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16 NYCRR § 567.1 (2010)

§ 567.1 Supervision and engineering

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 maintenances 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.
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.

§ 567.2 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, Water 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 water plant in service accounts. Maintenance of property leased from others shall be treated as provided in operating expense instruction 567.3. ITEMS1. Direct field supervision of maintenance. 2. Inspecting, testing,

and reporting on condition of plant specifically to determine the need of repairs, replacements, rearrangements and changes in 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 water plant instruction 563.10.)

### § 567.3 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 water 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. Rent of sales rooms or of equipment used in connection with merchandising activities shall be included in account 416, Costs and Expenses of Merchandising, Jobbing and Contract work. If rents cover property used for more than one function, such as pumping and distribution, 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 was owned.

(d) The cost incurred by the lessee of additions and replacements to water plant leased from others shall be accounted for as provided in water plant instruction 563.6.

(e) Property operated jointly by the utility and another or others under a definite arrangement whereby the actual costs are shared between or among the parties shall be considered for the purpose of this system of accounts as a joint facility, and the accounting in connection therewith shall be handled as provided in operating expense instruction 567.5.

### § 567.4 Salvage and insurance

(a) Salvage and insurance recovered in connection with maintenance jobs shall be credited to the appropriate maintenance accounts.

(b) If the amount of insurance recovered is relatively large and is received before the repairs have been completed, a disproportionate credit to operating expenses may be avoided by crediting the amount of the insurance recovered to a suspense account, to be transferred to the appropriate maintenance accounts as the charges for the work are made.

(c) Insurance recovered in connection with personal injuries charged to account 925, Injuries and Damages, shall be credited to that account.

(d) Dividends distributed by mutual insurance companies shall be credited to the accounts to which the insurance premiums were charged.

(e) Recoveries under fidelity bonds shall be credited to the account charged with the loss.

### § 567.5 Joint facility rents and expenses

(a) A joint facility for the purpose of this system of accounts is defined as any property occupied or used jointly by the utility and another or others under a definite arrangement whereby the actual costs are shared between or among the parties. Property of the utility occupied or used under a similar definite arrangement between the water department and a coordinate department or departments shall likewise be considered as a joint facility. (See operating revenue instruction, § 566.3.)

(b) When the utility owns the joint facility, any amount received or transferred as reimbursement of operating or maintenance expenses shall be credited to the appropriate operation, maintenance, or clearing account except credits for steam or other power transferred, which shall be entered in account 625, Expenses Transferred--Credit; amounts received or transferred covering depreciation, taxes and interest or return, shall be credited, in the case of another or others, to account 472, Rents from Water Property, and in the case of coordinate departments to account 473, Interdepartmental Rents.

(c) The amount paid by or transferred to the utility for costs of operation and maintenance in connection with occupancy or use of a joint facility owned by another shall be charged to the appropriate operation, maintenance, or clearing account or accounts; the amounts for depreciation, taxes and interest or return shall be charged to the rent account appropriate for the class of property involved.

(d) In the event that joint facilities are used by either party in connection with construction work, credits for the full amount received and charges for the full amount paid, as the case may be, shall be made direct to the construction accounts affected.

(e) These instructions are not intended to cover cases of joint ownership of property when each joint owner bears the cost of operating and maintaining its own property. In such cases the cost of operations and maintenance shall be recorded in the appropriate operation and maintenance accounts even though one of the joint owners operates or maintains the property and bills against other owners for all or a portion of the expenses incurred.

(f) Water supplied by the utility from its own supply to a coordinate department shall be accounted for as provided in operating revenue instruction section 566.3. If the utility desires to charge the appropriate accounts in any of its water operations with the cost of steam or other power used from its own supply, credit therefor shall be made to account 929, Duplicate Charges--Credit.

(g) If the arrangement regarding use of facilities does not provide for the allocation of actual costs, the facilities shall not be considered as joint.

(h) The utility shall be prepared to furnish for each charge or credit the detail thereof and the basis of allocation.

