 Tools, shop and garage equipment.

This account shall include the cost of tools, implements, and equipment used in construction, repair work, general shops and garages and not specifically provided for or includible in other accounts.

ITEMS

1. Air compressors.
2. Anvils.
3. Automobile repair shop equipment.
4. Battery charging equipment.
5. Belts, shafts and countershafts.
6. Boilers.
7. Cable pulling equipment.
8. Concrete mixers.
9. Drill presses.
10. Derricks.
11. Electric equipment.
12. Engines.
13. Forges.
14. Furnaces.
15. Foundations and settings specially constructed for and not expected to outlast the equipment for which provided.
16. Gas producers.
17. Gasoline pumps, oil pumps and storage tanks.
18. Greasing tools and equipment.
19. Hoists.
20. Ladders.
21. Lathes.
22. Machine tools.
23. Motor-driven tools.
24. Motors.
25. Pipe threading and cutting tools
26. Pneumatic tools.
27. Pumps.
28. Riveters.
29. Smithing equipment.
30. Tool racks.
31. Vises.
32. Welding apparatus.
33. Work benches.

395 Laboratory equipment.

This account shall include the cost installed of laboratory equipment used for general laboratory purposes and not specifically provided for or includible in other departmental or functional plant accounts.

ITEMS

1. Ammeters.
2. Current batteries.
3. Frequency changers.
4. Galvanometers.

5. Inductometers.
6. Laboratory standard millivolt meters.
7. Laboratory standard volt meters.
8. Meter-testing equipment.
9. Millivolt meters.
10. Motor generator sets.
11. Panels.
12. Phantom loads.
13. Portable graphic ammeters, voltmeters, and wattmeters.
14. Portable loading devices.
15. Potential batteries.
16. Potentiometers.
17. Rotating standards.
18. Standard cell, reactance, resistor, and shunt.
19. Switchboards.
20. Synchronous timers.
21. Testing panels.
22. Testing resistors.
23. Transformers.
24. Voltmeters.
25. Other testing, laboratory, or research equipment not provided for elsewhere.

396 Power operated equipment.

This account shall include the cost of power operated equipment used in construction or repair work exclusive of equipment includible in other accounts. Include, also, the tools and accessories acquired for use with such equipment and the vehicle on which such equipment is mounted.

ITEMS

1. Air compressors, including driving unit and vehicle.
2. Back filling machines.
3. Boring machines.
4. Bulldozers.
5. Cranes and hoists.
6. Diggers.
7. Engines.
8. Pile drivers.
9. Pipe cleaning machines.
10. Pipe coating or wrapping machines.
11. Tractors—Crawler type.
12. Trenchers.
13. Other power operated equipment.

NOTE: It is intended that this account include only such large units as are generally self-propelled or mounted on movable equipment.

397 Communication equipment.

This account shall include the cost installed of telephone, telegraph, and wireless equipment for general use in connection with utility operations.

ITEMS

1. Antennae.
2. Booths.

3. Cables.
4. Distributing boards.
5. Extension cords.
6. Gongs
7. Hand sets, manual and dial.
8. Insulators.
9. Intercommunicating sets.
10. Loading coils.
11. Operators' desks.
12. Poles and fixtures used wholly for telephone or telegraph wire.
13. Radio transmitting and receiving sets.
14. Remote control equipment and lines.
15. Sending keys.
16. Storage batteries
17. Switchboards.
18. Telautograph circuit connections.
19. Telegraph receiving sets.
20. Telephone and telegraph circuits.
21. Testing instruments.
22. Towers.
23. Underground conduit used wholly for telephone or telegraph wires and cable wires.

398 Miscellaneous equipment.

This account shall include the cost of equipment, apparatus, etc., used in the utility operations, which is not includible in any other account of this system of accounts.

ITEMS

1. Hospital and infirmary equipment.
2. Kitchen equipment.
3. Employees' recreation equipment.
4. Radios.
5. Restaurant equipment.
6. Soda fountains.
7. Operators' cottage furnishings.
8. Other miscellaneous equipment.

NOTE: Miscellaneous equipment of the nature indicated above wherever practicable shall be included in the utility plant accounts on a functional basis.

399 Other tangible property.

This account shall include the cost of tangible utility plant not provided for elsewhere.

399.1 Asset retirement costs for general plant.

This account shall include asset retirement costs on plant included in the general plant function.

Income Chart of Accounts

1. UTILITY OPERATING INCOME

- 400 Operating revenues.
- 401 Operation expense.
- 402 Maintenance expense.
- 403 Depreciation expense.

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- 404 Amortization of limited-term electric plant.
- 405 Amortization of other electric plant.
- 406 Amortization of electric plant acquisition adjustments.
- 407 Amortization of property losses, unrecovered plant and regulatory study costs.
- 407.3 Regulatory debits.
- 407.4 Regulatory credits.
- 408 [Reserved]
- 408.1 Taxes other than income taxes, utility operating income.
- 409 [Reserved]
- 409.1 Income taxes, utility operating income.
- 410 [Reserved]
- 410.1 Provisions for deferred income taxes, utility operating income.
- 411 [Reserved]
- 411.1 Provision for deferred income taxes—Credit, utility operating income.
- 411.3 [Reserved]
- 411.4 Investment tax credit adjustments, utility operations.
- 411.6 Gains from disposition of utility plant.
- 411.7 Losses from disposition of utility plant.
- 411.8 Gains from disposition of allowances.
- 411.9 Losses from disposition of allowances.
- 412 Revenues from electric plant leased to others.
- 413 Expenses of electric plant leased to others.
- 414 Other utility operating income.

2. OTHER INCOME AND DEDUCTIONS

A. OTHER INCOME

- 415 Revenues from merchandising, jobbing, and contract work.
- 416 Costs and expenses of merchandising, jobbing, and contract work.
- 417 Revenues from nonutility operations.
- 417.1 Expenses of nonutility operations.
- 418 Nonoperating rental income.
- 418.1 Equity in earnings of subsidiary companies (Major only).
- 419 Interest and dividend income.
- 419.1 Allowance for other funds used during construction.
- 420 Investment tax credits.
- 421 Miscellaneous nonoperating income.
- 421.1 Gain on disposition of property.

B. OTHER INCOME DEDUCTIONS

- 421.2 Loss on disposition of property.
- 425 Miscellaneous amortization.
- 426 [Reserved]
- 426.1 Donations.
- 426.2 Life insurance.
- 426.3 Penalties.
- 426.4 Expenditures for certain civic, political and related activities.
- 426.5 Other deductions.
 - Total other income deductions.
 - Total Other Income and Deductions.

C. TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS

- 408.2 Taxes other than income taxes, other income and deductions.
- 409.2 Income tax, other income and deductions.
- 409.3 Income taxes, extraordinary items.
- 410.2 Provision for deferred income taxes, other income and deductions.
- 411.2 Provision for deferred income taxes—Credit, other income and deductions.
- 411.5 Investment tax credit adjustments, nonutility operations.
- 420 Investment tax credits.
 - Total taxes on other income and deductions.
 - Net other income and deductions.

3. INTEREST CHARGES

- 427 Interest on long-term debt.
- 428 Amortization of debt discount and expense.
 - 428.1 Amortization of loss on reacquired debt.
- 429 Amortization of premium on debt—Cr.
- 429.1 Amortization of gain on reacquired debt—Credit.
- 430 Interest on debt to associated companies.
- 431 Other interest expense.
- 432 Allowance for borrowed funds used during construction—Credit.

4. EXTRAORDINARY ITEMS

- 434 Extraordinary income.
- 435 Extraordinary deductions.

Income Accounts

400 Operating revenues.

There shall be shown under this caption the total amount included in the electric operating revenue accounts provided herein.

401 Operation expense.

There shall be shown under this caption the total amount included in the electric operation expense accounts provided herein. (See note to operating expense instruction 3.)

402 Maintenance expense.

There shall be shown under this caption the total amount included in the electric maintenance expense accounts provided herein.

403 Depreciation expense.

A. This account shall include the amount of depreciation expense for all classes of depreciable electric plant in

service except such depreciation expense as is chargeable to clearing accounts or to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work.

B. The utility shall keep such records of property and property retirements as will reflect the service life of property which has been retired and aid in estimating probable service life by mortality, turnover, or other appropriate methods; and also such records as will reflect the percentage of salvage and costs of removal for property retired from each account, or subdivision thereof, for depreciable electric plant.

NOTE A: Depreciation expense applicable to property included in account 104, Electric Plant Leased to Others, shall be charged to account 413, Expenses of Electric Plant Leased to Others.

NOTE B: Depreciation expenses applicable to transportation equipment, shop equipment, tools, work equipment, power operated equipment and other general equipment may be charged to clearing accounts as necessary in order to obtain a proper distribution of expenses between construction and operation.

NOTE C: Depreciation expense applicable to transportation equipment used for transportation of fuel from the point of acquisition to the unloading point shall be charged to Account 151, Fuel Stock.

403.1 Depreciation expense for asset retirement costs.

This account shall include the depreciation expense for asset retirement costs included in electric utility plant in service.

404 Amortization of limited-term electric plant.

This account shall include amortization charges applicable to amounts included in the electric plant accounts for limited-term franchises, licenses, patent rights, limited-term interests in land, and expenditures on leased property where the service life of the improvements is terminable by action of the lease. The charges to this account shall be such as to distribute the book cost of each investment as evenly as may be over the period of its benefit to the utility.

(See account 111, Accumulated Provision for Amortization of Electric Utility Plant.)

405 Amortization of other electric plant.

A. When authorized by the Commission, this account shall include charges for amortization of intangible or other electric utility plant which does not have a definite or terminable life and which is not subject to charges for depreciation expense.

B. This account shall be supported in such detail as to show the amortization applicable to each investment being amortized, together with the book cost of the investment and the period over which it is being written off.

406 Amortization of electric plant acquisition adjustments.

This account shall be debited or credited, as the case may be, with amounts includible in operating expenses, pursuant to approval or order of the Commission, for the purpose of providing for the extinguishment of the amount in account 114, Electric Plant Acquisition Adjustments.

407 Amortization of property losses, unrecovered plant and regulatory study costs.

This account shall be charged with amounts credited to account 182.1, Extraordinary Property Losses, and account 182.2, Unrecovered Plant and Regulatory Study Costs, when the Commission has authorized the amount in the latter account to be amortized by charges to electric operations.

407.3 Regulatory debits.

This account shall be debited, when appropriate, with the amounts credited to Account 254, Other Regulatory Liabilities, to record regulatory liabilities imposed on the utility by the ratemaking actions of regulatory agencies. This account shall also be debited, when appropriate, with the amounts credited to Account 182.3, Other Regulatory Assets, concurrent with the recovery of such amounts in rates.

407.4 Regulatory credits.

This account shall be credited, when appropriate, with the amounts debited to Account 182.3, Other Regulatory Assets, to establish regulatory assets. This account shall also be credited,

when appropriate, with the amounts debited to Account 254, Other Regulatory Liabilities, concurrent with the return of such amounts to customers through rates.

408 [Reserved]

SPECIAL INSTRUCTIONS, ACCOUNTS 408.1 AND 408.2

A. These accounts shall include the amounts of ad valorem, gross revenue or gross receipts taxes, state unemployment insurance, franchise taxes, Federal excise taxes, social security taxes, and all other taxes assessed by Federal, state, county, municipal, or other local governmental authorities, except income taxes.

B. These accounts shall be charged in each accounting period with the amounts of taxes which are applicable thereto, with concurrent credits to account 236, Taxes Accrued, or account 165, Prepayments, as appropriate. When it is not possible to determine the exact amounts of taxes, the amounts shall be estimated and adjustments made in current accruals as the actual tax levies become known.

C. The charges to these accounts shall be made or supported so as to show the amount of each tax and the basis upon which each charge is made. In the case of a utility rendering more than one utility service, taxes of the kind includible in these accounts shall be assigned directly to the utility department the operation of which gave rise to the tax in so far as practicable. Where the tax is not attributable to a specific utility department, it shall be distributed among the utility departments or nonutility operations on an equitable basis after appropriate study to determine such basis.

NOTE 1: Special assessments for street and similar improvements shall be included in the appropriate utility plant or nonutility property account.

NOTE 2: Taxes specifically applicable to construction shall be included in the cost of construction.

NOTE 3: Gasoline and other sales taxes shall be charged as far as practicable to the same account as the materials on which the tax is levied.

NOTE 4: Social security and other forms of so-called payroll taxes shall be distributed to utility departments and to nonutility functions on a basis related to payroll. Amounts applicable to construction shall be charged to the appropriate plant account.

NOTE 5: Interest on tax refunds or deficiencies shall not be included in these accounts but in account 419, Interest and Divi-

dend Income, or 431, Other Interest Expense, as appropriate.

408.1 Taxes other than income taxes, utility operating income.

This account shall include those taxes other than income taxes which relate to utility operating income. This account shall be maintained so as to allow ready identification of the various classes of taxes relating to Utility Operating Income (by department), Utility Plant Leased to Others and Other Utility Operating Income.

408.2 Taxes other than income taxes, other income and deductions.

This account shall include those taxes other than income taxes which relate to Other Income and Deductions.

409 [Reserved]

SPECIAL INSTRUCTIONS, ACCOUNTS 409.1, 409.2, AND 409.3.

A. These accounts shall include the amounts of local, state and Federal income taxes on income properly accruable during the period covered by the income statement to meet the actual liability for such taxes. Concurrent credits for the tax accruals shall be made to account 236, Taxes Accrued, and as the exact amounts of taxes become known, the current tax accruals shall be adjusted by charges or credits to these accounts, so that these accounts as nearly as can be ascertained shall include the actual taxes payable by the utility.

B. The accruals for income taxes shall be apportioned among utility departments and to Other Income and Deductions so that, as nearly as practicable, each tax shall be included in the expenses of the utility department or Other Income and Deductions, the income from which gave rise to the tax. The tax effects relating to Interest Charges shall be allocated between utility and nonutility operations. The basis for this allocation shall be the ratio of net investment in utility plant to net investment in nonutility plant.

NOTE 1: Taxes assumed by the utility on interest shall be charged to account 431, Other Interest Expense.

NOTE 2: Interest on tax refunds or deficiencies shall not be included in these accounts but in account 419, Interest and Dividend Income, or account 431, Other Interest Expense, as appropriate.

409.1 Income taxes, utility operating income.

This account shall include the amount of those local, state and Federal income taxes which relate to utility operating income. This account shall be maintained so as to allow ready identification of tax effects (both positive and negative) relating to Utility Operating Income (by department), Utility Plant Leased to Others and Other Utility Operating Income.

409.2 Income taxes, other income and deductions.

This account shall include the amount of those local, state and Federal income taxes (both positive and negative), which relate to Other Income and Deductions.

409.3 Income taxes, extraordinary items.

This account shall include the amount of those local, state and Federal income taxes (both positive and negative), which relate to Extraordinary Items.

410 [Reserved]

SPECIAL INSTRUCTIONS, ACCOUNTS 410.1, 410.2, 411.1, AND 411.2.

A. Accounts 410.1 and 410.2 shall be debited, and Accumulated Deferred Income Taxes shall be credited, with amounts equal to any current deferrals of taxes on income or any allocations of deferred taxes originating in prior periods, as provided by the texts of accounts 190, 281, 282, and 283. There shall not be netted against entries required to be made to these accounts any credit amounts appropriately includible in account 411.1 or 411.2.

B. Accounts 411.1 and 411.2 shall be credited, and Accumulated Deferred Income Taxes shall be debited, with amounts equal to any allocations of deferred taxes originating in prior periods or any current deferrals of taxes on income, as provided by the texts of accounts 190, 281, 282, and 283. There shall not be netted against entries required to be made to these accounts any debit amounts appropriately includible in account 410.1 or 410.2.

410.1 Provision for deferred income taxes, utility operating income.

This account shall include the amounts of those deferrals of taxes and allocations of deferred taxes which re-

late to Utility Operating Income (by department).

410.2 Provision for deferred income taxes, other income and deductions.

This account shall include the amounts of those deferrals of taxes and allocations of deferred taxes which relate to Other Income and Deductions.

411 [Reserved]**411.1 Provision for deferred income taxes—Credit, utility operating income.**

This account shall include the amounts of those allocations of deferred taxes and deferrals of taxes, credit, which relate to Utility Operating Income (by department).

411.2 Provision for deferred income taxes—Credit, other income and deductions.

This account shall include the amounts of those allocations of deferred taxes and deferrals of taxes, credit, which relate to Other Income and Deductions.

411.3 [Reserved]

SPECIAL INSTRUCTIONS—ACCOUNTS 411.4 AND 411.5

A. Account 411.4 shall be debited with the amounts of investment tax credits related to electric utility property that are credited to account 255, Accumulated Deferred Investment Tax Credits, by companies which do not apply the entire amount of the benefits of the investment credit as a reduction of the overall income tax expense in the year in which such credit is realized (see account 255).

B. Account 411.4 shall be credited with the amounts debited to account 255 for proportionate amounts of tax credit deferrals allocated over the average useful life of electric utility property to which the tax credits relate or such lesser period of time as may be adopted and consistently followed by the company.

C. Account 411.5 shall also be debited and credited as directed in paragraphs A and B, for investment tax credits related to non-utility property.

411.4 Investment tax credit adjustments, utility operations.

This account shall include the amount of those investment tax credit

adjustments related to property used in Utility Operations (by department).

411.5 Investment tax credit adjustments, nonutility operations.

This account shall include the amount of those investment tax credit adjustments related to property used in Nonutility Operations.

