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§ 182.1 Electric plant to be recorded at original cost

(a) All amounts included in subaccounts 1301-1390 of accounts 1101 to 1104 for electric plant (except as otherwise provided in account 1302, Franchises and Consents shall be the original cost (see § 180.1, subd. (a) (9)) of such electric plant. (See also paragraphs B and C of account 1106.)

(b) When the term cost is used in the detailed electric plant accounts (1301-1390), it shall mean the original cost unless otherwise specified and shall include not only the materials, supplies, labor, services and other items consumed or employed in the construction and installation of electric plant, but also the cost of preliminary studies, plans, surveys, engineering, supervision and general expenses, which contribute directly and immediately to electric plant without duplication of such costs.

(c) When the consideration given for property is other than cash, the value of such consideration shall be determined on a cash basis. In the entry recording such transaction 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.

(d) 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.

(e) Electric plant contributed to the utility or constructed by it from contributions to it of cash or its equivalent shall be charged to the electric plant accounts at cost (see § 180.1, subd. (a) (6)) to the utility (i.e., original cost less the portion thereof contributed by or on behalf of customers). Records shall be kept so that the utility can readily furnish information as to the source, purpose, and amount of each contribution, the property to which each contribution relates, and the conditions, if any, upon which each contribution was made.

Note A: Amounts received for construction which are ultimately to be refunded, wholly or in part, shall be credited to account 1241, Customer Advances for Construction. When the amount to be refunded has been finally determined, the balance, if any, remaining in account 1241 shall be debited thereto and credited to the electric plant accounts to which the cost of the property was charged.

§ 182.2 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 shall be considered as consisting of (1) units of property or retirement units and (2) minor items. Units of property means those items of electric plant which are sufficiently distinct or important so that when they are retired with or without being replaced by other units of the same type or use, they are accounted for by crediting the amount at which they are carried on the books to the electric plant account in which included. All other items are to be considered as minor items. These retirement units should not be confused with continuing property record units filed by Class C utilities; the latter are units for which the cost will be shown separately in the continuing property records. Whenever units of property are mentioned in this system of accounts, the terms refer too retirement units and not to continuing property record units. Each utility may adopt its own list of units of property for the purpose of this instruction until such time as the commission shall prescribe a list of units.

(b) Units of property. (1) When a unit of property is added to electric plant, the cost thereof shall be added to the appropriate electric plant account.

(2) When a unit of property is retired from electric plant (i.e., is removed, sold, abandoned, destroyed or otherwise ceases to be used or useful in electric service), whether or not replaced by another unit of the same type or use, the

amount at which it is carried on the books shall be credited to the electric plant account in which it is included (determined in the manner set forth in subdivision (d), below) and charged to the depreciation reserve provided for such property.

(c) Minor items of property. (1) When a minor item of property which does not replace a similar item is added to electric plant, the cost thereof shall be charged to the appropriate maintenance account and no entry shall be made in the electric plant or depreciation reserve accounts.

(2) When a minor item is retired and replaced independently of the unit of property of which it is a part, the cost of replacement shall be charged to the appropriate maintenance account and no entry shall be made in the electric plant or depreciation reserve accounts. The removal and replacement of poles shall be handled as additions and retirements of property and not as maintenance.

(3) When a minor item the book cost of which does not exceed \$ 50 is retired and not replaced, if the book cost of such minor item is included with or spread over one or more units of property so that it will be accounted for through the retirement of such one or more units of property, no separate credit to the electric plant account shall be made; otherwise, however, the book cost of such minor item shall be credited to the appropriate electric plant account and charged to account 1250, Reserve for Depreciation of Utility Plant.

Note A: For example, if a pole is a unit and the cost of attachments, such as crossarms, guys, etc., is spread on an average basis over all the poles or is included as a part of the cost of the pole to which they are attached, no separate credit to the plant account shall be made when such an attachment (the book cost of which is less than \$ 50) is retired, even though not replaced. Any labor in connection with the removal shall be charged to the appropriate maintenance account, and any salvage for material recovered shall be credited to the appropriate maintenance account.