## ACCOUNTS

### BALANCE SHEET ACCOUNTS

### ASSETS AND OTHER DEBITS

#### 1. UTILITY PLANT

101. Water Plant in Service
102. Water Plant Purchased or Sold
103. Water Plant in Process of Reclassification
104. Water Plant Leased to Others
105. Water Plant Held for Future Use
106. Completed Construction Not Classified--Water
107. Construction Work in Progress--Water
108. Accumulated Provision for Depreciation of Water Plant in Service
109. Accumulated Provision for Depreciation of Water Plant Leased to Others
110. Accumulated Provision for Depreciation of Water Plant Held for Future Use
111. Accumulated Provision for Amortization of Water Plant in Service
112. Accumulated Provision for Amortization of Water Plant Leased to Others
113. Accumulated Provision for Amortization of Water Plant Held for Future Use
114. Water Plant Acquisition Adjustments
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- 116. Other Water Plant Adjustments
- 117. Accumulated Gains and Losses from Disposition of Utility Land and Land Rights
- 118.1 Common Utility Plant
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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
- 124. Other Investments
- 125. Sinking Funds
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- 128. Other Special Funds

## 3. CURRENT AND ACCRUED ASSETS

- 131. Cash
- 132. Interest Special Deposits
- 133. Dividend Special Deposits
- 134. Other Special Deposits
- 135. Working Funds
- 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
- 150. Materials and Supplies
- 165. Prepayments
- 171. Interest and Dividends Receivable
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- 173. Accrued Utility Revenues
- 174. Miscellaneous Current and Accrued Assets

## 4. DEFERRED DEBITS

- 181. Unamortized Debt Expense
- 182. Extraordinary Property Losses
- 183. Preliminary Survey and Investigation Charges
- 184. Clearing Accounts
- 185. Temporary Facilities
- 186. Miscellaneous Deferred Debits
- 188. Investment in Research and Development
- 190. Accumulated Deferred Income Taxes

## LIABILITIES AND OTHER CREDITS

### 5. PROPRIETARY CAPITAL

#### Capital Stock

- 201. Common Stock Issued
- 202. Common Stock Subscribed
- 203. Common Stock Liability for Conversion
- 204. Preferred Stock Issued
- 205. Preferred Stock Subscribed
- 206. Preferred Stock Liability for Conversion

Other Paid-in Capital

- 207. Premium on Capital Stock
- 208. Donations Received from Stockholders
- 209. Reduction in Par or Stated Value of Capital Stock
- 210. Gain on Resale or Cancellation of Reacquired Capital Stock
- 211. Miscellaneous Paid-in Capital
- 212. Installments Received on Capital Stock
- 214. Capital Stock Expense
- 215. Appropriated Retained Earnings
- 216. Unappropriated Retained Earnings
- 217. Reacquired Capital Stock

6. LONG-TERM DEBT

- 221. Bonds
- 222. Reacquired Bonds
- 223. Advances from Associated Companies
- 224. Other Long-term Debt
- 225. Unamortized Premium on Long-term Debt
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- 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
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- 240. Matured Interest
- 241. Tax Collections Payable
- 242. Miscellaneous Current and Accrued Liabilities

8. DEFERRED CREDITS

- 252. Customer Advances for Construction
- 253. Other Deferred Credits
- 255. Accumulated Deferred Investment Tax Credits
- 281. Accumulated Deferred Income Taxes--Accelerated Amortization
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- 283. Accumulated Deferred Income Taxes--Other

9. OPERATING RESERVES

- 261. Property Insurance Reserve
- 262. Injuries and Damages Reserve
- 263. Pensions and Benefits Reserve
- 265. Miscellaneous Operating Reserves

ASSETS AND OTHER DEBITS

1. UTILITY PLANT

- 101. Water Plant in Service

A. This account shall include the original cost of water plant included in accounts 301 to 399 prescribed herein, owned by the utility and used and useful in the service of the public in its water 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 water plant instruction, § 563.6.)

#### 102. Water Plant Purchased or Sold

A. This account shall be charged with the cost of water 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 water plant instruction, § 563.5.

#### 103. Water Plant in Process of Reclassification

A. This account shall include temporarily the balance of utility 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 detailed or primary accounts in support of this account employed prior to such date shall be continued pending reclassification into the water 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 water plant shall be credited hereto and to the detailed or primary accounts maintained in support of this account until the reclassification shall have been accomplished.

#### 104. Water Plant Leased to Others

A. This account shall include the original cost of water 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 water plant in service, and this account shall be maintained in such detail as though the property were used by the owner in its water operations.