411.6 Gains from disposition of utility plant.

A. This account shall include, as approved by the Commission, amounts relating to gains from the disposition of future use utility plant including amounts which were previously recorded in and transferred from account 105, Electric Plant Held for Future Use, under the provisions of paragraphs B, C, and D thereof. Income taxes relating to gains recorded in this account shall be recorded in account 409.1, Income Taxes, Utility Operating Income.

B. The utility shall record in this account gains resulting from the settlement of **asset retirement obligations** related to utility plant in accordance with the accounting prescribed in General Instruction 25.

411.7 Losses from disposition of utility plant.

A. This account shall include, as approved by the Commission, amounts relating to losses from the disposition of future use utility plant including amounts which were previously recorded in and transferred from account 105, Electric Plant Held for Future Use, under the provisions of paragraphs B, C, and D thereof. Income taxes relating to losses, recorded in this account shall be recorded in account 409.1, Income Taxes, Utility Operating Income.

B. The utility shall record in this account losses resulting from the settlement of **asset retirement obligations** related to utility plant in accordance with the accounting prescribed in General Instruction 25.

411.8 Gains from disposition of allowances.

This account shall be credited with the gain on the sale, exchange, or other disposition of allowances in accordance with paragraph (H) of General Instruction No. 21. Income taxes relating to

gains recorded in this account shall be recorded in Account 409.1, Income Taxes, Utility Operating Income.

411.9 Losses from disposition of allowances.

This account shall be debited with the loss on the sale, exchange, or other disposition of allowances in accordance with paragraph (H) of General Instruction No. 21. Income taxes relating to losses recorded in this account shall be recorded in Account 409.1, Income Taxes, Utility Operating Income.

411.10 Accretion expense.

This account shall be charged for accretion expense on the liabilities associated with **asset retirement obligations** included in account 230, **Asset retirement obligations**, related to electric utility plant.

412 Revenues from electric plant leased to others.

413 Expenses of electric plant leased to others.

A. These accounts shall include respectively, revenues from electric property constituting a distinct operating unit or system leased by the utility to others, and which property is properly includible in account 104, Electric Plant Leased to Others, and the expenses attributable to such property.

B. The detail of expenses shall be kept or supported so as to show separately the following:

- Operation.
- Maintenance.
- Depreciation.
- Amortization.

NOTE: Related taxes shall be recorded in account 408.1, Taxes Other Than Income Taxes, Utility Operating Income, or account 409.1, Income Taxes, Utility Operating Income, as appropriate.

414 Other utility operating income.

A. This account shall include the revenues received and expenses incurred in connection with the operations of utility plant, the book cost of which is included in account 118, Other Utility Plant.

B. The expenses shall include every element of cost incurred in such operations, including depreciation, rents, and insurance.

NOTE: Related taxes shall be recorded in account 408.1, Taxes Other Than Income Taxes, Utility Operating Income, or account 409.1, Income Taxes, Utility Operating Income, as appropriate.

415 Revenues from merchandising, jobbing and contract work.

416 Costs and expenses of merchandising, jobbing and contract work.

A. These accounts shall include respectively, all revenues derived from the sale of merchandise and jobbing or contract work, including any profit or commission accruing to the utility on jobbing work performed by it as agent under contracts whereby it does jobbing work for another for a stipulated profit or commission, and all expenses incurred in such activities. Interest related income from installment sales shall be recorded in Account 419, Interest and Dividend income.

B. Records in support of these accounts shall be so kept as to permit ready summarization of revenues, costs and expenses by such major items as are feasible.

NOTE 1: The classification of revenues, costs, and expenses of merchandising, jobbing, and contract work as nonoperating, and thus inclusion in this account, is for accounting purposes. It does not preclude consideration of justification to the contrary for ratemaking or other purposes.

NOTE 2: Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

ITEMS

Account 415:

1. Revenues from sale of merchandise and from jobbing and contract work.
2. Discounts and allowances made in settlement of bills for merchandise and jobbing work.

Account 416:

Labor—

1. Canvassing and demonstrating appliances in homes and other places for the purpose of selling appliances.
2. Demonstrating and selling activities in sales rooms.
3. Installing appliances on customer premises where such work is done only for purchasers of appliances from the utility.
4. Installing wiring, piping, or other property work, on a jobbing or contract basis.
5. Preparing advertising materials for appliance sales purposes.

6. Receiving and handling customer orders for merchandise or for jobbing services.

7. Cleaning and tidying sales rooms.

8. Maintaining display counters and other equipment used in merchandising.

9. Arranging merchandise in sales rooms and decorating display windows.

10. Reconditioning repossessed appliances.

11. Bookkeeping and other clerical work in connection with merchandise and jobbing activities.

12. Supervising merchandise and jobbing operations.

Materials and expenses—

13. Advertising in newspapers, periodicals, radio, television, etc.

14. Cost of merchandise sold and of materials used in jobbing work.

15. Stores expenses on merchandise and jobbing stocks.

16. Fees and expenses of advertising and commercial artists' agencies.

17. Printing booklets, dodgers, and other advertising data.

18. Premiums given as inducement to buy appliances.

19. Light, heat and power.

20. Depreciation on equipment used primarily for merchandise and jobbing operations.

21. Rent of sales rooms or of equipment.

22. Transportation expense in delivery and pick-up of appliances by utility's facilities or by others.

23. Stationery and office supplies and expenses.

24. Losses from uncollectible merchandise and jobbing accounts.

417 Revenues from nonutility operations.

417.1 Expenses of nonutility operations.

A. These accounts shall include revenues and expenses applicable to operations which are nonutility in character but nevertheless constitute a distinct operating activity of the enterprise as a whole, such as the operation of an ice department where applicable statutes do not define such operation as a utility, or the operation of a servicing organization for furnishing supervision, management, engineering, and similar services to others.

B. The expenses shall include all elements of costs incurred in such operations, and the accounts shall be maintained so as to permit ready summarization as follows:

- Operation.
- Maintenance.
- Rents.

Depreciation.
Amortization.

NOTE: Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

418 Nonoperating rental income.

A. This account shall include all rent revenues and related expenses of land, buildings, or other property included in account 121, Nonutility Property, which is not used in operations covered by account 417 or 417.1.

B. The expenses shall include all elements of costs incurred in the ownership and rental of property and the accounts shall be maintained so as to permit ready summarization as follows:

Operation.
Maintenance.
Rents.
Depreciation.
Amortization.

NOTE: Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

418.1 Equity in earnings of subsidiary companies (Major only).

This account shall include the utility's equity in the earnings or losses of subsidiary companies for the year.

419 Interest and dividend income.

A. This account shall include interest revenues on securities, loans, notes, advances, special deposits, tax refunds and all other interest-bearing assets, and dividends on stocks of other companies, whether the securities on which the interest and dividends are received are carried as investments or included in sinking or other special fund accounts.

B. This account may include the pro rata amount necessary to extinguish (during the interval between the date of acquisition and the date of maturity) the difference between the cost to the utility and the face value of interest-bearing securities. Amounts thus credited or charged shall be concurrently included in the accounts in which the securities are carried.

C. Where significant in amount, expenses, excluding operating taxes and income taxes, applicable to security investments and to interest and dividend revenues thereon shall be charged hereto.

NOTE 1: Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

NOTE 2: Interest accrued, the payment of which is not reasonably assured, dividends receivable which have not been declared or guaranteed, and interest or dividends upon reacquired securities issued or assumed by the utility shall not be credited to this account.

419.1 Allowance for other funds used during construction.

This account shall include concurrent credits for allowance for other funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Electric Plant Instruction 3(17).

420 Investment tax credits.

This account shall be credited as follows with investment tax credit amounts not passed on to customers:

A. By amounts equal to debits to accounts 411.4, Investment Tax Credit Adjustments, Utility Operations, and 411.5, Investment Tax Credit Adjustments, Nonutility Operations, for investment tax credits used in calculating income taxes for the year when the company's accounting provides for nondeferral of all or a portion of such credits; and,

B. By amounts equal to debits to account 255, Accumulated deferred investment tax credits, for proportionate amounts of tax credit deferrals allocated over the average useful life of the property to which the tax credits relate, or such lesser period of time as may be adopted and consistently used by the company.

421 Miscellaneous nonoperating income.

This account shall include all revenue and expense items except taxes properly includible in the income account and not provided for elsewhere. Related taxes shall be recorded in account 408.2, Taxes Other Than Income

Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

ITEMS

1. Profit on sale of timber. (See electric plant instruction 7C.)
2. Profits from operations of others realized by the utility under contracts.
3. Gains on disposition of investments. Also, gains on reacquisition and resale or retirement of utilities debt securities when the gain is not amortized and used by a jurisdictional regulatory agency to reduce embedded debt cost in establishing rates. See General Instruction 17.
4. This account shall include the accretion expense on the liability for an **asset retirement obligation** included in account 230, **Asset retirement obligations**, related to non-utility plant.
5. This account shall include the depreciation expense for asset retirement costs related to nonutility plant.
6. The utility shall record in this account gains resulting from the settlement of **asset retirement obligations** related to nonutility plant in accordance with the accounting prescribed in General Instruction 25.

421.1 Gain on disposition of property.

This account shall be credited with the gain on the sale, conveyance, exchange, or transfer of utility or other property to another. Amounts relating to gains on land and land rights held for future use recorded in account 105, Electric Plant Held for Future Use will be accounted for as prescribed in paragraphs B, C, and D thereof. (See electric plant instructions 5F, 7E, and 10E.) Income taxes on gains recorded in this account shall be recorded in account 409.2, Income Taxes, Other Income and Deductions.

421.2 Loss on disposition of property.

This account shall be charged with the loss on the sale, conveyance, exchange or transfer of utility or other property to another. Amounts relating to losses on land and land rights held for future use recorded in account 105, Electric Plant Held for Future Use will be accounted for as prescribed in paragraphs B, C, and D thereof. (See electric plant instructions 5F, 7E, and 10E.) The reduction in income taxes relating to losses recorded in this account shall be recorded in account 409.2, Income Taxes, Other Income and Deductions.

425 Miscellaneous amortization.

This account shall include amortization charges not includible in other accounts which are properly deductible in determining the income of the utility before interest charges. Charges includible herein, if significant in amount, must be in accordance with an orderly and systematic amortization program.

ITEMS

1. Amortization of utility plant acquisition adjustments, or of intangibles included in utility plant in service when not authorized to be included in utility operating expenses by the Commission.
2. Other miscellaneous amortization charges allowed to be included in this account by the Commission.

426 [Reserved]

SPECIAL INSTRUCTIONS—ACCOUNTS 426.1, 426.2, 426.3, 426.4 AND 426.5

These accounts shall include miscellaneous expense items which are nonoperating in nature but which are properly deductible before determining total income before interest charges.

NOTE: The classification of expenses as nonoperating and their inclusion in these accounts is for accounting purposes. It does not preclude Commission consideration of proof to the contrary for ratemaking or other purposes.

426.1 Donations.

This account shall include all payments or donations for charitable, social or community welfare purposes.

426.2 Life insurance.

This account shall include all payments for life insurance of officers and employees where company is beneficiary (net premiums less increase in cash surrender value of policies).

426.3 Penalties.

This account shall include payments by the company for penalties or fines for violation of any regulatory statutes by the company or its officials.

426.4 Expenditures for certain civic, political and related activities.

This account shall include expenditures for the purpose of influencing

public opinion with respect to the election or appointment of public officials, referenda, legislation, or ordinances (either with respect to the possible adoption of new referenda, legislation or ordinances or repeal or modification of existing referenda, legislation or ordinances) or approval, modification, or revocation of franchises; or for the purpose of influencing the decisions of public officials, but shall not include such expenditures which are directly related to appearances before regulatory or other governmental bodies in connection with the reporting utility's existing or proposed operations.

426.5 Other deductions.

This account shall include other miscellaneous expenses which are nonoperating in nature, but which are properly deductible before determining total income before interest charges.

ITEMS

1. Loss relating to investments in securities written-off or written-down.
2. Loss on sale of investments.
3. Loss on reacquisition, resale or retirement of utility's debt securities, when the loss is not amortized and used by a jurisdictional regulatory agency to increase embedded debt cost in establishing rates. See General Instruction 17.
4. Preliminary survey and investigation expenses related to abandoned projects, when not written-off to the appropriate operating expense account.
5. Costs of preliminary abandonment costs recorded in accounts 182.1, Extraordinary Property Losses, and 182.2, Unrecovered Plant and Regulatory Study Costs, not allowed to be amortized to account 407, Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs.
6. The utility shall record in this account losses resulting from the settlement of **asset retirement obligations** related to nonutility plant in accordance with the accounting prescribed in General Instruction 25.

427 Interest on long-term debt.

A. This account shall include the amount of interest on outstanding long-term debt issued or assumed by the utility, the liability for which is included in account 221, Bonds, or account 224, Other Long-Term Debt.

B. This account shall be so kept or supported as to show the interest accruals on each class and series of long-term debt.

NOTE: This account shall not include interest on nominally issued or nominally outstanding long-term debt, including securities assumed.

428 Amortization of debt discount and expense.

A. This account shall include the amortization of unamortized debt discount and expense on outstanding long-term debt. Amounts charged to this account shall be credited concurrently to accounts 181, Unamortized Debt Expense, and 226, Unamortized Discount on Long-Term Debt—Debit.

B. This account shall be so kept or supported as to show the debt discount and expense on each class and series of long-term debt.

428.1 Amortization of loss on reacquired debt.

A. This account shall include the amortization of the losses on reacquisition of debt. Amounts charged to this account shall be credited concurrently to account 189, Unamortized Loss on Reacquired Debt.

B. This account shall be maintained so as to allow ready identification of the loss amortized applicable to each class and series of long-term debt reacquired. See General Instruction 17.

429 Amortization of premium on debt—Cr.

A. This account shall include the amortization of unamortized net premium on outstanding long-term debt. Amounts credited to this account shall be charged concurrently to account 225, Unamortized Premium on Long-Term Debt.

B. This account shall be so kept or supported as to show the premium on each class and series of long-term debt.

429.1 Amortization of gain on reacquired debt—Credit.

A. This account shall include the amortization of the gains realized from reacquisition of debt. Amounts credited to this account shall be charged concurrently to account 257, Unamortized Gain on Reacquired Debt.

B. This account shall be maintained so as to allow ready identification of the gains amortized applicable to each

class and series of long-term debt reacquired. See General Instruction 17.

430 Interest on debt to associated companies.

A. This account shall include the interest accrued on amounts included in account 223, Advances from Associated Companies, and on all other obligations to associated companies.

B. The records supporting the entries to this account shall be so kept as to show to whom the interest is to be paid, the period covered by the accrual, the rate of interest and the principal amount of the advances or other obligations on which the interest is accrued.

431 Other interest expense.

This account shall include all interest charges not provided for elsewhere.

ITEMS

1. Interest on notes payable on demand or maturing one year or less from date and on open accounts, except notes and accounts with associated companies.

2. Interest on customers' deposits.

3. Interest on claims and judgments, tax assessments, and assessments for public improvements past due.

4. Income and other taxes levied upon bondholders of utility and assumed by it.

432 Allowance for borrowed funds used during construction—Credit.

This account shall include concurrent credits for allowance for borrowed funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Electric Plant Instruction 3(17).

434 Extraordinary income.

This account shall be credited with gains of unusual nature and infrequent occurrence, which would significantly distort the current year's income computed before Extraordinary Items, if reported other than as extraordinary items. Income tax relating to the amounts recorded in this account shall be recorded in account 409.3, Income Taxes, Extraordinary Items. (See General Instruction 7.)

435 Extraordinary deductions.

This account shall be debited with losses of unusual nature and infrequent

occurrence, which would significantly distort the current year's income computed before Extraordinary Items, if reported other than as extraordinary items. Income tax relating to the amounts recorded in this account shall be recorded in account 409.3, Income Taxes, Extraordinary Items. (See General Instruction 7.)

Retained Earnings Chart of Accounts

- 433 Balance transferred from income.
- 436 Appropriations of retained earnings.
- 437 Dividends declared—preferred stock.
- 438 Dividends declared—common stock.
- 439 Adjustments to retained earnings.

Retained Earnings Accounts

433 Balance transferred from income.

This account shall include the net credit or debit transferred from income for the year.

436 Appropriations of retained earnings.

This account shall include appropriations of retained earnings.

ITEMS

1. Appropriations required under terms of mortgages, orders of courts, contracts, or other agreements.

2. Appropriations required by action of regulatory authorities.

3. Other appropriations made at option of utility for specific purposes.

437 Dividends declared—preferred stock.

A. This account shall include amounts declared payable out of retained earnings as dividends on actually outstanding preferred or prior lien capital stock issued by the utility.

B. Dividends shall be segregated for each class and series of preferred stock as to those payable in cash, stock, and other forms. If not payable in cash, the medium of payment shall be described with sufficient detail to identify it.

438 Dividends declared—common stock.

A. This account shall include amounts declared payable out of retained earnings as dividends on actually outstanding common capital stock issued by the utility.

B. Dividends shall be segregated for each class of common stock as to those payable in cash, stock and other forms. If not payable in cash, the medium of payment shall be described with sufficient detail to identify it.

439 Adjustments to retained earnings.

A. This account shall, with prior Commission approval, include significant nonrecurring transactions accounted for as prior period adjustments, as follows:

(1) Correction of an error in the financial statements of a prior year.

(2) Adjustments that result from realization of income tax benefits of pre-acquisition operating loss carryforwards of purchased subsidiaries.