(d) Determination of amount to be credited to plant accounts. Electric plant retired shall be credited to the plant accounts at the amount at which such property is included therein, including all components of construction costs, such as engineering, supervision, interest and taxes during construction, etc. The amount shall be determined from the utility's records and if this can not be done, it shall be estimated. When it is impracticable to determine the amount carried on the books for each item, due to the relatively large number or small cost thereof, the average of such items, with due allowances for any differences in size, character and year of installation (if known) shall be used.

(e) Land retired. When land is retired the amount at which it is carried on the books shall be credited to the appropriate land account. If the land is sold, the difference between the amount at which it is carried on the books and the sale price of the land (less commissions and other expenses of making the sale) shall be credited or debited to account 1250, Reserve for Depreciation of Utility Plant.

§ 182.3 Components of construction cost

(a) The cost of construction properly includible in the electric plant accounts shall include, when applicable and when actually incurred, the cost of contract work, labor, materials and supplies, transportation, engineering and supervision, law expenditures, compensation and other insurance and injuries and damages applicable to construction, taxes and interest during construction, permits and privileges, use of construction facilities, cost of keeping construction records, and other analogous elements applicable to the construction and acquisition of electric plant. The costs includible in the principle items are:

(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. The cost of work performed by the utility on projects when part of the work is performed by the utility itself and part is performed by others under contract shall be included as labor, materials, transportation, general administration, engineering services, etc.

(2) Labor includes the pay and expenses of employees of the utility engaged on construction work, and also workmen's compensation insurance, payroll taxes and similar items of expense.

(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 credit 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.

(4) Transportation includes the cost of transporting employees, materials and supplies, tools, purchase 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.

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

(6) Law expenditures includes the general law expenditures incurred in connection with construction and the court and legal costs directly related thereto.

(7) Interest during construction includes the net cost of borrowed funds used for construction purposes and a reasonable rate upon the utility's own funds when so used. Interest during construction shall be charged to the individual job upon which the funds are expended and shall be credited to account 1536, Interest Charged to Construction--Credit. The period for which interest may be capitalized shall be limited to the period of construction. No interest shall be included in these accounts upon expenditures for construction projects which have been abandoned.

(8) Taxes during construction 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.

Note A: The cost of property includes the cost of preliminary surveys and studies and the cost of preparing plans and specifications at the time of construction for construction projects which are undertaken, and also the cost of keeping the construction accounts during the construction period, together with the cost of maps, books, files and other systems employed and permanently preserved in support of such construction costs.

The cost of property does not include the cost incurred subsequent to the construction period of preparing, installing or maintaining maps, inventories, accounting and other financial records of property for use in the operation of a constructed plant, the cost of the preparation of inventories, appraisals, or other studies, nor costs incurred in the establishment or revision of accounting routine.

§ 182.4 Land and land rights

(a) Land and land rights (accounts 1310, 1350 and 1370) means 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 rights, rights of way, and other like interests in land.

(b) Separate entries shall be made for the acquisition, transfer, or retirement of each parcel of land, and each land right, 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, village, county, and tax district in which situated, from whom purchased or to whom sold, payment given or received, other costs, contract date and number, date of recording deed, book and page of record. Entries transferring or retiring land or land rights shall refer to the original entry recording its acquisition.

(c) Entries to the electric plant accounts for limited-term interests in land shall make specific reference to the lease, contract or arrangement under which each interest is held or used, together with a concise statement of the terms of the lease, contract or arrangement.

(d) 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 electric 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 electric operations, the cost thereof and 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.