#### 105. Water Plant Held for Future Use

A. This account shall include the original cost of water plant (except land and land rights) owned and held for future use in water 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 water 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 water service, but retired from such service and held pending its reuse in the future, under a definite plan, in water service.

B. This account shall also include the original cost of land and land rights owned and held for future use in water service under a plan for such use, to include land and land rights: (1) Acquired but never used by the utility in water service, but held for such service in the future under a plan, and (2) previously held by the utility in water service, but retired from such service and held pending its reuse in the future under a plan, in water service. (See water plant instruction 563.7.)

C. In the event that property recorded in this account shall no longer be needed or appropriate for future utility operations, the company shall notify the commission of such condition and request approval of journal entries to remove such property from this account.

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 account 117, Accumulated Gains and Losses from Disposition of Utility Land and Land Rights.

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

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

#### 106. Completed Construction Not Classified--Water

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 water plant which has been completed and placed in service, but which work orders have not been classified for transfer to the detailed water plant accounts.

Note: For the purpose of reporting to the commission, the classification of water plant in service by the prescribed 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 water plant in service.

#### 107. Construction Work in Progress--Water

A. This account shall include the total of the balances of work orders for water 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 pumping station or water treatment plant, is designed to consist of two or more units 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 water 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 and development 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 and development project together with the related costs. Costs recorded in this account related to successful projects become a part of the cost of the project for accounting and rate purposes when the project is placed in service. Costs related to unsuccessful projects may be amortized to operating expenses with the approval of the commission. .Note: See also account 106, Completed Construction Not Classified.

#### 108. Accumulated Provision for Depreciation of Water Plant in Service

A. This account shall be credited with the following:

(1) Amounts charged to account 403, Depreciation Expense, to account 416, Costs and Expenses of Merchandising, Jobbing, and Contract Work, and to clearing accounts for current depreciation expense.

(2) Amounts of depreciation applicable to water properties acquired as operating units or systems. (See water plant instruction, § 563.5).

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

B. At the time of retirement of depreciable water plant in service, 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. (See water plant instruction, § 563.10(b)(2).) When retirements, cost of removal and salvage are entered originally in retirement work orders, the net total of such orders may be included in a separate subaccount hereunder, titled 108.1, Retirement Work in Progress. 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 primary water plant accounts. Such subsidiary records shall reflect the current credits and debits to this account in sufficient detail to show separately for each primary water plant account (1) the amount of provision for depreciation, (2) the book cost of property retired, (3) cost of removal, (4) salvage, and (5) other items including recoveries from insurance. (See also, general instruction 561.13,(d).)

D. When transfers of plant are made from one water 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 water plant instruction, § 563.12.

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

#### 109. Accumulated Provision for Depreciation of Water Plant Leased to Others

A. This account shall be credited with amounts charged to account 413, Expenses of Water Plant Leased to Others for current depreciation expense of property included in account 104, Water Plant Leased to Others. Include, also, credits for depreciation applicable to plant acquired as operating units or systems, or for losses transferred to account 182, Extraordinary Property Losses.

B. The requirements of account 108, Accumulated Provision for Depreciation of Water Plant in Service, regarding retirements chargeable thereto and of subsidiary data to be maintained shall be applicable likewise to this account.

C. The utility is restricted in its use of the accumulated provisions 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.

#### 110. Accumulated Provision for Depreciation of Water Plant Held for Future Use

A. This account shall be credited with amounts charged to account 421, Miscellaneous Nonoperating Income, for depreciation expense on property included in account 105, Water Plant Held for Future Use. Include, also, the balance of accumulated provision for depreciation on property which may be transferred to account 105, Water Plant Held for Future Use, from other property accounts.

B. The utility is restricted in its use of 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.

Note: Normally, this account 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 water 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.

#### 111. Accumulated Provision for Amortization of Water Plant in Service

A. This account shall be credited with amounts charged to account 404, Amortization of Limited-term Water Plant, for the current amortization of limited-term water investments. It shall be credited also with amounts which may be charged to account 405, Amortization of Other Water Plant, or to account 425, Miscellaneous Amortization, to amortize intangible or other water plant which does not have a definite or terminable life and is not subject to charges for depreciation expense.

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 or Disposition of Property, or 421.2, Loss on Disposition of Property as appropriate.