All other items of profit and loss recognized during a year shall be included in the determination of net income for that year;

B. Adjustments, charges, or credits due to losses on reacquisition, resale or retirement of the company's own capital stock shall be included in this account. (See account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, for the treatment of gains.)

Operating Revenue Chart of Accounts**1. SALES OF ELECTRICITY**

- 440 Residential sales.
- 442 Commercial and industrial sales.
- 444 Public street and highway lighting.
- 445 Other sales to public authorities (Major only).
- 446 Sales to railroads and railways (Major only).
- 447 Sales for resale.
- 448 Interdepartmental sales.
- 449 Other sales (Nonmajor only).
- 449.1 Provision for rate refunds.

2. OTHER OPERATING REVENUES

- 450 Forfeited discounts.
- 451 Miscellaneous service revenues.
- 453 Sales of water and water power.
- 454 Rent from electric property.
- 455 Interdepartmental rents.
- 456 Other electric revenues.

Operating Revenue Accounts**440 Residential sales.**

A. This account shall include the net billing for electricity supplied for residential or domestic purposes.

B. Records shall be maintained so that the quantity of electricity sold and the revenue received under each rate schedule shall be readily available.

NOTE: When electricity supplied through a single meter is used for both residential and commercial purposes, the total revenue shall be included in this account, or account 442, Commercial and Industrial Sales, according to the rate schedule which is applied. If the same rate schedules apply to residential as to commercial and industrial service, classification shall be made according to principal use.

442 Commercial and industrial sales.

A. This account shall include the net billing for electricity supplied to customers for commercial and industrial purposes.

B. Records shall be maintained so that the quantity of electricity sold and the revenue received under each rate schedule shall be readily available. Records shall be maintained also so as to show separately the revenues from commercial and industrial customers (1) which have demands generally of 1000 kw or more, and (2) those which have demands generally less than 1000 kw. Reasonable deviations above or below the 1000 kw demand are permissible in order that transfers of customers between the two classes during the year may be minimized.

NOTE A: If the utility classifies large commercial and industrial customers and related revenues on a lesser basis than 1000 kilowatts of demand, or segregates industrial customers and related revenues according to a recognized definition of an industrial customer, such classifications are acceptable in lieu of those otherwise required by the text of this account on the basis of 1000 kilowatts of demand.

NOTE B: When electricity supplied through a single meter is used for both commercial and residential purposes, the total revenue shall be included in this account, or in account 440, Residential Sales, according to the rate schedule which is applied. If the same rate schedules apply to residential as to

commercial and industrial service, classification shall be made according to the principal use.

444 Public street and highway lighting.

A. This account shall include the net billing for electricity supplied and services rendered for the purposes of lighting streets, highways, parks and other public places, or for traffic or other signal system service, for municipalities or other divisions or agencies of state or federal governments.

B. Records shall be maintained so that the quantity of electricity sold and the revenue received from each customer shall be readily available. In addition, the records shall be maintained so as to show the revenues from (1) contracts which include both electricity and services, and (2) contracts which include sales of electricity only.

445 Other sales to public authorities (Major only).

A. This account shall include the net billing for electricity supplied to municipalities or divisions or agencies of federal or state governments, under special contracts or agreements or service classifications applicable only to public authorities, except such revenues as are includible in accounts 444 and 447.

B. Records shall be maintained so as to show the quantity of electricity sold and the revenues received from each customer.

446 Sales to railroads and railways (Major only).

A. This account shall include the net billing for electricity supplied to railroads and interurban and street railways, for general railroad use, including the propulsion of cars or locomotives, where such electricity is supplied under separate and distinct rate schedules.

B. Records shall be maintained so that the quantity of electricity sold and the revenue received from each customer shall be readily available.

NOTE: Revenues from incidental use of electricity furnished under a contract for propulsion of cars or locomotives shall be included herein.

447 Sales for resale.

A. This account shall include the net billing for electricity supplied to other electric utilities or to public authorities for resale purposes.

B. Records shall be maintained so as to show the quantity of electricity sold and the revenue received from each customer.

NOTE: Revenues from electricity supplied to other public utilities for use by them and not for distribution, shall be included in account 442, Commercial and Industrial Sales, unless supplied under the same contract as and not readily separable from revenues includible in this account.

448 Interdepartmental sales.

A. This account shall include amounts charged by the electric department at tariff or other specified rates for electricity supplied by it to other utility departments.

B. Records shall be maintained so that the quantity of electricity supplied each other department and the charges therefor shall be readily available.

449 Other sales (Nonmajor only).

A. This account shall include revenues for electricity supplied which are not provided for elsewhere.

B. Records shall be maintained so as to show the quantity of electricity sold and the revenues received from each customer.

449.1 Provision for rate refunds.

A. This account shall be charged with provisions for the estimated pretax effects on net income of the portions of amounts being collected subject to refund which are estimated to be required to be refunded. Such provisions shall be credited to Account 229, Accumulated Provision for Rate Refunds.

B. This account shall also be charged with amounts refunded when such amounts had not been previously accrued.

C. Income tax effects relating to the amounts recorded in this account shall be recorded in account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or account 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, as appropriate.

450 Forfeited discounts.

This account shall include the amount of discounts forfeited or additional charges imposed because of the failure of customers to pay their electric bills on or before a specified date.

451 Miscellaneous service revenues.

This account shall include revenues for all miscellaneous services and charges billed to customers which are not specifically provided for in other accounts.

ITEMS

1. Fees for changing, connecting or disconnecting service.
2. Profit on maintenance of appliances, wiring, piping or other installations on customers' premises.
3. Net credit or debit (cost less net salvage and less payment from customers) on closing of work orders for plant installed for temporary service of less than one year. (See account 185, Temporary Facilities.)
4. Recovery of expenses in connection with current diversion cases (billing for the electricity consumed shall be included in the appropriate electric revenue account).

453 Sales of water and water power.

A. This account shall include revenues derived from the sale of water for irrigation, domestic, industrial or other uses, or for the development by others of water power, or for headwater benefits; also, revenues derived from furnishing water power for mechanical purposes when the investment in the property used in supplying such water or water power is carried as electric plant in service.

B. The records for this account shall be kept in such manner as to permit an analysis of the rates charged and the purposes for which the water was used.

454 Rent from electric property.

A. This account shall include rents received for the use by others of land, buildings, and other property devoted to electric operations by the utility.

B. When property owned by the utility is operated jointly with others under a definite arrangement for apportioning the actual expenses among the parties to the arrangement, any amount received by the utility for interest or return or in reimbursement of

taxes or depreciation on the property shall be credited to this account.

NOTE: Do not include in this account rents from property constituting an operating unit or system. (See account 412, Revenues from Electric Plant Leased to Others.)

455 Interdepartmental rents.

This account shall include rents credited to the electric department on account of rental charges made against other departments (gas, water, etc.) of the utility. In the case of property operated under a definite arrangement to allocate the costs among the departments using the property, any reimbursement to the electric department for interest or return and depreciation and taxes shall be credited to this account.

456 Other electric revenues.

This account shall include revenues derived from electric operations not includible in any of the foregoing accounts. It shall also include in a separate subaccount revenues received from operation of fish and wildlife, and recreation facilities whether operated by the company or by contract concessionaires, such as revenues from leases, or rentals of land for cottage, homes, or campsites.

ITEMS

1. Commission on sale or distribution of electricity of others when sold under rates filed by such others.
2. Compensation for minor or incidental services provided for others such as customer billing, engineering, etc.
3. Profit or loss on sale of material and supplies not ordinarily purchased for resale and not handled through merchandising and jobbing accounts.
4. Sale of steam, but not including sales made by a steamheating department or transfers of steam under joint facility operations.
5. Revenues from transmission of electricity of others over transmission facilities of the utility.
6. Include in a separate subaccount revenues in payment for rights and/or benefits received from others which are realized through research, development, and demonstration ventures. In the event the amounts received are so large as to distort revenues for the year in which received (5 percent of net income before application of the benefit) the amounts shall be credited to

Account 253, Other Deferred Credits, and amortized by credits to this account over a period not to exceed 5 years.

**Operation and Maintenance Expense
Chart of Accounts**

1. POWER PRODUCTION EXPENSES

A. STEAM POWER GENERATION

Operation

- 500 Operation supervision and engineering.
- 501 Fuel.
- 502 Steam expenses (Major only).
- 503 Steam from other sources.
- 504 Steam transferred—Credit.
- 505 Electric expenses (Major only).
- 506 Miscellaneous steam power expenses (Major only).
- 507 Rents.
- 508 Operation supplies and expenses (Nonmajor only).
- 509 Allowances.

Maintenance

- 510 Maintenance supervision and engineering (Major only).
- 511 Maintenance of structures (Major only).
- 512 Maintenance of boiler plant (Major only).
- 513 Maintenance of electric plant (Major only).
- 514 Maintenance of miscellaneous steam plant (Major only).
- 515 Maintenance of steam production plant (Nonmajor only).

B. NUCLEAR POWER GENERATION

Operation

- 517 Operation supervision and engineering (Major only).
- 518 Nuclear fuel expense (Major only).
- 519 Coolants and water (Major only).
- 520 Steam expenses (Major only).
- 521 Steam from other sources (Major only).
- 522 Steam transferred—Credit. (Major only).
- 523 Electric expenses (Major only).
- 524 Miscellaneous nuclear power expenses (Major only).
- 525 Rents (Major only).

Maintenance

- 528 Maintenance supervision and engineering (Major only).
- 529 Maintenance of structures (Major only).
- 530 Maintenance of reactor plant equipment (Major only).
- 531 Maintenance of electric plant (Major only).
- 532 Maintenance of miscellaneous nuclear plant (Major only).

C. HYDRAULIC POWER GENERATION

Operation

- 535 Operation supervision and engineering.

- 536 Water for power.
- 537 Hydraulic expenses (Major only).
- 538 Electric expenses (Major only).
- 539 Miscellaneous hydraulic power generation expenses (Major only).
- 540 Rents.
- 540.1 Operation supplies and expenses (Nonmajor only).

Maintenance

- 541 Maintenance supervision and engineering (Major only).
- 542 Maintenance of structures (Major only).
- 543 Maintenance of reservoirs, dams and waterways (Major only).
- 544 Maintenance of electric plant (Major only).
- 545 Maintenance of miscellaneous hydraulic plant (Major only).
- 545.1 Maintenance of hydraulic production plant (Nonmajor only).

D. OTHER POWER GENERATION

Operation

- 546 Operation supervision and engineering.
- 547 Fuel.
- 548 Generation expenses (Major only).
- 549 Miscellaneous other power generation expenses (Major only).
- 550 Rents.
- 550.1 Operation supplies and expenses (Nonmajor only).

Maintenance

- 551 Maintenance supervision and engineering (Major only).
- 552 Maintenance of structures (Major only).
- 553 Maintenance of generating and electric plant (Major only).
- 554 Maintenance of miscellaneous other power generation plant (Major only).
- 554.1 Maintenance of other power production plant (Nonmajor only).

E. OTHER POWER SUPPLY EXPENSES

- 555 Purchased power.
- 556 System control and load dispatching (Major only).
- 557 Other expenses.

2. TRANSMISSION EXPENSES

Operation

- 560 Operation supervision and engineering.
- 561 Load dispatching (Major only).
- 562 Station expenses (Major only).
- 563 Overhead line expenses (Major only).
- 564 Underground line expenses (Major only).
- 565 Transmission of electricity by others (Major only).
- 566 Miscellaneous transmission expenses (Major only).
- 567 Rents.
- 567.1 Operation supplies and expenses (Nonmajor only).

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Maintenance

- 568 Maintenance supervision and engineering (Major only).
- 569 Maintenance of structures (Major only).
- 570 Maintenance of station equipment (Major only).
- 571 Maintenance of overhead lines (Major only).
- 572 Maintenance of underground lines (Major only).
- 573 Maintenance of miscellaneous transmission plant (Major only).
- 574 Maintenance of transmission plant (Nonmajor only).

3. DISTRIBUTION EXPENSES

Operation

- 580 Operation supervision and engineering.
- 581 Load dispatching (Major only).
- 581.1 Line and station expenses (Nonmajor only).
- 582 Station expenses (Major only).
- 583 Overhead line expenses (Major only).
- 584 Underground line expenses (Major only).
- 585 Street lighting and signal system expenses.
- 586 Meter expenses.
- 587 Customer installations expenses.
- 588 Miscellaneous distribution expenses.
- 589 Rents.

Maintenance

- 590 Maintenance supervision and engineering (Major only).
- 591 Maintenance of structures (Major only).
- 592 Maintenance of station equipment (Major only).
- 592.1 Maintenance of structures and equipment (Nonmajor only).
- 593 Maintenance of overhead lines (Major only).
- 594 Maintenance of underground lines (Major only).
- 594.1 Maintenance of lines (Nonmajor only).
- 595 Maintenance of line transformers.
- 596 Maintenance of street lighting and signal systems.
- 597 Maintenance of meters.
- 598 Maintenance of miscellaneous distribution plant.

4. CUSTOMER ACCOUNTS EXPENSES

Operation

- 901 Supervision (Major only).
- 902 Meter reading expenses.
- 903 Customer records and collection expenses.
- 904 Uncollectible accounts.
- 905 Miscellaneous customer accounts expenses (Major only).

5. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES

Operation

- 906 Customer service and informational expenses (Nonmajor only).
- 907 Supervision (Major only).
- 908 Customer assistance expenses (Major only).
- 909 Informational and instructional advertising expenses (Major only).
- 910 Miscellaneous customer service and informational expenses (Major only).

6. SALES EXPENSES

Operation

- 911 Supervision (Major only).
- 912 Demonstrating and selling expenses (Major only).
- 913 Advertising expenses (Major only).
- 916 Miscellaneous sales expenses (Major only).
- 917 Sales expenses (Nonmajor only).

7. ADMINISTRATIVE AND GENERAL EXPENSES

Operation

- 920 Administrative and general salaries.
- 921 Office supplies and expenses.
- 922 Administrative expenses transferred—Credit.
- 923 Outside services employed.
- 924 Property insurance.
- 925 Injuries and damages.
- 926 Employee pensions and benefits.
- 927 Franchise requirements.
- 928 Regulatory commission expenses.
- 929 Duplicate charges—Credit.
- 930.1 General advertising expenses.
- 930.2 Miscellaneous general expenses.
- 931 Rents.
- 933 Transportation expenses (Nonmajor only).

Maintenance

- 935 Maintenance of general plant.

Operation and Maintenance Expense Accounts

500 Operation supervision and engineering.

A. For Major Utilities, this account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of steam power generating stations. Direct supervision of specific activities, such as fuel handling, boiler room operations, generator operations, etc., shall be charged to the appropriate account. (See operating expense instruction 1.)

B. For Nonmajor Utilities, this account shall include the cost of supervision and labor in the operation of steam power generating stations.

ITEMS (NONMAJOR ONLY)

Boiler Room Labor:

1. Supervising steam production.
2. Operating fuel conveying, storage, weighing and processing equipment within boiler plant.
3. Operating boiler and boiler auxiliary equipment.
4. Operating boiler feed water purification and treatment equipment.
5. Operating ash collection and disposal equipment located inside the plant.
6. Operating boiler plant electrical equipment.
7. Keeping boiler plant log and records and preparing reports on boiler plant operations.
8. Testing boiler water.
9. Testing, checking, and adjusting meters, gauges and other instruments in boiler plant.
10. Cleaning boiler plant equipment when not incidental to maintenance work.
11. Repacking glands and replacing gauge classes where the work involved is of a minor nature and is performed by regular operating crews. Where the work is of a major character such as that performed on high pressure boilers the item should be considered as maintenance.

Electric Plant Labor:

12. Supervising electric production.
13. Operating turbines, engines, generators and exciters.
14. Operating condensers, circulating water systems and other auxiliary apparatus.
15. Operating generator cooling system.
16. Operating lubrication and oil control system, including oil purification.
17. Operating switchboards, switch gear and electric control and protective equipment.
18. Keeping electric plant log and records and preparing reports on electric plant operations.
19. Testing, checking and adjusting meters, gauges, and other instruments, relays, controls and other equipment in electric plant.
20. Cleaning electric plant equipment when not incidental to maintenance work.
21. Repacking glands and replacing gauge glasses.

Miscellaneous Labor:

22. General clerical and stenographic work at plant.
23. Guarding and patrolling plant and yard.
24. Building service.
25. Care of grounds including snow removal, cutting grass, etc.

26. Miscellaneous labor.

501 Fuel.

A. This account shall include the cost of fuel used in the production of steam for the generation of electricity, including expenses in unloading fuel from the shipping media and handling thereof up to the point where the fuel enters the first boiler plant bunker, hopper, bucket, tank or holder of the boiler-house structure. Records shall be maintained to show the quantity, B.t.u. content and cost of each type of fuel used.

B. The cost of fuel shall be charged initially to account 151, Fuel Stock (for Nonmajor utilities, appropriate fuel accounts carried under account 154, Plant Materials and Operating Supplies) and cleared to this account on the basis of the fuel used. Fuel handling expenses may be charged to this account as incurred or charged initially to account 152, Fuel Stock Expenses Undistributed (for Nonmajor utilities, an appropriate subaccount of account 154, Plant Materials and Operating Supplies). In the latter event, they shall be cleared to this account on the basis of the fuel used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

ITEMS

Labor:

1. Supervising purchasing and handling of fuel.
2. All routine fuel analyses.
3. Unloading from shipping facility and putting in storage.
4. Moving of fuel in storage and transferring fuel from one station to another.
5. Handling from storage or shipping facility to first bunker, hopper, bucket, tank or holder of boiler-house structure.
6. Operation of mechanical equipment, such as locomotives, trucks, cars, boats, barges, cranes, etc.

