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§ 196.0 Order authorizing uniform system of accounts for municipal electric utilities

(a) The uniform system of accounts for municipal electric utilities is hereby prescribed for every municipality operating an electric plant subject to the jurisdiction of this commission, and every such municipality be required and hereby is required, on and after March 1, 1936, to keep its records and accounts in conformity therewith, with the option of adopting and placing in effect such system of accounts at the beginning of the fiscal year of any municipality next preceding such date.

(b) Any municipality may, for purposes of comparison with prior years keep on its books, in addition to the accounts hereby prescribed, such portion or portions of its present accounts as may be deemed desirable.

(c) Each municipality for which this uniform system of accounts is prescribed shall classify, set forth, and carry all assets, liabilities, and surplus existing as of the effective date of this uniform system of accounts as prescribed in such system of accounts.

(d) Each municipality shall prepare and file in triplicate with the commission not later than six months after the effective date of this uniform system of accounts, summary statements showing:

(1) the closing balance of each balance sheet account under the system of accounts followed prior to the adoption of the system of accounts prescribed herein, the title of each account under this system of accounts to which any portion thereof was transferred, and the amount so transferred, and (2) the opening balance of each account under this system of accounts, the title of each account from which any portion thereof was transferred, and the amount so transferred.

(2) Reserves or portions thereof existing at the effective date of this system of accounts which had been accumulated through charges to operating expenses wholly or partly to provide for retirement losses, depreciation, amortization, or replacement of fixed capital shall be transferred to the accounts prescribed herein for depreciation and amortization reserves.

(e) Each municipality shall immediately proceed to redistribute the balances in its fixed capital accounts so as to bring the classification of such property into conformity with the operating property or other accounts prescribed in this system of accounts. Summary statements of the journal entries necessary for such redistribution shall be filed with the commission in triplicate not later than six months after the effective date of this uniform system of accounts. These statements shall be so arranged as to show:

(1) the closing balance of each fixed capital account under the system of accounts previously followed, the title of each account under this system of accounts to which any portion thereof was transferred, and the amount so transferred, and (2) the opening balance of each account under this system of accounts, the title of each account from which any portion thereof was transferred, and the amount so transferred.

(f) In prescribing this system of accounts, the commission does not commit itself to the approval or acceptance of any item set out in any account, for the purpose of fixing rates or in determining other matters before the commission. The prescribed system of accounts is designed to set out the facts in connection with the financing, construction, income, expenditures, and transactions between the electric utility and the municipality itself or any other department thereof, etc., and therefrom the commission will determine, in connection with such matters as may be under advisement from time to time, just what consideration shall be given to the various items in the several accounts.

§ 196.1 Definitions

(a) When used in this system of accounts:

- (1) Accounts or these accounts means the accounts of this system of accounts.
- (2) Actually issued as applied to securities means those which have been sold to bona fide purchasers for a valuable consideration (including those issued in exchange for other securities or other property) so that the purchasers secured them free from control by the issuing utility.
- (3) Actually outstanding as applied to securities means those which have been actually issued and are neither retired nor held by or for the utility, and also securities held by trustees for sinking or other funds.
- (4) Book cost means the amount at which property is recorded on the books of the utility without deduction of related reserve or reserves.
- (5) Book liability means the amount at which a liability is recorded on the books of the utility.
- (6) Book value when applied to operating property means the book cost (see par. (4) of this subd.) less related depreciation and amortization reserves. When applied to other property, the term means the book cost less reserves for loss in value.
- (7) Commission or the commission means the Public Service Commission of the State of New York.
- (8) Cost means the amount of money actually paid for property or services, or the current money value of any consideration other than money.
- (9) Cost of removal means the cost of demolishing, dismantling, tearing down, or otherwise removing operating property, including the cost of transportation and handling incident thereto.
- (10) Date of installation means the date at which operating property is ready for service.
- (11) Date of retirement means the date at which operating property is withdrawn from service.
- (12) Debt expense means all expense in connection with the issuance and sale of evidences of debt, such as fees for drafting legal papers in connection therewith; 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; costs of special elections called to pass on the question of issuance of debt; and other like costs.
- (13) Depreciation as applied to depreciable operating property means the loss (or gain) in service value (see par. (39) of this subd.) not restored by current repairs, incurred in connection with the consumption or prospective retirement of operating property from causes inherent in current operations against which the utility is not protected by insurance, and the effect of which can be forecast with a reasonable approach to accuracy. Among the causes to be given consideration are wear and tear, decay, action of the elements, obsolescence, changes in the art, inadequacy, changes in demand, and requirements of public authority.
- (14) Discount as applied to debt of the utility means the excess of the par value plus interest accrued at the date of the sale over the current money value of the consideration received.
- (15) Distribution system. (See § 197.35.)
- (16) Electric operations or electric service means the service of supplying electricity, together with the generation, transmission, and distribution thereof, when such service is in whole or in part subject to the jurisdiction of the commission; and services incidental thereto.
- (17) Electric plant. (See Abstracts from Law, §195.2.)
- (18) Group plan as applied to depreciation accounting means the plan under which depreciation charges are accrued upon the book cost of all depreciable property, regardless of the age of the particular items of that property, and upon the retirement of any depreciable property its entire service value is charged to the depreciation reserves whether or not the particular item has attained the average service life.
- (19) Lessor municipality means a municipality owning, either solely or jointly, but not operating a municipal electric utility (see par. (23) of this subd.).
- (20) Long term debt means obligations having a life of more than one year from date of creation of assumption, and all bonds.