C. Records shall be maintained so as to show separately the balance applicable to each class of property which is being amortized.

D. The utility is restricted in its use of the accumulated provisions 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 of the commission.

#### 112. Accumulated Provision for Amortization of Water Plant Leased to Others

A. This account shall be credited with amounts charged to account 413, Expenses of Water Plant Leased to Others, for the current amortization of limited-term or other investments subject to amortization included in account 104, Water Plant Leased to Others.

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. Records shall be maintained so as to show separately the balance applicable to each class of property which is being amortized.

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.

#### 113. Accumulated Provision for Amortization for Water Plant Held for Future Use

A. This account shall be credited with amounts charged to account 421, Miscellaneous Nonoperating Income, for amortization expense on property included in account 105, Water Plant Held for Future Use. Include, also, the balance of accumulated provision for amortization on property which may be transferred to account 105, Water Plant Held for Future Use, from other property accounts.

B. 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 amortization by the commission.

#### 114. Water Plant Acquisition Adjustments

A. This account shall include amounts determined in accordance with water plant instruction, § 563.5 representing the differences between (1) the amount of money actually paid (or the current money value of any consideration other than money exchanged) for water plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise, plus the costs and expenses incurred in connection with the acquisition and properly related thereto the accounting disposition of which has not been otherwise provided for, and (2) the original cost, estimated if not known, of such property less credits thereto representing contributions in aid of construction and less the amount or amounts credited to accumulated provisions for depreciation and amortization with respect to such property.

B. This account shall be subdivided so as to show the amounts included herein for each property acquisition, and the amounts related to water plant in service, water plant held for future use, and water plant leased to others. (See water plant instruction, § 563.5.)

C. The amounts recorded in this account with respect to each property acquisition shall be disposed of, written off, or provision shall be made for the amortization thereof, as follows:

(1) Debit amounts may be charged to account 426.5, Other Deductions, or account 435, Extraordinary Deductions, as appropriate in whole or in part, or amortized through charges made in accordance with an orderly and systematic amortization program to account 425, Miscellaneous Amortization, without further direction or approval of this commission. Should the utility desire the disposition of debit amounts in any manner other than as herein provided, it shall request that the commission (i) approve disposition proposed by the utility or (ii) direct appropriate disposition according to the circumstances involved in each transaction. (See also account 406.)

(2) Credit amounts shall be disposed of in such manner as this commission may approve or direct.

#### 115. Accumulated Provision for Amortization of Water Plant Acquisition Adjustments

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

#### 116. Other Water Plant Adjustments

A. This account shall include the difference between the original cost, estimated if not known, and the book cost of utility plant to the extent that such difference is not properly includible in account 114, Water Plant Acquisition Adjustments

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 utility plant.

#### 117. Accumulated Gains and Losses from Disposition of Utility Land and Land Rights

A. This account shall include gains and losses from disposition of utility land and land rights as determined by water plant instructions §§ 563.7(e), 563.10(e) and 563.12(c).

B. Gains or losses recorded in this account in accordance with Paragraph A above shall be reduced by the related Federal income tax when realized and concurrently debited or credited, as appropriate, to account 411.8, Miscellaneous Adjustments of Income Taxes--Utility Operating Income.

C. The records supporting the entries to this account shall be so kept that the utility can furnish full particulars with respect to the amounts included herein.

#### 118.1 Common Utility Plant

This account shall include the balances in accounts for utility plant which is used in common for water operations and other operations. (See water plant instruction, § 563.13.)

#### 118.2 Other Utility Plant

A. This account shall include the balances in accounts for utility plant, other than water plant and common utility plant.

B. A separate account shall be maintained for each utility department.

Note: In the case of utility services for which systems of accounts are prescribed by this commission, such as electric, gas, steam, etc., the appropriate accounts in such systems shall be used instead of this account.

#### 119.1 Accumulated Provision for Depreciation and Amortization of Common Utility Plant

This account shall include the accumulated provision for depreciation and amortization applicable to property carried in common utility plant account 118.1. (See also general instruction, § 561.13 and water plant instruction, § 563.13.)

#### 119.2 Accumulated Provision for Depreciation and Amortization of Other Utility Plant

This account shall include the accumulated provision for depreciation and amortization applicable to property in account 118.2, Other Utility Plant.