Materials and Expenses:

7. Operating, maintenance and depreciation expenses and ad valorem taxes on utility-owned transportation equipment used to transport fuel from the point of acquisition to the unloading point (Major only).
8. Lease or rental costs of transportation equipment used to transport fuel from the point of acquisition to the unloading point (Major only).
9. Cost of fuel including freight, switching, demurrage and other transportation charges.

10. Excise taxes, insurance, purchasing commissions and similar items.

11. Stores expenses to extent applicable to fuel.

12. Transportation and other expenses in moving fuel in storage.

13. Tools, lubricants and other supplies.

14. Operating supplies for mechanical equipment.

15. Residual disposal expenses less any proceeds from sale of residuals.

NOTE: Abnormal fuel handling expenses occasioned by emergency conditions shall be charged to expense as incurred.

502 Steam expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in production of steam for electric generation. This includes all expenses of handling and preparing fuel beginning at the point where the fuel enters the first boiler plant bunker, hopper, tank or holder of the boiler-house structure.

ITEMS

Labor:

1. Supervising steam production.
2. Operating fuel conveying, storage weighing and processing equipment within boiler plant.
3. Operating boiler and boiler auxiliary equipment.
4. Operating boiler feed water purification and treatment equipment.
5. Operating ash-collecting and disposal equipment located inside the plant.
6. Operating boiler plant electrical equipment.
7. Keeping boiler plant log and records and preparing reports on boiler plant operation.
8. Testing boiler water.
9. Testing, checking, and adjusting meters, gauges, and other instruments and equipment in boiler plant.
10. Cleaning boiler plant equipment when not incidental to maintenance work.
11. Repacking glands and replacing gauge glasses where the work involved is of a minor nature and is performed by regular operating crews. Where the work is of a major character, such as that performed on high-pressure boilers, the item should be considered as maintenance.

Materials and Expenses:

12. Chemicals and boiler inspection fees.
13. Lubricants.
14. Boiler feed water purchased and pumping supplies.

503 Steam from other sources.

This account shall include the cost of steam purchased, or transferred from

another department of the utility or from others under a joint facility operating arrangement, for use in prime movers devoted to the production of electricity.

NOTE: The records shall be so kept as to show separately for each company from which steam is purchased, the point of delivery, the quantity, the price, and the total charge. When steam is transferred from another department or from others under a joint operating arrangement, the utility shall be prepared to show full details of the cost of producing such steam, the basis of the charge to electric generation and the extent and manner of use by each department or party involved.

504 Steam transferred—Credit.

A. This account shall include credits for expenses of producing steam which are charged to others or to other utility departments under a joint operating arrangement. Include also credits for steam expenses chargeable to other electric accounts outside of the steam generation group. Full details of the basis of determination of the cost of steam transferred shall be maintained.

B. If the charges to others or to other departments of the utility include an amount for depreciation, taxes and return on the joint steam facilities, such portion of the charge shall be credited, in the case of others, to account 454, Rent from Electric Property, and in the case of other departments of the utility, to account 455, Interdepartmental Rents.

505 Electric expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in operating prime movers, generators, and their auxiliary apparatus, switch gear and other electric equipment to the points where electricity leaves for conversion for transmission or distribution.

ITEMS

Labor:

1. Supervising electric production.
2. Operating turbines, engines, generators and exciters.
3. Operating condensers, circulating water systems and other auxiliary apparatus.
4. Operating generator cooling system.
5. Operating lubrication and oil control system, including oil purification.

6. Operating switchboards, switch gear and electric control and protective equipment.

7. Keeping electric plant log and records and preparing reports on electric plant operations.

8. Testing, checking and adjusting meters, gauges, and other instruments, relays, controls and other equipment in the electric plant.

9. Cleaning electric plant equipment when not incidental to maintenance work.

10. Repacking glands and replacing gauge glasses.

Materials and Expenses:

11. Lubricants and control system oils.

12. Generator cooling gases.

13. Circulating water purification supplies.

14. Cooling water purchased.

15. Motor and generator brushes.

506 Miscellaneous steam power expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred which are not specifically provided for or are not readily assignable to other steam generation operation expense accounts.

ITEMS

Labor:

1. General clerical and stenographic work.
2. Guarding and patrolling plant and yard.
3. Building service.
4. Care of grounds including snow removal, cutting grass, etc.
5. Miscellaneous labor.

Materials and Expenses:

6. General operating supplies, such as tools, gaskets, packing waste, gauge glasses, hose, indicating lamps, record and report forms, etc.

7. First-aid supplies and safety equipment.

8. Employees' service facilities expenses.

9. Building service supplies.

10. Communication service.

11. Miscellaneous office supplies and expenses, printing and stationery.

12. Transportation expenses.

13. Meals, traveling and incidental expenses.

14. Research, development, and demonstration expenses.

507 Rents.

This account shall include all rents of property of others used, occupied or operated in connection with steam power generation. (See operating expense instruction 3.)

508 Operation supplies and expenses (Nonmajor only).

This account shall include the cost of materials used and expenses incurred in the operation of steam power generating stations.

ITEMS

1. Chemicals and boiler inspection fees.
2. Lubricants and control system oils.
3. Boiler feed water purchased and pumping supplies.
4. Generator cooling gases.
5. Circulating water purification supplies.
6. Cooling water purchased.
7. Motor and generator brushes.
8. General operating supplies, such as tools, gaskets, packing waste, gauge glasses, hose, indicating lamps, record and report forms, etc.
9. First-aid supplies and safety equipment.
10. Employees' service facilities expenses.
11. Building service supplies.
12. Communication service.
13. Miscellaneous office supplies and expenses, printing and stationery.
14. Transportation expenses.
15. Meals, traveling and incidental expenses.

509 Allowances.

This account shall include the cost of allowances expensed concurrent with the monthly emission of sulfur dioxide. (See General Instruction No. 21.)

510 Maintenance supervision and engineering (Major only).

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of steam generation facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

511 Maintenance of structures (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of steam structures, the book cost of which is includible in account 311, Structures and Improvements. (See operating expense instruction 2.)

512 Maintenance of boiler plant (Major only).

A. This account shall include the cost of labor, materials used and expenses incurred in the maintenance of steam plant, the book cost of which is includible in account 312, Boiler Plant Equipment. (See operating expense instruction 2.)

B. For the purpose of making charges hereto and to account 513, Maintenance of Electric Plant, the point at which steam plant is distinguished from electric plant is defined as follows:

1. Inlet flange of throttle valve on prime mover.
2. Flange of all steam extraction lines on prime mover.
3. Hotwell pump outlet on condensate lines.
4. Inlet flange of all turbine-room auxiliaries.
5. Connection to line side of motor starter for all boiler-plant equipment.

513 Maintenance of electric plant (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of electric plant, the book cost of which is includible in account 313, Engines and Engine-Driven Generators, account 314, Turbogenerator Units, and account 315, Accessory Electric Equipment. (See operating expense instruction 2 and paragraph B of account 512.)

514 Maintenance of miscellaneous steam plant (Major only).

This account shall include the cost of labor, materials used and expenses incurred in maintenance of miscellaneous steam generation plant, the book cost of which is includible in account 316, Miscellaneous Power Plant Equipment. (See operating expense instruction 2.)

515 Maintenance of steam production plant (Nonmajor only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of steam production plant the book cost of which is includible in plant accounts 311 to 316, inclusive. (See operating expense instruction 2.)

517 Operation supervision and engineering (Major only).

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of nuclear power generating stations. Direct supervision of specific activities, such as fuel handling, reactor operations, generator operations, etc., shall be charged to the appropriate account. (See operating expense instruction 1.)

518 Nuclear fuel expense (Major only).

A. This account shall be debited and account 120.5, Accumulated Provision for Amortization of Nuclear Fuel Assemblies, credited for the amortization of the net cost of nuclear fuel assemblies used in the production of energy. The net cost of nuclear fuel assemblies subject to amortization shall be the cost of nuclear fuel assemblies plus or less the expected net salvage of uranium, plutonium, and other byproducts and unburned fuel. The utility shall adopt the necessary procedures to assure that charges to this account are distributed according to the thermal energy produced in such periods.

B. This account shall also include the costs involved when fuel is leased.

C. This account shall also include the cost of other fuels, used for ancillary steam facilities, including superheat.

D. This account shall be debited or credited as appropriate for significant changes in the amounts estimated as the net salvage value of uranium, plutonium, and other byproducts contained in account 157, Nuclear Materials Held for Sale and the amount realized upon the final disposition of the materials. Significant declines in the estimated realizable value of items carried in account 157 may be recognized at the time of market price declines by charging this account and crediting account 157. When the declining change occurs while the fuel is recorded in account 120.3, Nuclear Fuel Assemblies in Reactor, the effect shall be amortized over the **remaining life** of the fuel.

519 Coolants and water (Major only).

This account shall include the cost of labor, materials used and expenses incurred for heat transfer materials and

water used for steam and cooling purposes.

ITEMS

Labor:

1. Operation of water supply facilities.
2. Handling of coolants and heat transfer materials.

Materials and Expenses:

3. Chemicals.
4. Additions to or refining of, fluids used in reactor systems.
5. Lubricants.
6. Pumping supplies and expenses.
7. Miscellaneous supplies and expenses.
8. Purchased water.

NOTE: Do not include in this account water for general station use or the initial charge for coolants, heat transfer or moderator fluids, chemicals or other supplies capitalized.

520 Steam expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in production of steam through nuclear processes, and similar expenses for operation of any auxiliary superheat facilities.

ITEMS

Labor:

1. Supervising steam production.
2. Fuel handling including removal, insertion, disassembly and preparation for cooling operations and shipment.
3. Testing instruments and gauges.
4. Health, safety, monitoring and decontamination activities.
5. Waste disposal.
6. Operating steam boilers and auxiliary steam, superheat facilities.

Materials and Expenses:

7. Chemical supplies.
8. Charts, logs, etc.
9. Health, safety, monitoring and decontamination supplies.
10. Boiler inspection fees.
11. Lubricants.

521 Steam from other sources (Major only).

This account shall include the cost of steam purchased or transferred from another department of the utility or from others under a joint facility operating arrangement for use in prime movers devoted to the production of electricity.

NOTE: The records shall be so kept as to show separately for each company from which steam is purchased, the point of deliv-

ery, the quantity, the price, and the total charge. When steam is transferred from another operating department, the utility shall be prepared to show full details of the cost of producing such steam, the basis of the charges to electric generation, and the extent and manner of use by each department involved.

522 Steam transferred—Credit (Major only).

A. This account shall include credits for expenses of producing steam which are charged to others or to other utility departments under a joint operating arrangement. Include also credits for steam expenses chargeable to other electric accounts outside of the steam generation group. Full details of the basis of determination of the cost of steam transferred shall be maintained.

B. If the charges to others or to other departments of the utility include an amount for depreciation, taxes and return on the joint steam facilities, such portion of the charge shall be credited, in the case of others, to account 454, Rent from Electric Property, and in the case of other departments of the utility, to account 455, Interdepartmental Rents.

523 Electric expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in operating turbogenerators, steam turbines and their auxiliary apparatus, switch gear and other electric equipment to the points where electricity leaves for conversion for transmission or distribution.

ITEMS

Labor:

1. Supervising electric production.
2. Operating turbines, engines, generators and exciters.
3. Operating condensers, circulating water systems and other auxiliary apparatus.
4. Operating generator cooling system.
5. Operating lubrication and oil control system, including oil purification.
6. Operating switchboards, switch gear and electric control and protective equipment.
7. Keeping plant log and records and preparing reports on electric plant operations.
8. Testing, checking and adjusting meters, gauges, and other instruments, relays, controls and other equipment in the electric plant.
9. Cleaning electric plant equipment when not incidental to maintenance.

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10. Repacking glands and replacing gauge glasses.

Materials and Expenses:

11. Lubricants and control system oils.
12. Generator cooling gases.
13. Log sheets and charts.
14. Motor and generator brushes.

524 Miscellaneous nuclear power expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred which are not specifically provided for or are not readily assignable to other nuclear generation operation accounts.

ITEMS

Labor:

1. General clerical and stenographic work.
2. Plant security.
3. Building service.
4. Care of grounds, including snow removal, cutting grass, etc.
5. Miscellaneous labor.

Materials and Expenses:

6. General operating supplies, such as tools, gaskets, hose, indicating lamps, record and report forms, etc.
7. First-aid supplies and safety equipment.
8. Employees' service facilities expenses.
9. Building service supplies.
10. Communication service.
11. Miscellaneous office supplies and expenses, printing and stationery.
12. Transportation expenses.
13. Meals, traveling and incidental expenses.
14. Research, development, and demonstration expenses.

525 Rents (Major only).

This account shall include all rents of property of others used, occupied or operated in connection with nuclear generation. (See operating expense instruction 3.)

528 Maintenance supervision and engineering (Major only).

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of nuclear generation facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

529 Maintenance of structures (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 321, Structures and Improvements. (See operating expense instruction 2.)

530 Maintenance of reactor plant equipment (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of reactor plant, the book cost of which is includible in account 322, Reactor Plant Equipment. (See operating expense instruction 2.)

531 Maintenance of electric plant (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of electric plant, the book cost of which is includible in account 323, Turbogenerator Units, and account 324, Accessory Electric Equipment. (See operating expense instruction 2.)

532 Maintenance of miscellaneous nuclear plant (Major only).

This account shall include the cost of labor, materials used and expenses incurred in maintenance of miscellaneous nuclear generating plant, the book cost of which is includible in account 325, Miscellaneous Power Plant Equipment. (See operating expense instruction 2.)

535 Operation supervision and engineering.

A. For Major utilities, this account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of hydraulic power generating stations. Direct supervision of specific activities, such as hydraulic operation, generator operation, etc., shall be charged to the appropriate account (See operating expense instruction 1).

B. For Nonmajor utilities, this account shall include the cost of supervision and labor in the operation of hydraulic power generating stations.

ITEMS (NONMAJOR ONLY)

Hydraulic Labor:

1. Supervising hydraulic operation.
2. Removing debris and ice from trash racks, reservoirs and waterways.
3. Patrolling reservoirs and waterways.
4. Operating intakes, spillways, sluiceways and outlet works.
5. Operating bubbler, heater or other deicing systems.
6. Ice and log jam work.
7. Operating navigation facilities.
8. Operations relating to conservation of game, fish, forests, etc.
9. Insect control activities.

Electric Labor:

10. Supervising electric production.
11. Operating prime movers, generators and auxiliary equipment.
12. Operating generator cooling system.
13. Operating lubrication and oil control systems, including oil purification.
14. Operating switchboards, switchgear and electric control and protection equipment.
15. Keeping plant log and records and preparing reports on plant operations.
16. Testing, checking and adjusting meters, gauges, and other instruments, relays, controls and other equipment in the plant.
17. Cleaning plant equipment when not incidental to maintenance work.
18. Repacking glands.

Miscellaneous Labor:

19. General clerical and stenographic work.
20. Guarding and patrolling plant and yard.
21. Building service.
22. Care of grounds, including snow removal, cutting grass, etc.
23. Snow removal from roads and bridges.
24. Miscellaneous labor.

536 Water for power.

This account shall include the cost of water used for hydraulic power generation.

ITEMS

1. Cost of water purchased from others, including water tolls paid reservoir companies.
2. Periodic payments for licenses or permits from any governmental agency for water rights, or payments based on the use of the water.
3. Periodic payments for riparian rights.
4. Periodic payments for headwater benefits or for detriments to others.
5. Cloud seeding.

537 Hydraulic expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in operating hydraulic works including reservoirs, dams, and waterways, and in activities directly relat-

ing to the hydroelectric development outside the generating station. It shall also include the cost of labor, materials used and other expenses incurred in connection with the operation of (a) fish and wildlife, and (b) recreation facilities. Separate subaccounts shall be maintained for each of the above.

ITEMS

Labor:

1. Supervising hydraulic operation.
2. Removing debris and ice from trash racks, reservoirs and waterways.
3. Patrolling reservoirs and waterways.
4. Operating intakes, spillways, sluiceways, and outlet works.
5. Operating bubbler, heater or other deicing systems.
6. Ice and log jam work.
7. Operating navigation facilities.
8. Operations relating to conservation of game, fish, forests, etc.
9. Insect control activities.

Materials and Expenses:

10. Insect control materials.
11. Lubricants, packing, and other supplies used in operation of hydraulic equipment.
12. Transportation expense.

538 Electric expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in operating prime movers, generators, and their auxiliary apparatus, switchgear, and other electric equipment, to the point where electricity leaves for conversion for transmission or distribution.

ITEMS

Labor:

1. Supervising electric production.
2. Operating prime movers, generators and auxiliary equipment.
3. Operating generator cooling system.
4. Operating lubrication and oil control systems, including oil purification.
5. Operating switchboards, switchgear, and electric control and protection equipment.
6. Keeping plant log and records and preparing reports on plant operations.
7. Testing, checking and adjusting meters, gauges, and other instruments, relays, controls, and other equipment in the plant.
8. Cleaning plant equipment when not incidental to maintenance work.
9. Repacking glands.

Materials and Expenses:

10. Lubricants and control system oils.
11. Motor and generator brushes.

539 Miscellaneous hydraulic power generation expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred which are not specifically provided for or are not readily assignable to other hydraulic generation operation expense accounts.