(21) Minor items as applied to depreciable electric or general operating property means any part or element which is not designated as a unit of property (see par. (42) of this subd.).

(22) Municipality means a county, city, village, town, or lighting district organized as provided by a general or a special legislative act.

(23) Municipal electric utility means an electric plant (see Abstracts from Law, § 195.2) operated and/or owned by a municipality or municipalities, which provides electric service (see par. (16) of this subd.) to others than the government of such municipality or municipalities.

(24) Net salvage value means the salvage value (see par. (37) of this subd.) of property retired after deducting the cost of removal.

(25) Nominally issued as applied to securities means those which have been signed, certified, or otherwise executed, and placed with the proper officer for sale, or pledged, but which have neither been sold nor issued direct to trustees of sinking funds in accordance with mortgage requirements.

(26) Nominally outstanding as applied to securities means those which, after being actually issued, have been reacquired by or for the utility but not retired, except those held for sinking or other funds.

(27) Non-operating property means all physical property owned by the municipality and definitely identified with and in the custody of or under the supervision of persons responsible for the operation of the municipal electric utility, which property is not used in electric operations or other operations under the jurisdiction of the commission but which it is not practicable to exclude from the books and financial statements of the municipal electric utility.

(28) Operating municipality means a municipality operating either solely or jointly a municipal electric utility (see par. (23) of this subd.).

(29) Operating property means the property, both tangible and intangible, which is used (see par. (43) of this subd.) for the purposes of supplying electric service or other service subject to the jurisdiction of the commission, and which has an expectation of life in service of more than one year from date of installation.

(30) Operating property--electric means the operating property used (see par. (43) of this subd.) by the municipal electric utility in the conduct of its electric operations (see par. (16) of this subd.) or leased to others for such operations.

(31) Operating property--general means the operating property used (see par. (43) of this subd.) in operations which can not be definitely assigned to a particular department or class of operations subject to the jurisdiction of the commission. If the utility conducts more than one class of operations, the property used in common by two or more departments subject to the jurisdiction of the commission may be classified as Operating Property--General.

(32) Operating property--other operations means the operating property used (see par. (43) of this subd.) by the utility in the conduct of operations other than electric operations (see par. (16) of this subd.) which are subject to the jurisdiction of the commission.

(33) Original cost means the actual money cost (or the current money value of any consideration other than money) of property at the time when it was first devoted to the public service, whether by the accounting utility or by a predecessor public utility.

(34) Premium as applied to securities of the utility means the excess of the current money value of the consideration received at their sale over the sum of their par value and interest accrued at the date of their sale.

(35) Property retired as applied to operating property means property which has worn out, been removed, sold, abandoned, destroyed, or has become unserviceable, or unnecessary, or has been otherwise withdrawn from service.

(36) Replacing or replacement, when not otherwise indicated in the context means the acquisition, construction, or installation of property in place of property retired, together with the removal of the property retired.

(37) Salvage value means the amount received for property retired, if sold, less any expenses incurred in connection with such sale or in preparing the property for sale; or, if retained, the amount at which the material recovered is chargeable to account 123, Materials and Supplies, or other appropriate account.

(38) Service life means the period between the date of installation (see par. (10) of this subd.) of operating property and the date of its retirement. (See par. (11) of this sec.)

(39) Service value means the difference between the book cost (see par. (4) of this subd.) and the net salvage value (see par. (24) of this subd.) of operating property.

(40) Straight-line method as applied to depreciation accounting means the plan under which the service value (see par. (39) of this subd.) of property is charged to operating expense or other accounts and credited to the depreciation reserves through equal monthly charges as nearly as may be during its service life.

(41) Transmission system. (see par. (37) of this subd.)

(42) Units of property means those items of operating property which, when retired and replaced, are accounted for by crediting the book cost thereof to the operating property account in which it is included and charging to operating property the cost of the superseding property. (see § 197.23, subd. (b) (1).)

(43) Used as applied to operating property means actually and necessarily in current service or ready for and reasonably required to be currently held for future service.