Note: In the case of utility services for which systems of accounts are prescribed by this commission, such as electric, gas, steam, etc., the appropriate accounts in such systems shall be used instead of this account.

## 2. OTHER PROPERTY AND INVESTMENTS

### 121. Nonutility Property

A. This account shall include the book cost (except as otherwise provided in water plant instruction § 563.12) 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, Water Plant Held for Future Use.

B. 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) 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.

### 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

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. 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 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 be 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.

Note E: Advances made to associated companies without expectation of reimbursement shall be credited to this account and charged to account 426.5, Other Deductions.

#### 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. Include also the off-setting entry to the recording of amortization of discount expense or premium on interest bearing investments. (See account 419, Interest and Dividend Income.)

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

C. When securities with a fixed maturity date are purchased at a discount (that is, when the total cost, including brokerage fees, taxes, commissions, etc., is less than par), such discount may be amortized over the remaining life of the securities through periodic debits to the account in which the securities are carried (preferably coincident with entries recording interest accruals) and credits to the same account in which the interest revenue is recorded. No debits shall be made in respect to discount upon securities held as investments or in special funds if there is reason to believe that such securities will be disposed of by redemption or otherwise at less than par or will not be paid at date of maturity.

D. When securities with a fixed maturity date are purchased at a premium (that is when the total cost including brokerage fees, taxes, commissions, etc., is in excess of par) such premium may be amortized\* over the remaining life of the securities through periodic credits to the account in which the securities are carried (preferably coincident with entries recording interest accruals) and debits to the same account in which the interest revenue is recorded.

\* So in original. "amortized" should be "amortized". 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. (See account 136, Temporary Cash Investments.)

Note C: See note D of account 123.

#### 125. Sinking Funds

This account shall include the amount of cash and book cost of investments held in sinking funds. 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

This account shall include the amount of cash and the 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.

#### 128. Other Special Funds

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. 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 of other employee benefits shall not be included in this account.

### 3. CURRENT AND ACCRUED ASSETS

#### 131. Cash

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

#### 132. Interest Special Deposits

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

#### 133. Dividend Special Deposits

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

#### 134. Other Special Deposits

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

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' acceptance, 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 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 service and merchandising, jobbing and contract work.

B. This account shall be maintained so as to show separately amounts due 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 accounts 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 for Utility Service

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

#### 145. Notes Receivable from Associated Companies

#### 146. Accounts Receivable from Associated Companies

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 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 12 months and items which are not paid within 12 months from due date shall be transferred to account 123, Investment in Associated Companies.

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.

#### 150. Materials and Supplies

A. This account shall include the cost and related stores expense of unissued small tools and unapplied materials and supplies, including fuel; plant materials and operating supplies; merchandise for sale; and materials and supplies held primarily for nonutility purposes. The cost shall include, when practicable the purchase price at the point of free delivery, plus customs duties, excise and other taxes on purchases, insurance, costs of inspection, special tests prior to acceptance, loading and unloading, transportation, and other directly assignable charges; also the related stores expenses for purchasing, storage, handling, and distribution of materials.

B. As far as practicable, transportation charges for materials shall be included as a part of the cost of the particular materials to which they relate; cash or other discounts on materials shall be deducted in determining the cost of the particular material, or credited to the account to which the material is charged. When such items cannot be assigned directly to particular purchases, they may be included in the subdivisions of this account, 150.152, Fuel Stock Expenses Undistributed, or 150.163, Stores Expenses Undistributed, as appropriate. Where other classes of expenses applicable to ma-

materials purchased cannot be directly assigned to particular purchases, they may be charged to account 150.152, or account 150.163, as appropriate.

C. Materials recovered in connection with construction, maintenance, or the retirement of property shall be charged to this account in accordance with provisions set forth in account 150.154, Plant Materials and Operating Supplies.

D. 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. Stores expenses related to the materials and supplies shall be cleared from the subaccount 150.163, Stores Expense Undistributed, by adding to the cost of materials and supplies issued a suitable loading charge which will distribute the expenses over the stores issued.

E. Physical inventories of materials, supplies, fuel, etc., shall be taken at least every two years. The necessary adjustments shall be made to bring this account into harmony with the actual inventories. In effecting the adjustment, 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, or included in the stores expense accounts, 150.152, Fuel Stock Expenses Undistributed, or 150.163, Stores Expense Undistributed, as appropriate.