ITEMS

Labor:

1. General clerical and stenographic work.
2. Guarding and patrolling plant and yard.
3. Building service.
4. Care of grounds including snow removal, cutting grass, etc.
5. Snow removal from roads and bridges.
6. Miscellaneous labor.

Materials and Expenses:

7. General operating supplies, such as tools, gaskets, packing, waste, hose, indicating lamps, record and report forms, etc.
8. First-aid supplies and safety equipment.
9. Employees' service facilities expenses.
10. Building service supplies.
11. Communication service.
12. Office supplies, printing and stationery.
13. Transportation expenses.
14. Fuel.
15. Meals, traveling and incidental expenses.
16. Research, development, and demonstration expenses.

540 Rents.

This account shall include all rents of property of others used, occupied or operated in connection with hydraulic power generation, including amounts payable to the United States for the occupancy of public lands and reservations for reservoirs, dams, flumes, forebays, penstocks, power houses, etc., but not including transmission right of way. (See operating expense instruction 3.)

540.1 Operation supplies and expenses (Nonmajor only).

This account shall include the cost of materials used and expenses incurred in the operation of hydraulic power generating stations.

ITEMS

1. Insect control materials.
2. Lubricants, packing, and other supplies used in operation of hydraulic equipment.
3. Supplies and expenses in conservation of game, fish, forests, etc.
4. Transportation expense.

5. Control system oils.
6. Motor and generator brushes.
7. General operating supplies, such as tools, gaskets, packing, waste hose, indicating lamps, record and report forms, etc.
8. First-aid supplies and safety equipment.
9. Employees' service facilities expenses.
10. Building service supplies.
11. Communication service.
12. Office supplies, printing and stationery.
13. Transportation expenses.
14. Fuel.
15. Meals, traveling and incidental expenses.

541 Maintenance supervision and engineering (Major only).

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the maintenance of hydraulic power generating stations. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

542 Maintenance of structures (Major only).

This account shall include the cost of labor, materials used, and expenses incurred in maintenance of hydraulic structures, the book cost of which is includible in Account 331, Structures and Improvements. (See operating expense instruction 2) However, the cost of labor, materials used and expenses incurred in the maintenance of fish and wildlife, and recreation facilities, the book cost of which is includible in Account 331, Structures and Improvements, shall be charged to Account 545, Maintenance of Miscellaneous Hydraulic Plant.

543 Maintenance of reservoirs, dams, and waterways (Major only).

This account shall include the cost of labor, materials used, and expenses incurred in maintenance of plant includible in Account 332, Reservoirs, Dams, and Waterways. (See operating expense instruction 2) However, the cost of labor materials used and expenses incurred in the maintenance of fish and wildlife, and recreation facilities, the book cost of which is includible in Account 332, Reservoirs, Dams and Waterways, shall be charged to Account 545, Maintenance of Miscellaneous Hydraulic Plant.

544 Maintenance of electric plant (Major only).

This account shall include the cost of labor, materials used and expenses incurred in maintenance of plant includible in Account 333, Water Wheels, Turbines and Generators, and account 334, Accessory Electric Equipment. (See operating expense instruction 2.)

545 Maintenance of miscellaneous hydraulic plant (Major only).

This account shall include the cost of labor, materials used, and expenses incurred in maintenance of plant, the book cost of which is includible in Account 335, Miscellaneous Power Plant Equipment, and Account 336, Roads, Railroads and Bridges. (See operating expense instruction 2.) It shall also include the cost of labor, materials used and other expenses incurred in the maintenance of (a) fish and wildlife, and (b) recreation facilities. Separate subaccounts shall be maintained for each of the above.

545.1 Maintenance of hydraulic production plant (Nonmajor only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of hydraulic production plant the book cost of which is includible in plant accounts 331 to 336, inclusive. (See operating expense instruction 2.)

546 Operation supervision and engineering.

A. For Major utilities, this account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of other power generating stations. Direct supervision of specific activities, such as fuel handling, engine and generator operation, etc., shall be charged to the appropriate account. (See operating expense instruction 1.)

B. For Nonmajor utilities, this account shall include the cost of supervision and labor in the operation of other power generating stations.

Generating Labor:

1. Supervising other power generation operation.

2. Operating prime movers, generators and auxiliary apparatus and switching and other electric equipment.

3. Keeping plant log and records and preparing reports on plant operations.

4. Testing, checking, cleaning, oiling and adjusting equipment.

Miscellaneous Labor:

5. General clerical and stenographic work.

6. Guarding and patrolling plant and yard.

7. Building service.

8. Care of grounds, including snow removal, cutting grass, etc.

9. Miscellaneous labor.

547 Fuel.

This account shall include the cost delivered at the station (see account 151, Fuel Stock, for Major utilities, and account 154, Plant Materials and Operating Supplies, for Nonmajor utilities) of all fuel, such as gas, oil, kerosene, and gasoline used in other power generation.

548 Generation expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in operating prime movers, generators and electric equipment in other power generating stations, to the point where electricity leaves for conversion for transmission or distribution.

ITEMS

Labor:

1. Supervising other power generation operation.

2. Operating prime movers, generators and auxiliary apparatus and switching and other electric equipment.

3. Keeping plant log and records and preparing reports on plant operations.

4. Testing, checking, cleaning, oiling and adjusting equipment.

Materials and Expenses:

5. Dynamo, motor, and generator brushes.

6. Lubricants and control system oils.

7. Water for cooling engines and generators.

549 Miscellaneous other power generation expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the operation of other power generating stations which are not specifically provided for or are not readily assignable to other generation expense accounts.

ITEMS

Labor:

1. General clerical and stenographic work.
2. Guarding and patrolling plant and yard.
3. Building service.
4. Care of grounds, including snow removal, cutting grass, etc.
5. Miscellaneous labor.

Materials and Expenses:

6. Building service supplies.
7. First-aid supplies and safety equipment.
8. Communication service.
9. Employees' service facilities expenses.
10. Office supplies, printing and stationery.
11. Transportation expense.
12. Meals, traveling and incidental expenses.
13. Fuel for heating.
14. Water for fire protection or general use.
15. Miscellaneous supplies, such as hand tools, drills, saw blades, files, etc.
16. Research, development, and demonstration expenses.

550 Rents.

This account shall include all rents of property of others used, occupied, or operated in connection with other power generation. (See operating expense instruction 3.)

550.1 Operation supplies and expenses (Nonmajor only).

This account shall include the cost of materials used and expenses incurred in the operation of other power generating stations.

ITEMS

1. Dynamo, motor, and generator brushes.
2. Lubricants and control system oils.
3. Water for cooling engines and generators.
4. Building service supplies.
5. First-aid supplies and safety equipment.
6. Communication service.
7. Employees' service facilities expenses.
8. Office supplies, printing and stationery.
9. Transportation expense.
10. Meals, traveling and incidental expenses.
11. Fuel for heating.
12. Water for fire protection or general use.
13. Miscellaneous supplies, such as hand tools, drills, saw blades, files, etc.

551 Maintenance supervision and engineering (Major only).

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the maintenance of other power generating

stations. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

552 Maintenance of structures (Major only).

This account shall include the cost of labor, materials used and expenses incurred in maintenance of facilities used in other power generation, the book cost of which is includible in account 341, Structures and Improvements, and account 342, Fuel Holders, Producers and Accessories. (See operating expense instruction 2.)

553 Maintenance of generating and electric equipment (Major only).

This account shall include the cost of labor, materials used and expenses incurred in maintenance of plant, the book cost of which is includible in account 343, Prime Movers, account 344, Generators, and account 345, Accessory Electric Equipment. (See operating expense instruction 2.)

554 Maintenance of miscellaneous other power generation plant (Major only).

This account shall include the cost of labor, materials used and expenses incurred in maintenance of other power generation plant, the book cost of which is includible in account 346, Miscellaneous Power Plant Equipment. (See operating expense instruction 2.)

554.1 Maintenance of other power production plant (Nonmajor only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of other power generation plant, the book cost of which is includible in plant accounts 341 to 346, inclusive. (See operating expense instruction 2.)

555 Purchased power.

A. This account shall include the cost at point of receipt by the utility of electricity purchased for resale. It shall include, also, net settlements for exchange of electricity or power, such as economy energy, off-peak energy for on-peak energy, spinning reserve capacity, etc. In addition, the account shall include the net settlements for

transactions under pooling or interconnection agreements wherein there is a balancing of debits and credits for energy, capacity, etc. Distinct purchases and sales shall not be recorded as exchanges and net amounts only recorded merely because debit and credit amounts are combined in the voucher settlement.

B. The records supporting this account shall show, by months, the demands and demand charges, kilowatt-hours and prices thereof under each purchase contract and the charges and credits under each exchange or power pooling contract.

556 System control and load dispatching (Major only).

This account shall include the cost of labor and expenses incurred in load dispatching activities for system control Utilities having an interconnected electric system or operating under a central authority which controls the production and dispatching of electricity may apportion these costs to this account and accounts 561, Load Dispatching—Transmission, and 581, Load Dispatching—Distribution.

ITEMS

Labor:

1. Allocating loads to plants and interconnections with others.
2. Directing switching.
3. Arranging and controlling clearances for construction, maintenance, test and emergency purposes.
4. Controlling system voltages.
5. Recording loadings, water conditions, etc.
6. Preparing operating reports and data for billing and budget purposes.
7. Obtaining reports on the weather and special events.

Expenses:

8. Communication service provided for system control purposes.
9. System record and report forms.
10. Meals, traveling and incidental expenses.
11. Obtaining weather and special events reports.

557 Other expenses.

A. This account shall be charged with any production expenses including expenses incurred directly in connection with the purchase of electricity, which are not specifically provided for in

other production expense accounts. Charges to this account shall be supported so that a description of each type of charge will be readily available.

B. Recoveries from insurance companies, under use and occupancy provisions of policies, of amounts in reimbursement of excessive or added production costs for which the insurance company is liable under the terms of the policy shall be credited to this account.

560 Operation supervision and engineering.

A. For Major utilities, this account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of the transmission system as a whole. Direct supervision of specific activities, such as station operation, line operation, etc., shall be charged to the appropriate account. (See operating expense instruction 1.)

B. For Nonmajor utilities, this account shall include the cost of supervision and labor in the operation of the transmission system.

ITEMS (NONMAJOR ONLY)

Load Dispatching Labor:

1. Direct switching.
2. Arranging and controlling clearances for construction, maintenance, test and emergency purposes.
3. Controlling system voltages.
4. Obtaining reports on the weather and special events.
5. Preparing operating reports and data for billing and budget purposes.

Station Labor:

6. Supervising station operation.
7. Adjusting station equipment where such adjustment primarily affects performance, such as regulating the flow of cooling water, adjusting current in fields of a machine or changing voltage of regulators changing station transformer taps.
8. Inspecting, testing and calibrating station equipment for the purpose of checking its performance.
9. Keeping station log and records and preparing reports on station operation.
10. Operating switching and other station equipment.
11. Standing watch, guarding and patrolling station and station yard.
12. Sweeping, mopping and tidying station.
13. Care of grounds, including snow removal, cutting grass, etc.

Line Labor:

14. Supervising line operation.
15. Inspecting and testing lightning arresters, circuit breakers, switches and grounds.
16. Load tests of circuits.
17. Routine line patrolling.
18. Routine voltage surveys made to determine the condition of efficiency of transmission system.
19. Transferring loads, switching and reconnecting circuits and equipment for operating purposes. (Switching for construction or maintenance purposes is not includible in this account.)
20. Routine inspection and cleaning of manholes, conduit, network and transformer vaults.
21. Electrolysis surveys.
22. Inspecting and adjusting line testing equipment such as voltmeters, ammeters, wattmeters, etc.
23. Regulation and addition of oil or gas in high voltage cable systems.

Miscellaneous Labor:

24. General records of physical characteristics of lines and stations, such as capacities, etc.
25. Ground resistance records.
26. Janitorial work at transmission office buildings, including care of grounds, snow removal, cutting grass, etc.
27. Joint pole maps and prints.
28. Line load and voltage records.
29. Preparing maps and prints.
30. General clerical and stenographic work.
31. Miscellaneous labor.

561 Load dispatching (Major only).

This account shall include the cost of labor, materials used and expenses incurred in load dispatching operations pertaining to the transmission of electricity.

ITEMS

Labor:

1. Directing switching.
2. Arranging and controlling clearances for construction, maintenance, test and emergency purposes.
3. Controlling system voltages.
4. Obtaining reports on the weather and special events.
5. Preparing operating reports and data for billing and budget purposes.

Expenses:

6. Communication service provided for system control purposes.
7. System record and report forms.
8. Meals, traveling and incidental expenses.
9. Obtaining weather and special events reports.

562 Station expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in operating transmission substations and switching stations. If transmission station equipment is located in or adjacent to a generating station the expenses applicable to transmission station operations shall nevertheless be charged to this account.

ITEMS

Labor:

1. Supervising station operation.
2. Adjusting station equipment where such adjustment primarily affects performance, such as regulating the flow of cooling water, adjusting current in fields of a machine or changing voltage of regulators, changing station transformer taps.
3. Inspecting, testing and calibrating station equipment for the purpose of checking its performance.
4. Keeping station log and records and preparing reports on station operation.
5. Operating switching and other station equipment.
6. Standing watch, guarding, and patrolling station and station yard.
7. Sweeping, mopping, and tidying station.
8. Care of grounds, including snow removal, cutting grass, etc.

Materials and Expenses:

9. Building service expenses.
10. Operating supplies, such as lubricants, commutator brushes, water, and rubber goods.
11. Station meter and instrument supplies, such as ink and charts.
12. Station record and report forms.
13. Tool expense.
14. Transportation expenses.
15. Meals, traveling, and incidental expenses.

563 Overhead line expenses (Major only).**564 Underground line expenses (Major only).**

A. These accounts shall include the cost of labor, materials used and expenses incurred in the operation of transmission lines.

B. If the expenses are not substantial for both overhead and underground lines, these accounts may be combined.

ITEMS

Labor:

1. Supervising line operation.

2. Inspecting and testing lightning arresters, circuit breakers, switches, and grounds
 3. Load tests of circuits.
 4. Routine line patrolling.
 5. Routine voltage surveys made to determine the condition or efficiency of transmission system.
 6. Transferring loads, switching and reconnecting circuits and equipment for operating purposes. (Switching for construction or maintenance purposes is not includible in this account.)
 7. Routine inspection and cleaning of man-holes, conduit, network and transformer vaults.
 8. Electrolysis surveys.
 9. Inspecting and adjusting line-testing equipment, such as voltmeters, ammeters, wattmeters, etc.
 10. Regulation and addition of oil or gas in high-voltage cable systems.
- Materials and Expenses:
11. Transportation expenses.
 12. Meals, traveling and incidental expenses.
 13. Tool expenses.
 14. Operating supplies, such as instrument charts, rubber goods, etc.

565 Transmission of electricity by others (Major only).

This account shall include amounts payable to others for the transmission of the utility's electricity over transmission facilities owned by others.

566 Miscellaneous transmission expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in transmission map and record work, transmission office expenses, and other transmission expenses not provided for elsewhere.

ITEMS

Labor:

1. General records of physical characteristics of lines and stations, such as capacities, etc.
2. Ground resistance records.
3. Janitor work at transmission office buildings, including care of grounds, snow removal, cutting grass, etc.
4. Joint pole maps and records.
5. Line load and voltage records.
6. Preparing maps and prints.
7. General clerical and stenographic work.
8. Miscellaneous labor.

Materials and Expenses:

9. Communication service.
10. Building service supplies.
11. Map and record supplies.

12. Transmission office supplies and expenses, printing and stationery.
13. First-aid supplies.
14. Research, development, and demonstration expenses.

567 Rents.

This account shall include rents of property of others used, occupied, or operated in connection with the transmission system, including payments to the United States and others for use of public or private lands and reservations for transmission line rights of way. (See operating expense instruction 3.)

567.1 Operation supplies and expenses (Nonmajor only).

This account shall include the cost of materials used and expenses incurred in the operation of the transmission system.

ITEMS

1. Building service expenses.
2. Operating supplies, such as lubricants, commutator brushes, water, and rubber goods.
3. Station meter and instrument supplies, such as ink and charts.
4. Station record and report forms.
5. Communication service.
6. First-aid supplies.
7. Tool expense.
8. Transportation expenses.
9. Meals, traveling, and incidental expenses.

568 Maintenance supervision and engineering (Major only).

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of the transmission system. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

569 Maintenance of structures (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 352, Structures and Improvements. (See operating expense instruction 2.)

570 Maintenance of station equipment (Major only).

This account shall include the cost of labor, materials used and expenses incurred in maintenance of station equipment the book cost of which is includible in account 353, Station Equipment. (See operating expense instruction 2.)

571 Maintenance of overhead lines (Major only).

This account shall include the cost of labor, materials used and expenses incurred in maintenance of transmission plant, the book cost of which is includible in accounts 354, Towers and Fixtures, 355, Poles and Fixtures, 356, Overhead Conductors and Devices, 359, Roads and Trails. (See operating expense instruction 2.)