(e) The principal items to be included in the accounts for land and land rights are as follows:

(1) Bulkheads, not requiring maintenance or replacement

(2) Cost of acquisition of land including mortgages and other liens assumed (but not subsequent interest thereon after the property is placed in service)

(3) Clearing (first cost), the land of brush, trees and debris; and also tree trimming (first cost) when not chargeable to other electric plant accounts

(4) Condemnation proceedings, including court and counsel costs

(5) Consents and abutting damages, payments for

(6) Conveyancers' and notaries' fees

(7) Fees, commissions, etc., to brokers, agents and others in connection with the acquisition of the land or land rights

(8) Grading the land, except when directly occasioned by the building of a structure

(9) Leases, cost of voiding upon purchase to secure possession of land

(10) Removing, relocating, or reconstructing property of others, in order to acquire quiet possession

(11) 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

(12) Surveys in connection with the acquisition

(13) Taxes assumed, accrued to date of transfer of title

(14) Title, examining, clearing, insuring, and registering in connection with the acquisition, and defending against claims relating to the period prior to the acquisition

§ 182.5 Structures and improvements

(a) Structures and improvements (accounts 1311, 1351 and 1371) means all permanent buildings and structures to house, support or safeguard property or persons, and improvements of a permanent character on or to land, including all fixtures permanently attached to and made a part of buildings or structures and which can not be removed therefrom without cutting into the walls, ceilings or floors, or without in some way impairing the buildings.

(b) Structures and improvements are of two types, Buildings and Other Structures. The principal items includible under Buildings are:

(1) Architects' plans

(2) Ash pits (when located within the building proper)

(3) Boilers, furnaces, piping, wiring, fixtures and machinery for heating, lighting, signaling, ventilating and plumbing

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

(5) Chimneys

(6) Coal bins and bunkers

(7) Commissions and fees to brokers, agents, architects and others

(8) Conduit

(9) Damages to abutting property during construction

(10) Door checks and door stops

(11) Drainage and sewerage systems

(12) Elevators, cranes, hoists, etc., and the machinery for operating them, when not specifically provided for in other accounts

(13) Excavation, including shoring, bracing, bridging, refill, and disposal of excess excavated material

- (14) Fire protection systems when forming a part of a structure
- (15) Floor covering (permanently attached)
- (16) Foundations and piers for machinery, constructed as a permanent part of a building or other item listed herein
- (17) Grading when directly occasioned by the building of a structure
- (18) Leases, voiding, upon purchase, to secure possession of structures
- (19) Leased property, expenditures on (See electric plant instruction § 182.8.)
- (20) Lighting fixtures and outside lighting systems
- (21) Painting, at time of construction
- (22) Partitions, including movable
- (23) Permits and privileges
- (24) Platforms, railings, and gratings when constructed as a part of a structure
- (25) Power boards for services to a building
- (26) Refrigerating systems for general use
- (27) Retaining walls
- (28) Scales, connected to and forming a part of a structure
- (29) Screens
- (30) Sprinkling systems
- (31) Stacks--brick, steel, or concrete, when set on foundation forming part of general foundation and steelwork of a building
- (32) Storage facilities constituting a part of a building
- (33) Storm doors and windows
- (34) Subways, areaways, and tunnels directly connected to and forming part of a structure
- (35) Tanks constructed as part of a building when not includible in account 1312 or account 1332
- (36) Tunnels, intake and discharge, when constructed as part of a structure
- (37) Vaults constructed as part of a building
- (38) Water supply system for a building
- (39) Window shades and ventilators

(c) Items not included in Buildings:

(1) Do not include in the cost of buildings any lighting, heating, or other fixtures temporarily attached for purposes of display or demonstration.

(2) The cost of specially provided foundations not expected 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.

(3) Minor buildings and structures, such as valve towers, patrolmen's towers, telephone stations, 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 shall be accounted for accordingly.

(4) When 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 equipment account, and no part to the building account.

(5) 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.

(6) Minor structures at substations shall be included in account 1352, Station Equipment.

(d) Items includible under "Other Structures":

(1) Athletic field structures

(2) Docks

(3) Fences and fence curbs (not including protective fences isolating individual items of equipment, which should be charged to the appropriate equipment account)

(4) Gas and oil supply systems, including pipe lines, holders, boosters, etc.