Note A: Interest on material bills, the payment of which has been delayed, shall be charged to account 431, Other Interest Expense.

Note B: Customer meters, and such associated devices as are retirement units, in stock or undergoing repairs shall not be included in this account, but in account 346, Meters.

F. Separate subaccounts of this account shall be maintained under the following titles:

150.151. Fuel Stock

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.

150.152. Fuel Stock Expenses Undistributed

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) Operations 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.

150.154. Plant Materials and Operating Supplies

This account shall include the cost of materials purchased primarily for use in the utility business for construction, operation and maintenance purposes. 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 of material only, as defined in paragraphs A and B of account 150, including transportation to point of original receipt, estimated if not known. The cost of repairing such items shall be charged to the maintenance account appropriate for the previous use. (See also water plant instruction, § 563.3, item (3).)

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) can not 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.

ITEMS

- (1) Invoice 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.

150.155. Merchandise

This account shall include the book cost of materials, supplies, appliances, and equipment held primarily for merchandising, jobbing and contract work.

Note: Appliances held under consignment shall not be included herein, but there shall be kept a memorandum account of such appliances either at cost or at selling price, to show the appliances in stock and appliances sold.

150.156. Other Materials and Supplies

This account shall include the book cost of materials and supplies held primarily for nonutility purposes.

150.163. Stores Expense Undistributed

A. This account shall include the cost of supervision, labor and expenses incurred in the operation of general store-rooms, 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 150.152, 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 practicably assignable to specific materials.
- (13) Freight, express, etc., when not assignable to specific items.
- (14) Heat, light and power for storerooms and stores 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.

### 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

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

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

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 electric 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.

### 4. DEFERRED DEBITS

#### 181. Unamortized Debt Expense

A. 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 amount 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 561.21.

B. When the utility recognizes a mortgage recording tax as a tax deduction in the year incurred, 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 amortized concurrently with the related debt expense.

#### 182. Extraordinary Property Losses

A. When authorized or directed by the commission, this account shall include extraordinary losses on property abandoned or otherwise retired from service which are not provided for by the accumulated provisions for depreciation or amortization and which could not reasonably have been foreseen and provided for, and extraordinary losses, such as unforeseen damages to property, which could not reasonably have been anticipated and which are not covered by insurance or other provisions.

B. The entire cost, less net salvage, of depreciable property retired shall be charged to accumulated provision for depreciation. If all, or a portion, of the loss is to be included in this account, the accumulated provision for depreciation shall then be credited and this account charged with the amount properly chargeable hereto.

C. 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.

#### 183. Preliminary Survey and Investigation Charges

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 the 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 to account 426.5, Other Deductions, or to the appropriate operating expense account. (See general instructions, § 561.18.)

B. 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 water plant shall not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to water plant.

#### 184. Clearing Accounts

A. 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.

B. In addition to the clearing accounts otherwise specifically provided for in this system of accounts (150.152, Fuel Stock Expenses Undistributed and 150.163, Stores Expense Undistributed), the utility shall maintain any other clearing accounts necessary as a medium through which to accumulate initial costs and expenses with respect to particular types of transactions in order to facilitate the distribution and apportionment of charges on equitable bases among the appropriate accounts to which such charges are applicable. The following clearing accounts should be used unless it can be clearly demonstrated that their use is not necessary. (See general instructions, § 561.2, (d), and § 561.15, (b)). Clearing Accounts

##### 184.1 Building Service Expenses--Clearing

##### 184.2 Electronic Data Processing Expenses--Clearing

##### 184.3 Laboratory Expenses--Clearing

##### 184.4 Shop Expenses--Clearing

##### 184.5 Tools and Work Equipment Expenses -Clearing

##### 184.6 Transportation Expenses--Clearing

#### 185. Temporary Facilities

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 471, Miscellaneous Service Revenues.

#### 186. Miscellaneous Deferred Debits

A. 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. The records supporting the entries to this account shall be so kept that the utility can furnish full information as to each deferred debit.

#### 188. Investment in Research and Development

A. This account shall include the cost of all expenditures coming within the meaning of Definition (24) of the Uniform System of Accounts, except those properly includible in account 107, Construction Work in Progress.

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, Miscellaneous General Expenses.