ITEMS

1. Work of the following character on poles, towers and fixtures:
 - a. Installing or removing additional clamps or strain insulators on guys in place.
 - b. Moving line or guy pole in relocation of the same pole or section of line.
 - c. Painting poles, towers, crossarms or pole extensions.
 - d. Readjusting and changing position of guys or braces.
 - e. Realigning and straightening poles, cross arms braces, and other pole fixtures.
 - f. Reconditioning reclaimed pole fixtures.
 - g. Relocating crossarms, racks, brackets, and other fixtures on poles.
 - h. Repairing or realigning pins, racks, or brackets.
 - i. Repairing pole supported platform.
 - j. Repairs by others to jointly owned poles.
 - k. Shaving, cutting rot, or treating poles or crossarms in use or salvaged for reuse.
 - l. Stubbing poles already in service.
 - m. Supporting fixtures and conductors and transferring them to new pole during poles replacements.
 - n. Maintenance of pole signs, stencils, tags, etc.
2. Work of the following character on overhead conductors and devices:
 - a. Overhauling and repairing line cutouts, line switches, line breakers, etc.
 - b. Cleaning insulators and bushings.
 - c. Refusing cutouts.
 - d. Repairing line oil circuit breakers and associated relays and control wiring.
 - e. Repairing grounds.
 - f. Resagging, retying, or rearranging position or spacing of conductors.
 - g. Standing by phones, going to calls, cutting faulty lines clear, or similar activities at times of emergencies.

- h. Sampling, testing, changing, purifying, and replenishing insulating oil.
- i. Repairing line testing equipment.
- j. Transferring loads, switching and reconnecting circuits and equipment for maintenance purposes.
- k. Trimming trees and clearing brush.
- l. Chemical treatment of right of way areas when occurring subsequent to construction of line.
3. Work of the following character on roads and trails:
 - a. Repairing roadway, bridges, etc.
 - b. Trimming trees and brush to maintain previous roadway clearance.
 - c. Snow removal from roads and trails.
 - d. Maintenance work on publicly owned roads and trails when done by utility at its expense.

572 Maintenance of underground lines (Major only).

This account shall include the cost of labor, materials used and expenses incurred in maintenance of transmission plant, the book cost of which is includible in accounts 357, Underground Conduit, and 358, Underground Conductors and Devices. (See operating expense instruction 2.)

ITEMS

1. Work of the following character on underground conduit:
 - a. Cleaning ducts, manholes, and sewer connections.
 - b. Minor alterations of handholes, manholes, or vaults.
 - c. Refastening, repairing, or moving racks, ladders, or hangers in manholes, or vaults.
 - d. Plugging and shelving or replugging ducts.
 - e. Repairs to sewers and drains, walls and floors, rings and covers.
2. Work of the following character on underground conductors and devices:
 - a. Repairing oil circuit breakers, switches, cutouts, and control wiring.
 - b. Repairing grounds.
 - c. Retraining and reconnecting cables in manhole, including transfer of cables from one duct to another.
 - d. Repairing conductors and splices.
 - e. Repairing or moving junction boxes and potheads.
 - f. Refireproofing of cables and repairing supports.
 - g. Repairing electrolysis preventive devices for cables.
 - h. Repairing cable bonding systems.
 - i. Sampling, testing, changing, purifying and replenishing insulating oil.
 - j. Transferring loads, switching and reconnecting circuits and equipment for maintenance purposes.

- k. Repairing line testing equipment.
- l. Repairs to oil or gas equipment in highvoltage cable system and replacement of oil or gas.

573 Maintenance of miscellaneous transmission plant (Major only).

This account shall include the cost of labor, materials used and expenses incurred in maintenance of owned or leased plant which is assignable to transmission operations and is not provided for elsewhere. (See operating expense instruction 2.)

574 Maintenance of transmission plant (Nonmajor only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of transmission plant the book cost of which is includible in plant accounts 351 to 359 inclusive. (See operating expense instruction 2.)

ITEMS

1. Work of the following character on poles, towers and fixtures:
 - a. Installing or removing additional clamps or strain insulators on guys in place.
 - b. Moving line or guy pole in relocation of the same pole or section of line.
 - c. Painting poles, towers, crossarms or pole extensions.
 - d. Readjusting and changing position of guys or braces.
 - e. Realigning and straightening poles, crossarms, braces and other pole fixtures.
 - f. Reconditioning reclaimed pole fixtures.
 - g. Relocating crossarms, racks, brackets, and other fixtures on poles.
 - h. Repairing or realigning pins, racks, or brackets.
 - i. Repairing pole supported platform.
 - j. Repairs by others to jointly owned poles.
 - k. Shaving, cutting rot, or treating poles or crossarms in use or salvaged for reuse.
 - l. Stubbing poles already in service.
 - m. Supporting fixtures and conductors and transferring them to new pole during pole replacement.
 - n. Maintenance of pole signs, stencils, tags, etc.
2. Work of the following character on overhead conductors and devices:
 - a. Overhauling and repairing line cutouts, line switches, line breakers, etc.
 - b. Cleaning insulators and bushings.
 - c. Refusing cutouts.
 - d. Repairing line oil circuit breakers and associated relays and control wiring.
 - e. Repairing grounds.
 - f. Resagging, retying, or rearranging position or spacing of conductors.

- g. Standing by phones, going to calls, cutting faulty lines clear, or similar activities at times of emergencies.
- h. Sampling, testing, changing, purifying, and replenishing insulating oil.
- i. Repairing line testing equipment.
- j. Transferring loads, switching and reconnecting circuits and equipment for maintenance purposes.
- k. Trimming trees and clearing brush.
- l. Chemical treatment of right of way areas when occurring subsequent to construction of line.
3. Work of the following character on roads and trails:
 - a. Repairing roadway, bridges, etc.
 - b. Trimming trees and brush to maintain previous roadway clearance.
 - c. Snow removal from roads and trails.
 - d. Maintenance work on publicly owned roads and trails when done by utility at its expense.
4. Work of the following character on underground conduit:
 - a. Cleaning ducts, manholes, and sewer connections.
 - b. Minor alterations of handholes, manholes, or vaults.
 - c. Refasting, repairing, or moving racks, ladders, or hangers in manholes, or vaults.
 - d. Plugging and shelving or replugging ducts.
 - e. Repairs to sewers and drains, walls and floors, rings and covers.
5. Work of the following character on underground conductors and devices:
 - a. Repairing oil circuit breakers, switches, cutouts, and control wiring.
 - b. Repairing grounds.
 - c. Retraining and reconnecting cables in manhole, including transfer of cables from one duct to another.
 - d. Repairing conductors and splices.
 - e. Repairing or moving junction boxes and potheads.
 - f. Refireproofing of cables and repairing supports.
 - g. Repairing electrolysis preventive devices for cables.
 - h. Repairing cable bonding systems.
 - i. Sampling, testing, changing, purifying and replenishing insulating oil.
 - j. Transferring loads, switching and reconnecting circuits and equipment for maintenance purposes.
 - k. Repairing line testing equipment.
 - l. Repairs to oil or gas equipment in high voltage cable system and replacement of oil or gas.

580 Operation supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of the distribution system.

Direct supervision of specific activities, such as station operation, line operation, meter department operation, etc., shall be charged to the appropriate account. (For Major utilities, see operating expense instruction 1.)

581 Load dispatching (Major only).

This account (the keeping of which is optional with the utility) shall include the cost of labor, materials used and expenses incurred in load dispatching operations pertaining to the distribution of electricity.

ITEMS

Labor:

1. Directing switching.
2. Arranging and controlling clearances for construction, maintenance, test and emergency purposes.
3. Controlling system voltages.
4. Preparing operating reports.
5. Obtaining reports on the weather and special events.

Expenses:

6. Communication service provided for system control purposes.
7. System record and report forms.
8. Meals, traveling and incidental expenses.

581.1 Line and station supplies and expenses (Nonmajor only).

582 Station expenses (Major only).

583 Overhead line expenses (Major only).

584 Underground line expenses (Major only).

Accounts 581.1 through 584 shall include, respectively, the cost of labor, materials used and expenses incurred in the operation of overhead and underground distribution lines and stations.

ITEMS

Line Labor:

1. Supervising line operation.
2. Changing line transformer taps.
3. Inspecting and testing lightning arresters, line circuit breakers, switches and grounds.
4. Inspecting and testing line transformers for the purpose of determining load, temperature or operating performance.
5. Patrolling lines.
6. Load tests and voltages surveys of feeders, circuits and line transformers.
7. Removing line transformers and voltage regulators with or without replacements.

8. Installing line transformers or voltage regulators with or without change in capacity provided that the first installation of these items is included in account 368, Line transformers.

9. Voltage surveys, either routine or upon request of customers, including voltage tests at customers' main switch.

10. Transferring loads, switching and reconnecting circuits and equipment for operation purposes.

11. Electrolysis surveys.

12. Inspecting and adjusting line testing equipment.

Line Supplies and Expenses:

13. Tool expenses.

14. Transportation expenses.

15. Meals, traveling and incidental expense.

16. Operating supplies, such as instrument charts, rubber goods, etc.

Station Labor:

1. Supervising station operation.

2. Adjusting station equipment where such adjustment primarily affects performance, such as regulating the flow of cooling water, adjusting current in fields of a machine, changing voltage of regulators or changing station transformer taps.

3. Keeping station log and records and preparing reports on station operation.

4. Inspecting, testing and calibrating station equipment for the purpose of checking its performance.

5. Operating switching and other station equipment.

6. Standing watch, guarding and patrolling station and station yard.

7. Sweeping, mopping and tidying station.

8. Care of grounds, including snow removal, cutting grass, etc.

Station Supplies and Expenses:

9. Building service expenses.

10. Operating supplies, such as lubricants, commutator brushes, water and rubber goods.

11. Station meter and instrument supplies, such as ink and charts.

12. Station record and report forms.

13. Tool expenses.

14. Transportation expenses.

15. Meals, traveling and incidental expenses.

NOTE (MAJOR ONLY): If the utility owns storage battery equipment used for supplying electricity to customers in periods of emergency, the cost of operating labor and of supplies, such as acid, gloves, hydrometers, thermometers, soda, automatic cell fillers, acid proof shoes, etc., shall be included in this account. If significant in amount, a separate subdivision shall be maintained for such expenses.

585 Street lighting and signal system expenses.

A. For Nonmajor utilities, this account shall include the cost of labor, materials used and expenses incurred in the operation of street lighting and signal system plant.

B. For Major utilities, this account shall include the cost of labor, materials used and expenses incurred in: (a) The operation of street lighting and signal system plant which is owned or leased by the utility; and (b) the operation and maintenance of such plant owned by customers where such work is done regularly as a part of the street lighting and signal system service.

ITEMS

Labor:

1. Supervising street lighting and signal systems operation.
2. Replacing lamps and incidental cleaning of glassware and fixtures in connection therewith.
3. Routine patrolling for lamp outages, extraneous nuisances or encroachments, etc.
4. Testing lines and equipment including voltage and current measurement.
5. Winding and inspection of time switch and other controls.

Materials and Expenses:

6. Street lamp renewals.
7. Transportation and tool expense.
8. Meals, traveling, and incidental expenses.

586 Meter expenses.

This account shall include the cost of labor, materials used and expenses incurred in the operation of customer meters and associated equipment.

ITEMS

Labor:

1. Supervising meter operation.
2. Clerical work on meter history and associated equipment record cards, test cards, and reports.
3. Disconnecting and reconnecting, removing and reinstalling, sealing and unsealing meters and other metering equipment in connection with initiating or terminating services including the cost of obtaining meter readings, if incidental to such operation.
4. Consolidating meter installations due to elimination of separate meters for different rates of service.
5. Changing or relocating meters, instrument transformers, time switches, and other metering equipment.

6. Resetting time controls, checking operation of demand meters and other metering equipment, when done as an independent operation.

7. Inspecting and adjusting meter testing equipment.

8. Inspecting and testing meters, instrument transformers, time switches, and other metering equipment on premises or in shops excluding inspecting and testing incidental to maintenance

Materials and Expenses:

9. Meter seals and miscellaneous meter supplies.
10. Transportation expenses.
11. Meals, traveling, and incidental expenses.
12. Tool expenses.

NOTE: The cost of the first setting and testing of a meter is chargeable to utility plant account 370, Meters.

587 Customer installations expenses.

This account shall include the cost of labor, materials used and expenses incurred in work on customer installations in inspecting premises and in rendering services to customers of the nature of those indicated by the list of items hereunder.

ITEMS

Labor:

1. Supervising customer installations work.
2. Inspecting premises, including check of wiring for code compliance.
3. Investigating, locating, and clearing grounds on customers' wiring.
4. Investigating service complaints, including load tests of motors and lighting and power circuits on customers' premises; field investigations of complaints on bills or of voltage.
5. Installing, removing, renewing, and changing lamps and fuses.
6. Radio, television and similar interference work including erection of new aerials on customers' premises and patrolling of lines, testing of lightning arresters, inspection of pole hardware, etc., and examination on or off premises of customers' appliances, wiring, or equipment to locate cause of interference.
7. Installing, connecting, reinstalling, or removing leased property on customers' premises.
8. Testing, adjusting, and repairing customers' fixtures and appliances in shop or on premises.
9. Cost of changing customers' equipment due to changes in service characteristics.
10. Investigation of current diversion including setting and removal of check meters

and securing special readings thereon; special calls by employees in connection with discovery and settlement of current diversion; changes in customer wiring and any other labor cost identifiable as caused by current diversion.

Materials and Expenses:

11. Lamp and fuse renewals.
12. Materials used in servicing customers' fixtures, appliances and equipment.
13. Power, light, heat, telephone, and other expenses of appliance repair department.
14. Tool expense.
15. Transportation expense, including pick-up and delivery charges.
16. Meals, traveling and incidental expenses.
17. Rewards paid for discovery of current diversion.

NOTE A: Amounts billed customers for any work, the cost of which is charged to this account, shall be credited to this account. Any excess over costs resulting therefrom shall be transferred to account 451, Miscellaneous Service Revenues.

NOTE B: Do not include in this account expenses incurred in connection with merchandising, jobbing and contract work.

588 Miscellaneous distribution expenses.

This account shall include the cost of labor, materials used and expenses incurred in distribution system operation not provided for elsewhere.

ITEMS

Labor:

1. General records of physical characteristics of lines and substations, such as capacities, etc.
2. Ground resistance records.
3. Joint pole maps and records.
4. Distribution system voltage and load records.
5. Preparing maps and prints.
6. Service interruption and trouble records.
7. General clerical and stenographic work except that chargeable to account 586, Meter expenses.

Expenses:

8. Operating records covering poles, transformers, manholes, cables, and other distribution facilities. Exclude meter records chargeable to account 586, Meter Expenses and station records chargeable to account 582, Station Expenses (For Nonmajor utilities, account 581.1, Line and Station Expenses), and stores records (For Nonmajor utilities, station records) chargeable to account 163, Stores Expense Undistributed (For Nonmajor utilities, account 581.1, Line and Station Expenses).

9. Janitor work at distribution office buildings including snow removal, cutting grass, etc.

Materials and Expenses:

10. Communication service.
11. Building service expenses.
12. Miscellaneous office supplies and expenses, printing, and stationery, maps and records and first-aid supplies.
13. Research, development, and demonstration expenses (Major only).

589 Rents.

This account shall include rents of property of others used, occupied, or operated in connection with the distribution system, including payments to the United States and others for the use and occupancy of public lands and reservations for distribution line rights of way. (See operating expense instruction 3.)

590 Maintenance supervision and engineering (Major only).

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of the distribution system. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

591 Maintenance of structures (Major only).

This account shall include the cost of labor, materials used and expenses incurred in maintenance of structures, the book cost of which is includible in account 361, Structures and Improvements. (See operating expense instruction 2.)

592 Maintenance of station equipment (Major only).

This account shall include the cost of labor, materials used and expenses incurred in maintenance of plant, the book cost of which is includible in account 362, Station Equipment, and account 363, Storage Battery Equipment. (See operating expense instruction 2.)

592.1 Maintenance of structures and equipment (Nonmajor only).

This account shall include the cost of labor, materials used and expenses incurred in maintenance of structures, the book cost of which is includible in

account 361, Structures and Improvements, account 362, Station Equipment, and account 363, Storage Battery Equipment. (See operating expense instruction 2.)

593 Maintenance of overhead lines (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of overhead distribution line facilities, the book cost of which is includible in account 364, Poles, Towers and Fixtures, account 365, Overhead Conductors and Devices, and account 369, Services. (See operating expense instruction 2.)

ITEMS

1. Work of the following character on poles, towers, and fixtures:
 - a. Installing additional clamps or removing clamps or strain insulators on guys in place.
 - b. Moving line or guy pole in relocation of pole or section of line.
 - c. Painting poles, towers, crossarms, or pole extensions.
 - d. Readjusting and changing position of guys or braces.
 - e. Realigning and straightening poles, crossarms, braces, pins, racks, brackets, and other pole fixtures.
 - f. Reconditioning reclaimed pole fixtures.
 - g. Relocating crossarms, racks, brackets, and other fixtures on poles.
 - h. Repairing pole supported platform.
 - i. Repairs by others to jointly owned poles.
 - j. Shaving, cutting rot, or treating poles or crossarms in use or salvaged for reuse.
 - k. Stubbing poles already in service.
 - l. Supporting conductors, transformers, and other fixtures and transferring them to new poles during pole replacements.
 - m. Maintaining pole signs, stencils, tags, etc.
2. Work of the following character on overhead conductors and devices:
 - a. Overhauling and repairing line cutouts, line switches, line breakers, and capacitor installations.
 - b. Cleaning insulators and bushings.
 - c. Refusing line cutouts.
 - d. Repairing line oil circuit breakers and associated relays and control wiring.
 - e. Repairing grounds.
 - f. Resagging, retying, or rearranging position or spacing of conductors.
 - g. Standing by phones, going to calls, cutting faulty lines clear, or similar activities at times of emergency.
 - h. Sampling, testing, changing, purifying, and replenishing insulating oil.

i. Transferring loads, switching, and reconnecting circuits and equipment for maintenance purposes.

j. Repairing line testing equipment.

k. Trimming trees and clearing brush.

l. Chemical treatment of right of way area when occurring subsequent to construction of line.