(5) Intra-site communication system poles, pole fixtures, wires and cables

(6) Landscaping, lawns, shrubbery, etc.

(7) Roadways, railroads, bridges, and trestles, intra-site, except railroads provided for in equipment accounts

(8) Sewer systems for general use

(9) Sidewalks, curbs and streets constructed by the utility

(10) Tanks when constructed as distinct structural units

(11) Water front improvements

(12) Water supply piping, hydrants and wells

(13) Yard drainage systems

(14) Yard lighting systems

(15) Yard surfacing, gravel, concrete, or oil

§ 182.6 Work order system required (Class C utilities only)

(a) Each utility shall record all changes, such as installations, additions, retirements or replacements in electric plant used wholly or partly in electric operations by means of a work order or job order system. Such work orders and supporting records shall be permanently preserved.

(b) All installations, additions, retirements, or replacements shall be covered by work orders. Standing work orders may be used for projects of less than \$ 250 each, such as for poles, transformers, services, and meters.

(c) The work order shall include the following particulars:

(1) A work order number;

(2) A description and the location of the work to be done (or the purchase to be made), the dates between which such work (or purchase) is to be accomplished, the date when the work was begun and the date when finished, the estimated cost of the project, together with maps, plans, diagrams, specifications, etc., applicable to the project;

(3) The accumulated charges applicable to each particular job or project and the total cost of the completed project; the cost of removal shall also be shown. When any project involves charges to more than one account, the work order shall be so kept as to show the amount chargeable to each account. Every charge or credit on work orders shall refer to the voucher, journal, or other source from which the entry therein was made.

(d) The cost of completed projects shall be promptly transferred to the accounts to which chargeable.

Note A: Requirement of the use of the Work Order System here outlined may be suspended by order of the commission in the case of a utility which satisfies the commission that the system which it has in use for recording changes in electric plant accounts gives the equivalent detail by accounts in substantially the same form. The identification of expenditures with property must be complete and clear, and the detail of the cost of each project or job must be readily available.

§ 182.7 Transfers of property

(a) When property is transferred from one account for electric plant to another, from one utility department to another, such as from electric to gas, or, in the case of Class C utilities, to or from accounts 1101, Electric Plant in Service, 1102, Electric Plant Leased to Others, and 1104, Electric Plant Held for Future Use, the transfer shall be recorded by transferring the book cost thereof from the one account, department or division to the other, and likewise any related amounts carried in the depreciation and amortization reserves and other accounts shall be transferred in accordance with the segregation of such reserves and other accounts. When property (except customers' meters and line transformers) in connection with which installation costs have been incurred is physically transferred it shall be accounted for as provided in electric plant instruction section 182.2.

(b) When property subject to depreciation is transferred from the electric plant accounts to account 1110, Other Physical Property, the transfer shall be accomplished by crediting the electric plant accounts and charging the depreciation reserve with the book cost of the item transferred; the depreciation reserve shall then be credited and account 1110, Other Physical Property, charged with the fair value of the property transferred.

§ 182.8 Expenditures on property leased for use in electric operations

(a) The cost of additions and betterments, excluding replacements by lessee of units of property installed by lessor, to property leased from others shall be charged to separate subdivisions of the electric plant accounts appropriate for the class of property leased. Depreciation thereon shall be computed on a basis consistent with the duration of the lease.

(b) The cost of initial repairs and rearrangements to adapt the property for use in electric operations shall be charged to a subdivision of account 1132, Pre-payments, and amortized over the life of the lease through credits to that account with concurrent debits to the rent account appropriate for the class of property involved.

(c) If, in the case of leased property, replacements of units of property installed by the lessor become necessary, the utility shall make application to the commission for instructions regarding the accounting procedure to be followed and shall submit full particulars of the nature and extent of the replacements.

(d) When expenditures on property leased from others for use in electric operations are relatively minor, or the period of the lease is less than one year, the cost shall be charged to the account appropriate for the cost of repairs of such plant.