C. When expenditures on a research project are relatively so large that their inclusion in the operating accounts in the year in which they were incurred would seriously distort those accounts, the company may request commission approval to defer such expenditures in this account and amortize them over a future period. Without such approval, expenditures charged to this account shall not be carried beyond the year in which they are incurred.

Note: With the approval of the commission, amortization of expenditures related to specific programs or projects may commence at a date subsequent to the year initial expenditures are incurred to provide for consistency of accounting and rate treatment.

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

E. Balances in this account will be considered for rate base treatment as if the amounts were part of the cost of plant in service.

#### 190. Accumulated Deferred Income Taxes

A. This account, when its use has been authorized by the commission, 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 purposes 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.

### LIABILITIES AND OTHER CREDITS

#### 5. PROPRIETARY CAPITAL

##### 201. Common Stock Issued

##### 202. Common Stock Subscribed

A. These accounts shall include the par value or 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 stock without par value, of each class of capital stock actually issued, including such capital stock in account 217, Reacquired Capital Stock.

B. When the actual cash value of the consideration received is more than the par or stated value of any stock having a par or stated value, the difference shall be credited to the premium 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 A: 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.

Note B: No entries, other than those covered by the above provisions and those to record liquidating dividends, shall be made in any account for stocks without par value, except upon order of the commission.

203. Common Stock Liability for Conversion

204. Preferred Stock Issued

205. Preferred Stock Subscribed

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, or the subscription price of stock without par or stated value, 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. Any premium on capital stock with par or stated value shall be included in the premium account.

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

A. These accounts shall include the par or stated value or the cash value of the consideration for stock without par 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

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

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

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

210. Gain or Resale or Cancellation of Reacquired Capital Stock

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.

Note: Amounts included in unearned 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.

#### 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, or the consideration received for stock without par or stated value. Any premium on capital stock with par or stated value shall be included in the premium account.

#### 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.

C. The utility may amortize the balance in this account by systematic charges to account 425, Miscellaneous Amortization, or it may write off capital stock expense in whole or in part by charges to account 439, Adjustments to Retained Earnings.

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

#### 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.

#### 216. Unappropriated Retained Earnings

This account shall include the balance, either debit or credit, of unappropriated retained earnings arising from earnings. It shall not include items includible in any of the accounts for paid-in capital.

#### 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 cancelled, except, however, stock which is held by trustees in sinking or other funds.

B. When reacquired capital stock is retired or cancelled, the difference between its cost, including commissions and expenses paid in connection with the reacquisition, and its par or stated value (or the proportionate amount at which it is recorded in accounts 201 or 204 in the case of stock without par or stated value) plus any premium and less any expense 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. Subject to the specific authorization or direction of the commission (see section 69 of Public Service Law), 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.

## 6. LONG-TERM DEBT

## 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

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. (See section 69 of Public Service Law.) 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, expense or premium and the amount paid upon reacquisition shall be accounted for in accordance with provisions set forth in general instruction 561.2.

## 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. (See general instruction, § 561.15.)

B. The records supporting the entries to these accounts 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. (See balance sheet instruction, § 562.2.)

B. Separate accounts shall be maintained for each class of obligation, and records shall be maintained to show separately 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 on Premium on Debt--Credit. (See general instruction 561.21.)

## 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 561.21.)

## 7. CURRENT AND ACCRUED LIABILITIES

### 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 demand 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. However, if such corrections are so large as to seriously distort current expenses, see general instruction, § 561.8.

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

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

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

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

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.

### 8. DEFERRED CREDITS

#### 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 water plant accounts to which the cost of the property was charged.

#### 253. Other Deferred Credits

A. 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.

B. Amounts for contributions in aid of construction still remaining in the account "Contributions in Aid of Construction" at the effective date of the uniform system of accounts prescribed herein shall be credited temporarily to an appropriate subdivision of this account and shall be disposed of in accordance with provisions of water plant instruction, § 563.2, subdivision (e).

#### 255. Accumulated Deferred Investment Tax Credits

A. This account shall be credited with investment tax credits allowed in the current year on property defined in *section 50 of the Internal Revenue Code of 1954*, when the utility elects to defer such credits rather than to recognize in the income statement the total benefits of the tax credit as realized. The utility 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. (See special instructions for accounts 411.4 and 411.5.)