3. Work of the following character on overhead services:

a. Moving position of service either on pole or on customers' premises.

b. Pulling slack in service wire.

c. Retying service wire.

d. Refastening or tightening service bracket.

594 Maintenance of underground lines (Major only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of underground distribution line facilities, the book cost of which is includible in account 366, Underground Conduit, account 367, Underground Conductors and Devices, and account 369, Services. (See operating expense instruction 2.)

ITEMS

1. Work of the following character on underground conduit:

a. Cleaning ducts, manholes, and sewer connections.

b. Moving or changing position of conduit or pipe.

c. Minor alterations of handholes, manholes, or vaults.

d. Refastening, repairing, or moving racks, ladders, or hangers in manholes or vaults.

e. Plugging and shelving ducts.

f. Repairs to sewers, drains, walls, and floors, rings and covers.

2. Work of the following character on underground conductors and devices:

a. Repairing circuit breakers, switches, cutouts, network protectors, and associated relays and control wiring.

b. Repairing grounds.

c. Retraining and reconnecting cables in manholes including transfer of cables from one duct to another.

d. Repairing conductors and splices.

e. Repairing or moving junction boxes and potheads.

f. Refireproofing cables and repairing supports.

g. Repairing electrolysis preventive devices for cables.

h. Repairing cable bonding systems.

i. Sampling, testing, changing, purifying and replenishing insulating oil.

j. Transferring loads, switching and reconnecting circuits and equipment for maintenance purposes.

- k. Repairing line testing equipment.
- l. Repairing oil or gas equipment in high voltage cable systems and replacement of oil or gas.
- 3. Work of the following character on underground services:
 - a. Cleaning ducts.
 - b. Repairing any underground service plant.

594.1 Maintenance of lines (Nonmajor only).

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of distribution line facilities, the book cost of which is includible in account 364, Poles, Towers and Fixtures, account 365, Overhead Conductors and Devices, account 366, Underground Conduit, account 367, Underground Conductors and Devices, and account 369, Services. (See operating expense instruction 2.)

ITEMS

- 1. Work of the following character on poles, towers, and fixtures:
 - a. Installing additional clamps or removing clamps or strain insulators on guys in place.
 - b. Moving line or guy pole in relocation of pole or section of line.
 - c. Painting poles, towers, crossarms, or pole extensions.
 - d. Readjusting and changing position of guys or braces.
 - e. Realigning and straightening poles, crossarms, braces, pins, racks, brackets, and other pole fixtures.
 - f. Reconditioning reclaimed pole fixtures.
 - g. Relocating crossarms, racks, brackets, and other fixtures on pole.
 - h. Repairing pole supported platform.
 - i. Repairs by others to jointly owned poles.
 - j. Shaving, cutting rot, or treating poles or crossarms in use or salvage for reuse.
 - k. Stubbing poles already in service.
 - l. Supporting conductors, transformers, and other fixtures and transferring them to new poles during pole replacement.
 - m. Maintaining pole signs, stencils, tags, etc.
- 2. Work of the following character on overhead conductors and devices:
 - a. Overhauling and repairing line cutouts, line switches, line breakers, and capacitor installations.
 - b. Cleaning insulators and bushings.
 - c. Refusing line cutouts.
 - d. Repairing line oil circuit breakers and associated relays and control wiring.
 - e. Repairing grounds.
 - f. Resagging, retying, or rearranging position or spacing of conductors.

- g. Standing by phones, going to calls, cutting faulting lines clear, or similar activities at times of emergencies.
- h. Sampling, testing, changing, purifying, and replenishing insulating oil.
- i. Transferring loads, switching, and reconnecting circuits and equipment for maintenance purposes.
- j. Repairing line testing equipment.
- k. Trimming trees and clearing brush.
- l. Chemical treatment of right of way area when occurring subsequent to construction of line.
- 3. Work of the following character on underground conduit:
 - a. Cleaning ducts, manholes, and sewer connections.
 - b. Moving or changing position of conduit or pipe.
 - c. Minor alterations of handholes, manholes, or vaults.
 - d. Refastening, repairing or moving racks, ladders, or hangers in manholes or vaults.
 - e. Plugging and shelving ducts.
 - f. Repairs to sewers, drains, walls and floors, rings and covers.
- 4. Work of the following character on underground conductors and devices:
 - a. Repairing circuit breakers, switches, cutouts, network protectors, and associated relays and control wiring.
 - b. Repairing grounds.
 - c. Retraining and reconnecting cables in manhole including transfer of cables from one duct to another.
 - d. Repairing conductors and splices.
 - e. Repairing or moving junction boxes and potheads.
 - f. Refireproofing cables and repairing supports.
 - g. Repairing electrolysis preventive devices for cables.
 - h. Repairing cable bonding systems.
 - i. Sampling, testing, changing, purifying and replenishing insulating oil.
 - j. Transferring loads, switching and reconnecting circuits and equipment for maintenance purposes.
 - k. Repairing line testing equipment.
 - l. Repairing oil or gas equipment in high voltage cable system and replacement of oil or gas.
- 5. Work of the following character on services:
 - a. Moving position of service either on pole or on customers' premises.
 - b. Pulling slack in service wire.
 - c. Retying service wire.
 - d. Refastening or tightening service bracket.
 - e. Cleaning ducts.

595 Maintenance of line transformers.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of distribution

line transformers, the book cost of which is includible in account 368, Line Transformers. (See operating expense instruction 2.)

596 Maintenance of street lighting and signal systems.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of plant, the book cost of which is includible in account 373, Street Lighting and Signal Systems. (See operating expense instruction 2.)

597 Maintenance of meters.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of meters and meter testing equipment, the book cost of which is includible in account 370, Meters, and account 395, Laboratory Equipment, respectively. (See operating expense instruction 2.)

598 Maintenance of miscellaneous distribution plant.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of plant, the book cost of which is includible in accounts 371, Installations on Customers' Premises, and 372, Leased Property on Customers' Premises, and any other plant the maintenance of which is assignable to the distribution function and is not provided for elsewhere. (See operating expense instruction 2.)

ITEMS

- a. Work of similar nature to that listed in other distribution maintenance accounts.
- b. Maintenance of office furniture and equipment used by distribution system department.

901 Supervision (Major only).

This account shall include the cost of labor and expenses incurred in the general direction and supervision of customer accounting and collecting activities. Direct supervision of a specific activity shall be charged to account 902, Meter Reading Expenses, or account 903, Customer Records and Collection Expenses, as appropriate. (See operating expense instruction 1.)

902 Meter reading expenses.

This account shall include the cost of labor, materials used and expenses incurred in reading customer meters, and determining consumption when performed by employees engaged in reading meters.

ITEMS

Labor:

1. Addressing forms for obtaining meter readings by mail.
2. Changing and collecting meter charts used for billing purposes.
3. Inspecting time clocks, checking seals, etc., when performed by meter readers and the work represents a minor activity incidental to regular meter reading routine.
4. Reading meters, including demand meters, and obtaining load information for billing purposes. Exclude and charge to account 586, Meter Expenses, or to account 903, Customer Records and Collection Expenses, as applicable, the cost of obtaining meter readings, first and final, if incidental to the operation of removing or resetting, sealing, or locking, and disconnecting or reconnecting meters.
5. Computing consumption from meter reader's book or from reports by mail when done by employees engaged in reading meters.
6. Collecting from prepayment meters when incidental to meter reading.
7. Maintaining record of customers' keys.
8. Computing estimated or average consumption when performed by employees engaged in reading meters.

Materials and Expenses:

9. Badges, lamps, and uniforms.
10. Demand charts, meter books and binders and forms for recording readings, but not the cost of preparation.
11. Postage and supplies used in obtaining meter readings by mail.
12. Transportation, meals, and incidental expenses.

903 Customer records and collection expenses.

This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

ITEMS

Labor:

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the

account appropriate for the work called for by such orders.

2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.

3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.

4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.

5. Preparing address plates and addressing bills and delinquent notices.

6. Preparing billing data.

7. Operating billing and bookkeeping machines.

8. Verifying billing records with contracts or rate schedules.

9. Preparing bills for delivery, and mailing or delivering bills.

10. Collecting revenues, including collection from prepayment meters unless incidental to meter-reading operations.

11. Balancing collections, preparing collections for deposit, and preparing cash reports.

12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.

13. Balancing customer accounts and controls.

14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.

15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.

16. Disconnecting and reconnecting service because of nonpayment of bills.

17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.

18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.

19. Preparing and periodically rewriting meter reading sheets.

20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and Expenses:

21. Address plates and supplies.

22. Cash overages and shortages.

23. Commissions or fees to others for collecting.

24. Payments to credit organizations for investigations and reports.

25. Postage.

26. Transportation expenses (Major only), including transportation of customer bills and meter books under centralized billing procedure.

27. Transportation, meals, and incidental expenses.

28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.

29. Forms for recording orders for services removals, etc.

30. Rent of mechanical equipment.

31. Communication service (Nonmajor only).

32. Miscellaneous office supplies and expenses and stationery and printing (Nonmajor only).

NOTE: The cost of work on meter history and meter location records is chargeable to account 586, Meter Expenses.

904 Uncollectible accounts.

This account shall be charged with amounts sufficient to provide for losses from uncollectible utility revenues. Concurrent credits shall be made to account 144, Accumulated Provision for Uncollectible Accounts—Cr. Losses from uncollectible accounts shall be charged to account 144.

905 Miscellaneous customer accounts expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.

ITEMS

Labor:

1. General clerical and stenographic work.

2. Miscellaneous labor.

Materials and Expenses:

3. Communication service.

4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

906 Customer service and informational expenses (Nonmajor only).

This account shall include the cost of supervision, labor, and expenses incurred in customer service and informational activities, the purpose of which is to encourage safe and efficient use of the utility's service, to encourage conservation of the utility's service, and to assist present customers in answering specific inquiries as to the

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proper and economic use of the utility's service and the customer's equipment utilizing the service.

907 Supervision (Major only).

This account shall include the cost of labor and expenses incurred in the general direction and supervision of customer service activities, the object of which is to encourage safe, efficient and economical use of the utility's service. Direct supervision of a specific activity within customer service and informational expense classification shall be charged to the account wherein the costs of such activity are included. (See operating expense instruction 1.)

908 Customer assistance expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in providing instructions or assistance to customers, the object of which is to encourage safe, efficient and economical use of the utility's service.

ITEMS

Labor:

1. Direct supervision of department.
2. Processing customer inquiries relating to the proper use of electric equipment, the replacement of such equipment and information related to such equipment.
3. Advice directed to customers as to how they may achieve the most efficient and safest use of electric equipment.
4. Demonstrations, exhibits, lectures, and other programs designed to instruct customers in the safe, economical or efficient use of electric service, and/or oriented toward conservation of energy.
5. Engineering and technical advice to customers, the object of which is to promote safe, efficient and economical use of the utility's service.

Materials and Expenses:

6. Supplies and expenses pertaining to demonstrations, exhibits, lectures, and other programs.
7. Loss in value on equipment and appliances used for customer assistance programs.
8. Office supplies and expenses.
9. Transportation, meals, and incidental expenses.

NOTE —Do not include in this account expenses that are provided for elsewhere, such as accounts 416, Costs and Expenses of Merchandising, Jobbing and Contract Work, 587,

Customer Installations Expenses, and 912, Demonstrating and Selling Expenses.

909 Informational and instructional advertising expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in activities which primarily convey information as to what the utility urges or suggests customers should do in utilizing electric service to protect health and safety, to encourage environmental protection, to utilize their electric equipment safely and economically, or to conserve electric energy.

Labor:

1. Direct supervision of informational activities.
2. Preparing informational materials for newspapers, periodicals, billboards, etc., and preparing and conducting informational motion pictures, radio and television programs.
3. Preparing informational booklets, bulletins, etc., used in direct mailings.
4. Preparing informational window and other displays.
5. Employing agencies, selecting media and conducting negotiations in connection with the placement and subject matter of information programs.

Materials and Expenses:

6. Use of newspapers, periodicals, billboards, radio, etc., for informational purposes.
7. Postage on direct mailings to customers exclusive of postage related to billings.
8. Printing of informational booklets, dodgers, bulletins, etc.
9. Supplies and expenses in preparing informational materials by the utility.
10. Office supplies and expenses.

NOTE A: Exclude from this account and charge to account 930.2, Miscellaneous General Expenses, the cost of publication of stockholder reports, dividend notices, bond redemption notices, financial statements, and other notices of a general corporate character. Exclude also all expenses of a promotional, institutional, goodwill or political nature, which are includible in such accounts as 913, Advertising Expenses, 930.1, General Advertising Expenses, and 426.4, Expenditures for Certain Civic, Political and Related Activities.

NOTE B: Entries relating to informational advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies of the advertising message shall be readily available.

910 Miscellaneous customer service and informational expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in connection with customer service and informational activities which are not includible in other customer information expense accounts.

Labor:

1. General clerical and stenographic work not assigned to specific customer service and informational programs.
2. Miscellaneous labor.

Materials and Expenses:

3. Communication service.
4. Printing, postage and office supplies expenses.

911 Supervision (Major only).

This account shall include the cost of labor and expenses incurred in the general direction and supervision of sales activities, except merchandising. Direct supervision of a specific activity, such as demonstrating, selling, or advertising shall be charged to the account wherein the costs of such activity are included. (See operating expense instruction 1.)

912 Demonstrating and selling expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in promotional, demonstrating, and selling activities, except by merchandising, the object of which is to promote or retain the use of utility services by present and prospective customers.

ITEMS

Labor:

1. Demonstrating uses of utility services.
2. Conducting cooking schools, preparing recipes, and related home service activities.
3. Exhibitions, displays, lectures, and other programs designed to promote use of utility services.
4. Experimental and development work in connection with new and improved appliances and equipment, prior to general public acceptance.
5. Solicitation of new customers or of additional business from old customers, including commissions paid employees.
6. Engineering and technical advice to present or prospective customers in connection with promoting or retaining the use of utility services.

7. Special customer canvasses when their primary purpose is the retention of business or the promotion of new business.

Materials and Expenses:

8. Supplies and expenses pertaining to demonstration, and experimental and development activities.
9. Booth and temporary space rental.
10. Loss in value on equipment and appliances used for demonstration purposes.
11. Transportation, meals, and incidental expenses.

913 Advertising expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in advertising designed to promote or retain the use of utility service, except advertising the sale of merchandise by the utility.

ITEMS

Labor:

1. Direct supervision of department.
2. Preparing advertising material for newspapers, periodicals, billboards, etc., and preparing and conducting motion pictures, radio and television programs.
3. Preparing booklets, bulletins, etc., used in direct mail advertising.
4. Preparing window and other displays.
5. Clerical and stenographic work.
6. Investigating advertising agencies and media and conducting negotiations in connection with the placement and subject matter of sales advertising.

Materials and expenses:

7. Advertising in newspapers, periodicals, billboards, radio, etc., for sales promotion purposes, but not including institutional or goodwill advertising includible in account 930.1, General Advertising Expenses.
8. Materials and services given as prizes or otherwise in connection with civic lighting contests, canning, or cooking contests, bazaars, etc., in order to publicize and promote the use of utility services.
9. Fees and expenses of advertising agencies and commercial artists.
10. Novelties for general distribution.
11. Postage on direct mail advertising.
12. Premiums distributed generally, such as recipe books, etc., when not offered as inducement to purchase appliances.
13. Printing booklets, dodgers, bulletins, etc.
14. Supplies and expenses in preparing advertising material.
15. Office supplies and expenses.

NOTE A: The cost of advertisements which set forth the value or advantages of utility service without reference to specific appliances or, if reference is made to appliances invites the reader to purchase appliances

from his dealer or refer to appliances not carried for sale by the utility, shall be considered sales promotion advertising and charged to this account. However, advertisements which are limited to specific makes of appliances sold by the utility and prices, terms, etc., thereof, without referring to the value or advantages of utility service, shall be considered as merchandise advertising and the cost shall be charged to Costs and Expenses of Merchandising, Jobbing and Contract Work, Account 416.

NOTE B: Advertisements which substantially mention or refer to the value or advantages of utility service, together with specific reference to makes of appliances sold by the utility and the price, terms, etc., thereof and designed for the joint purpose of increasing the use of utility service and the sales of appliances, shall be considered as a combination advertisement and the costs shall be distributed between this account and Account 416 on the basis of space, time, or other proportional factors.

NOTE C: Exclude from this account and charge to Account 930.2, Miscellaneous General Expenses, the cost of publication of stockholder reports, dividend notices, bond redemption notices, financial statements, and other notices of a general corporate character. Exclude also all institutional or goodwill advertising. (See Account 930.1, General Advertising Expenses.)

916 Miscellaneous sales expenses (Major only).

This account shall include the cost of labor, materials used and expenses incurred in connection with sales activities, except merchandising, which are not includible in other sales expense accounts.

ITEMS

Labor:

1. General clerical and stenographic work not assigned to specific functions.
2. Special analysis of customer accounts and other statistical work for sales purposes not a part of the regular customer accounting and billing routine.
3. Miscellaneous labor.