(44) Utility or the utility means the accounting municipal electric utility as defined in paragraph (23) of this subdivision.

§ 196.2 Records

(a) Each utility (see § 196.1, subd. (a) (44)) shall keep a complete set of accounting books concerning the electric plant and the operations thereof, separate and distinct from other municipal accounts and transactions, except that such books may also include the entries for any other property or operations subject to the jurisdiction of the commission; and all other books and records which support in any way the entries to such accounting books so that it can readily furnish at any time full information as to any account. Moreover, it shall support each entry to each account with such detailed information as will provide a ready analysis, identification, and verification of the facts recorded therein.

(b) The books referred to herein include not only books of account in a limited technical sense but all other records such as minute books, resolutions or ordinances or minutes of municipal bodies, records of elections relating to the municipal utility, and working papers, engineering studies, operating records, etc., which will be useful in developing the history of any transaction or authorization.

(c) Except as authorized by the commission, all operating, accounting, or financial papers, records, books, invoices, stubs, maps, or documents shall be retained permanently.

(d) All such records shall be accessible, at all times, to the authorized representatives of the commission at a location within the State of New York.

§ 196.3 Accounts to be kept by double entry method

All the accounts defined in this system of accounts must be kept by the double entry method.

§ 196.4 Subdivisions of accounts

Subdivisions of any account in this system of accounts may be kept, and upon order of the commission shall be kept. The title of each such subdivision shall clearly indicate the account of which it is a part. When an account is subdivided in the general ledger, an account need not also be raised for the total of the subdivisions. When such subdivisions are carried in subsidiary ledgers, however, the general ledger shall contain the controlling accounts therefor so that a complete general ledger trial balance may be obtained.

§ 196.5 Account numbers not a part of title

(a) The numbers prefixed to account titles herein are solely for convenience of reference and are not part of the titles.

(b) When the same account number or title is used in connection with more than one department of the municipality under the jurisdiction of the commission, there may be prefixed a letter to identify the account with the department to which it relates; for example, the letter E for electric, G for gas, etc.

§ 196.6 Accounting period

Each utility in Class A, Class B, or Class C shall keep its books on a monthly basis so that for each month all transactions applicable thereto shall be promptly carried to the general ledger. Each utility in Class D shall keep its books either on a monthly or quarterly basis. When a quarterly basis is used provisions contained herein relative to monthly entries shall be regarded as calling for quarterly entries. A trial balance shall be taken after the monthly or quarterly postings have been made, and each utility shall close its books as of the end of its fiscal year.

§ 196.7 Submission of questions

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

§ 196.8 Classification of utilities

(a) For the purpose of applying the system of accounts herein prescribed, municipal electric utilities are hereby grouped into the following four classes:

Class A. Utilities having average annual electric operating revenues of \$ 500,000 or over

Class B. Utilities having average annual electric operating revenues of \$ 100,000 or over, but under \$ 500,000

Class C. Utilities having average annual electric operating revenues of \$ 25,000 or over, but under \$ 100,000

Class D. Utilities having average annual electric operating revenues of less than \$ 25,000

(b) In order that frequent changes may be avoided, the class to which any utility belongs may be determined by the average of its annual electric operating revenues for the three fiscal years next preceding the effective date of this system of accounts. If, at the end of any fiscal year following, the average of its annual electric operating revenues for the three next preceding fiscal years is greater than the maximum for the class in which the utility has been grouped, it shall automatically be grouped in the higher class in which it falls because of such increased annual revenues. Any utility engaged in new undertakings, the annual revenue from which is not known in advance, shall be classed in accordance with a reasonable estimate of its prospective revenues.

(c) Any utility may, at its option, place itself in any group higher than the one in which it falls on the basis of its average annual electric operating revenues. Notice of such action shall be promptly filed with the commission.

§ 196.9 Applicability of accounts

(a) This uniform system of accounts is prescribed for all operating utilities subject to the jurisdiction of the commission. Except as otherwise indicated in the text of the accounts, the balance sheet, operating property, income, surplus, and revenue accounts are identical for each of the four classes.

(b) The classification of operating expenses is adapted to utilities in the various classes, and the accounts are combined or subdivided to meet the needs of each class.

(c) Each utility shall keep, so far as they are applicable to its business, at least the accounts provided for the class to which it belongs. It may also keep subdivisions thereof, whether those prescribed for utilities of a higher class or others, as provided in section 196.4. The letters A, B, C, and D which precede account numbers indicate the classes of utilities which shall keep these accounts.

(d) This uniform system of accounts is also prescribed for electric plants (see Abstracts from Law, § 195.2) owned but not operated by municipalities which plants furnish electric service (see § 196.1, subd. (a) (16)) to others than the municipality owning such plant, so far as it is applicable thereto.