Materials and Expenses:

4. Communication service.
5. Printing, postage, and office supplies and expenses applicable to sales activities, except those chargeable to account 913, Advertising Expenses.

917 Sales expenses (Nonmajor only).

This account shall include the cost of labor and expenses incurred for the purpose of promoting the sale of elec-

tricity, other than merchandising, jobbing or contract work activities.

ITEMS

1. Advertising.
2. Demonstrating uses of utility service.
3. Home service activities.
4. Solicitation of new business.

920 Administrative and general salaries.

A. This account shall include the compensation (salaries, bonuses, and other consideration for services, but not including directors' fees) of officers, executives, and other employees of the utility properly chargeable to utility operations and not chargeable directly to a particular operating function.

B. This account may be subdivided in accordance with a classification appropriate to the departmental or other functional organization of the utility.

921 Office supplies and expenses.

A. This account shall include office supplies and expenses incurred in connection with the general administration of the utility's operations which are assignable to specific administrative or general departments and are not specifically provided for in other accounts. This includes the expenses of the various administrative and general departments, the salaries and wages of which are includible in account 920.

B. This account may be subdivided in accordance with a classification appropriate to the departmental or other functional organization of the utility.

NOTE: Office expenses which are clearly applicable to any group of operating expenses other than the administrative and general group shall be included in the appropriate account in such group. Further, general expenses which apply to the utility as a whole rather than to a particular administrative function shall be included in account 930.2, Miscellaneous General Expenses.

ITEMS

1. Automobile service, including charges through clearing account.
2. Bank messenger and service charges.
3. Books, periodicals, bulletins and subscriptions to newspapers, newsletters, tax services, etc.
4. Building service expenses for customer accounts, sales, and administrative and general purposes.

5. Communication service expenses.
6. Cost of individual items of office equipment used by general departments which are of small value or short life.
7. Membership fees and dues in trade, technical, and professional associations paid by a utility for employees. (Company memberships are includible in account 930.2.)
8. Office supplies and expenses.
9. Payment of court costs, witness fees and other expenses of legal department.
10. Postage, printing and stationery.
11. Meals, traveling and incidental expenses.

922 Administrative expenses transferred—Credit.

This account shall be credited with administrative expenses recorded in accounts 920 and 921 which are transferred to construction costs or to non-utility accounts. (See electric plant instruction 4.)

923 Outside services employed.

A. This account shall include the fees and expenses of professional consultants and others for general services which are not applicable to a particular operating function or to other accounts. It shall include also the pay and expenses of persons engaged for a special or temporary administrative or general purpose in circumstances where the person so engaged is not considered as an employee of the utility.

B. This account shall be so maintained as to permit ready summarization according to the nature of service and the person furnishing the same.

ITEMS

1. Fees, pay and expenses of accountants and auditors, actuaries, appraisers, attorneys, engineering consultants, management consultants, negotiators, public relations counsel, tax consultants, etc.
2. Supervision fees and expenses paid under contracts for general management services.

NOTE: Do not include inspection and brokerage fees and commissions chargeable to other accounts or fees and expenses in connection with security issues which are includible in the expenses of issuing securities.

924 Property insurance.

A. This account shall include the cost of insurance or reserve accruals to protect the utility against losses and damages to owned or leased property used in its utility operations. It shall

include also the cost of labor and related supplies and expenses incurred in property insurance activities.

B. Recoveries from insurance companies or others for property damages shall be credited to the account charged with the cost of the damage. If the damaged property has been retired, the credit shall be to the appropriate account for accumulated provision for depreciation.

C. Records shall be kept so as to show the amount of coverage for each class of insurance carried, the property covered, and the applicable premiums. Any dividends distributed by mutual insurance companies shall be credited to the accounts to which the insurance premiums were charged.

ITEMS

1. Premiums payable to insurance companies for fire, storm, burglary, boiler explosion, lightning, fidelity, riot, and similar insurance.
2. Amounts credited to account 228.1, Accumulated Provision for Property Insurance, for similar protection.
3. Special costs incurred in procuring insurance.
4. Insurance inspection service.
5. Insurance counsel, brokerage fees, and expenses.

NOTE A: The cost of insurance or reserve accruals capitalized shall be charged to construction either directly or by transfer to construction work orders from this account.

NOTE B: The cost of insurance or reserve accruals for the following classes of property shall be charged as indicated.

(1) Materials and supplies and stores equipment, to account 163, Stores Expense Undistributed (store expenses in the case of Nonmajor utilities), or appropriate materials account.

(2) For Major Utilities, transportation and other general equipment to appropriate clearing accounts that may be maintained. For Nonmajor utilities, transportation and garage equipment, to account 933, Transportation Expenses.

(3) Electric plant leased to others, to account 413, Expenses of Electric Plant Leased to Others.

(4) Nonutility property, to the appropriate nonutility income account.

(5) Merchandise and jobbing property, to Account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work.

NOTE C (MAJOR ONLY): The cost of labor and related supplies and expenses of administrative and general employees who are only incidentally engaged in property insurance

work may be included in accounts 920 and 921, as appropriate.

925 Injuries and damages.

A. This account shall include the cost of insurance or reserve accruals to protect the utility against injuries and damages claims of employees or others, losses of such character not covered by insurance, and expenses incurred in settlement of injuries and damages claims. For Major utilities, it shall also include the cost of labor and related supplies and expenses incurred in injuries and damages activities.

B. Reimbursements from insurance companies or others for expenses charged hereto on account of injuries and damages and insurance dividends or refunds shall be credited to this account.

ITEMS

1. Premiums payable to insurance companies for protection against claims from injuries and damages by employees or others, such as public liability, property damages, casualty, employee liability, etc., and amounts credited to account 228.2, Accumulated Provision for Injuries and Damages, for similar protection.

2. Losses not covered by insurance or reserve accruals on account of injuries or deaths to employees or others and damages to the property of others.

3. Fees and expenses of claim investigators.

4. Payment of awards to claimants for court costs and attorneys' services.

5. Medical and hospital service and expenses for employees as the result of occupational injuries, or resulting from claims of others.

6. Compensation payments under workmen's compensation laws.

7. Compensation paid while incapacitated as the result of occupational injuries. (See Note A.)

8. Cost of safety, accident prevention and similar educational activities.

NOTE A: Payments to or in behalf of employees for accident or death benefits, hospital expenses, medical supplies or for salaries while incapacitated for service or on leave of absence beyond periods normally allowed, when not the result of occupational injuries, shall be charged to account 926, Employee Pensions and Benefits. (See also Note B of account 926.)

NOTE B: The cost of injuries and damages or reserve accruals capitalized shall be charged to construction directly or by transfer to construction work orders from this account.

NOTE C: Exclude herefrom the time and expenses of employees (except those engaged in injuries and damages activities) spent in attendance at safety and accident prevention educational meetings, if occurring during the regular work period.

NOTE D: The cost of labor and related supplies and expenses of administrative and general employees who are only incidentally engaged in injuries and damages activities may be included in accounts 920 and 921, as appropriate.

926 Employee pensions and benefits.

A. This account shall include pensions paid to or on behalf of retired employees, or accruals to provide for pensions, or payments for the purchase of annuities for this purpose, when the utility has definitely, by contract, committed itself to a pension plan under which the pension funds are irrevocably devoted to pension purposes, and payments for employee accident, sickness, hospital, and death benefits, or insurance therefor. Include, also, expenses incurred in medical, educational or recreational activities for the benefit of employees, and administrative expenses in connection with employee pensions and benefits.

B. The utility shall maintain a complete record of accruals or payments for pensions and be prepared to furnish full information to the Commission of the plan under which it has created or proposes to create a pension fund and a copy of the declaration of trust or resolution under which the pension plan is established.

C. There shall be credited to this account the portion of pensions and benefits expenses which is applicable to nonutility operations or which is charged to construction unless such amounts are distributed directly to the accounts involved and are not included herein in the first instance.

D. For Major utilities, records in support of this account shall be so kept that the total pensions expense, the total benefits expense, the administrative expenses included herein, and the amounts of pensions and benefits expenses transferred to construction or other accounts will be readily available.

ITEMS

1. Payment of pensions under a nonaccrual or nonfunded basis.

2. Accruals for or payments to pension funds or to insurance companies for pension purposes.

3. Group and life insurance premiums (credit dividends received).

4. Payments for medical and hospital services and expenses of employees when not the result of occupational injuries.

5. Payments for accident, sickness, hospital, and death benefits or insurance.

6. Payments to employees incapacitated for service or on leave of absence beyond periods normally allowed, when not the result of occupational injuries, or in excess of statutory awards.

7. Expenses in connection with educational and recreational activities for the benefit of employees.

NOTE A: The cost of labor and related supplies and expenses of administrative and general employees who are only incidentally engaged in employee pension and benefit activities may be included in accounts 920 and 921, as appropriate.

NOTE B: Salaries paid to employees during periods of nonoccupational sickness may be charged to the appropriate labor account rather than to employee benefits.

927 Franchise requirements.

A. This account shall include payments to municipal or other governmental authorities, and the cost of materials, supplies and services furnished such authorities without reimbursement in compliance with franchise, ordinance, or similar requirements; provided, however, that the utility may charge to this account at regular tariff rates, instead of cost, utility service furnished without charge under provisions of franchises.

B. When no direct outlay is involved, concurrent credit for such charges shall be made to account 929, Duplicate Charges—Credit.

C. The account shall be maintained so as to readily reflect the amounts of cash outlays, utility service supplied without charge, and other items furnished without charge.

NOTE A: Franchise taxes shall not be charged to this account but to account 408.1, Taxes Other Than Income Taxes, Utility Operating Income.

NOTE B: Any amount paid as initial consideration for a franchise running for more than one year shall be charged to account 302, Franchises and Consents.

928 Regulatory commission expenses.

A. This account shall include all expenses (except pay of regular employees only incidentally engaged in such work) properly includible in utility operating expenses, incurred by the utility in connection with formal cases before regulatory commissions, or other regulatory bodies, or cases in which such a body is a party, including payments made to a regulatory commission for fees assessed against the utility for pay and expenses of such commission, its officers, agents, and employees, and also including payments made to the United States for the administration of the Federal Power Act.

B. Amounts of regulatory commission expenses which by approval or direction of the Commission are to be spread over future periods shall be charged to account 186, Miscellaneous Deferred Debits, and amortized by charges to this account.

C. The utility shall be prepared to show the cost of each formal case.

ITEMS

1. Salaries, fees, retainers, and expenses of counsel, solicitors, attorneys, accountants, engineers, clerks, attendants, witnesses, and others engaged in the prosecution of, or defense against petitions or complaints presented to regulatory bodies, or in the valuation of property owned or used by the utility in connection with such cases.

2. Office supplies and expenses, payments to public service or other regulatory commissions, stationery and printing, traveling expenses, and other expenses incurred directly in connection with formal cases before regulatory commissions.

NOTE A: Exclude from this account and include in other appropriate operating expense accounts, expenses incurred in the improvement of service, additional inspection, or rendering reports, which are made necessary by the rules and regulations, or orders, of regulatory bodies.

NOTE B: Do not include in this account amounts includible in account 302, Franchises and Consents, account 181, Unamortized Debt Expense, or account 214, Capital Stock Expense.

929 Duplicate charges—Credit.

This account shall include concurrent credits for charges which may be made to operating expenses or to other accounts for the use of utility service

from its own supply. Include, also, off-setting credits for any other charges made to operating expenses for which there is no direct money outlay.

930.1 General advertising expenses.

This account shall include the cost of labor, materials used, and expenses incurred in advertising and related activities, the cost of which by their content and purpose are not provided for elsewhere.

ITEMS

Labor:

1. Supervision.
2. Preparing advertising material for newspapers, periodicals, billboards, etc., and preparing or conducting motion pictures, radio and television programs.
3. Preparing booklets, bulletins, etc., used in direct mail advertising.
4. Preparing window and other displays.
5. Clerical and stenographic work.
6. Investigating and employing advertising agencies, selecting media and conducting negotiations in connection with the placement and subject matter of advertising.

Materials and Expenses:

7. Advertising in newspapers, periodicals, billboards, radio, etc.
8. Advertising matter such as posters, bulletins, booklets, and related items.
9. Fees and expenses of advertising agencies and commercial artists.
10. Postage and direct mail advertising.
11. Printing of booklets, dodgers, bulletins, etc.
12. Supplies and expenses in preparing advertising materials.
13. Office supplies and expenses.

NOTE A: Properly includible in this account is the cost of advertising activities on a local or national basis of a good will or institutional nature, which is primarily designed to improve the image of the utility or the industry, including advertisements which inform the public concerning matters affecting the company's operations, such as, the cost of providing service, the company's efforts to improve the quality of service, the company's efforts to improve and protect the environment, etc. Entries relating to advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies of the advertising message shall be readily available.

NOTE B: Exclude from this account and include in account 426.4, Expenditures for Certain Civic, Political and Related Activities, expenses for advertising activities, which are designed to solicit public support or the sup-

port of public officials in matters of a political nature.

930.2 Miscellaneous general expenses.

This account shall include the cost of labor and expenses incurred in connection with the general management of the utility not provided for elsewhere.

ITEMS

Labor:

1. Miscellaneous labor not elsewhere provided for.

Expenses:

2. Industry association dues for company memberships.
3. Contributions for conventions and meetings of the industry.
4. For Major utilities, research, development, and demonstration expenses not charged to other operation and maintenance expense accounts on a functional basis.
5. Communication service not chargeable to other accounts.
6. Trustee, registrar, and transfer agent fees and expenses.
7. Stockholders meeting expenses.
8. Dividend and other financial notices.
9. Printing and mailing dividend checks.
10. Directors' fees and expenses.
11. Publishing and distributing annual reports to stockholders.
12. Public notices of financial, operating and other data required by regulatory statutes, not including, however, notices required in connection with security issues or acquisitions of property. For Nonmajor utilities, transportation and garage equipment, to account 933, Transportation Expenses.

931 Rents.

This account shall include rents properly includible in utility operating expenses for the property of others used, occupied, or operated in connection with the customer accounts, customer service and informational, sales, and general and administrative functions of the utility. (See operating expense instruction 3.)

933 Transportation expenses (Nonmajor only).

A. This account shall include the cost of labor, materials used and expenses incurred in the operation and maintenance of general transportation equipment of the utility.

B. This account may be used as a clearing account in which event the

charges hereto shall be cleared by apportionment to the appropriate operating expense, electric plant, or other accounts on a basis which will distribute the expenses equitably. Credits to this account shall be made in such detail as to permit ready analysis.

ITEMS

1. Supervision.
2. Building service.
3. Care of grounds, including snow removal, cutting grass, etc.
4. Utility services.
5. Depreciation of transportation equipment.
6. Fuel and lubricants for vehicles (including sales and excise taxes thereon).
7. Insurance on garage equipment and transportation equipment, including public liability and property damage.
8. Maintenance of transportation and garage equipment.
9. Compensation of drivers, mechanics, clerks, and other garage employees.
10. Rent of garage buildings and grounds, vehicles or equipment.
11. Replacement of tires, tubes, batteries, etc.
12. Direct taxes, licenses, and permits.
13. Miscellaneous garage supplies, tools, and equipment.
14. Miscellaneous office supplies and expenses, printing, and stationery.
15. Transportation, meals, and incidental expenses.

NOTE A: The pay of employees driving trucks or other transportation equipment incidental to their regular occupation, shall not be included herein but charged directly to the appropriate expense or other account.

NOTE B: Transportation expenses applicable to construction shall not be included in operating expenses.

935 Maintenance of general plant.

A. This account shall include the cost assignable to customer accounts, sales and administrative and general functions of labor, materials used and expenses incurred in the maintenance of property, the book cost of which is includible in account 390, Structures and Improvements, account 391, Office Furniture and Equipment, account 397, Communication Equipment, and account 398 Miscellaneous Equipment. For Nonmajor utilities, include also other general equipment accounts (not including transportation equipment). (See operating expense instruction 2.)

B. Maintenance expenses on office furniture and equipment used else-

where than in general, commercial and sales offices shall be charged to the following accounts:

- Steam Power Generation, Account 514.
- Nuclear Power Generation, Account 532 (Major only).
- Hydraulic Power Generation, Account 545.
- Other Power Generation, Account 554.
- Transmission, Account 573.
- Distribution, Account 598.
- Merchandise and Jobbing, Account 416.
- Garages, Shops, etc., Appropriate clearing account, if used.

NOTE: Maintenance of plant included in other general equipment accounts shall be included herein unless charged to clearing accounts or to the particular functional maintenance expense account indicated by the use of the equipment.

PART 104 [RESERVED]

NOTE: For the Uniform System of Accounts for all Public Utilities, see part 101 of this subchapter.

PART 125—PRESERVATION OF RECORDS OF PUBLIC UTILITIES AND LICENSEES

Sec.

- 125.1 Promulgation.
- 125.2 General instructions.
- 125.3 Schedule of records and periods of retention.

AUTHORITY: 16 U.S.C. 825, 825c, and 825h; 44 U.S.C. 3501 *et seq.*

§ 125.1 Promulgation.

This Part is prescribed and promulgated as the regulations governing the preservation of records by public utilities subject to the jurisdiction of the Commission and by licensees holding licenses issued by the Commission, to the extent and in the manner set forth therein.

[Order 617, 65 FR 48155, Aug. 7, 2000]

§ 125.2 General instructions.

(a) *Scope of this part.* (1) The regulations in this part apply to all books of account and other records prepared by or on behalf of the public utility or licensee. See item 40 of the schedule (§ 125.3) for those records that come into possession of the public utility or