B. If the investment tax credits deferred in this account are to be applied as a reduction of the rate base, the utility shall amortize the amount of such deferrals by debiting this account and crediting account 420, Investment Tax Credits with a proportionate amount determined in relation to the book service life of the property to which the tax credits relate. If, however, the deferred investment tax credits are to be applied as a reduction of the cost of service, the proportionate restorations to income shall be credited to account 411.4, Investment Tax Credit Adjustments, Utility Operations.

C. Subdivisions of this account by department shall be maintained for deferred investment tax credits which are related to utility operations other than water or to nonutility operations. Accounting procedures adopted for utility and nonutility operations are to be followed on a consistent basis.

D. Separate records shall be maintained for each year's investment tax credit for water and other utility operations (by primary utility plant accounts) and for nonutility operations, identifying the properties giving rise to the investment tax credits for each year so that they can be amortized over the weighted average book service life of such properties.

E. The utility is restricted in its use of this account to the purposes set forth above. Unless otherwise authorized by the commission, the utility shall not record in this account amounts of investment tax credits allowed on property other than that defined in *section 50 of the Internal Revenue Code of 1954*. Such amounts of investment tax credits shall be treated as a current reduction of income tax expense unless the commission has authorized other disposition.

#### 281. Accumulated Deferred Income Taxes--Accelerated Amortization

A. This account shall be credited and account 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 an amount equal to that by which taxes on income payable for the year are lower because of the use of accelerated (five year) amortization of (1) certified defense facilities in computing such taxes, as permitted by *section 168 of the Internal Revenue Code of 1954* and (2) certified pollution control facilities in computing such taxes, as permitted by *section 169 of the Internal Revenue Code of 1954*, as compared to the depreciation (deduction) otherwise appropriate and allowable for tax

purposes according to the straight line or other nonaccelerated depreciation method and appropriate estimated useful life of such property.

B. This account shall be debited 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 with an amount equal to that by which taxes on income payable for the year are greater because of the use in prior years of accelerated (five-year) amortization of (1) certified defense facilities and (2) pollution control facilities instead of nonaccelerated or nonliberalized depreciation otherwise appropriate for income tax purposes, and deferral of taxes in such prior years as described in paragraph A, above. Such debit to this account and credit to account 411.1 or 411.2, shall, in general, represent the effect of taxes payable for the current year of the unavailability of a depreciation deduction for tax purposes, or a reduced amount, with respect to any depreciable property for which accelerated amortization was used in prior years, as compared to the depreciation deduction otherwise available and appropriate for such property, considering its estimated useful life, according to the depreciation method ordinarily used by the utility for similar property in computing depreciation for tax purposes by a nonaccelerated or nonliberalized depreciation method.

C. 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 and the separate amounts applicable to the facilities of each certification or authorization of accelerated amortization for tax purposes.

D. The use of this account and the accounting described above are not mandatory for any utility which, in accordance with a consistent policy, elects not to follow deferred tax accounting even though accelerated amortization is used in computing taxes on income. If, however, deferred tax accounting is initiated with respect to any certified defense facility or certified pollution control facility, the accounting shall not be suspended or discontinued on the property covered by that certificate without approval of the commission.

E. The utility is restricted in its use of this account to the purpose 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. Any remaining balance of accumulated deferred taxes with respect to any certified defense facility or certified pollution control facility for which deferred tax accounting has been followed, shall, upon expiration of the estimated useful life of the facility on which deferred tax calculations were based, or upon retirement from service of such facility or predominant part thereof be credited to 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, or otherwise be applied as the commission may authorize or direct.

F. Upon the disposition by sale, exchange, transfer, abandonment or premature retirement of plant of 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 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 of a wholly owned subsidiary, the related balance in this account shall also be transferred. When the disposition related 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.

Note: If, in addition to a water utility department, the utility operates another utility department or has nonutility property for which related deferred taxes on income are included in this account, such deferrals shall be classified so as to show separately amounts related to the utility operating income of each department and to other income and deductions.

## 282. Accumulated Deferred Income Taxes--Liberalized Depreciation

A. This account, when authorized by the commission, shall be used for the deferral and normalization of tax differentials resulting from the use of liberalized depreciation as permitted by *section 167 of the Internal Revenue Code of 1954*. It shall also be used for the deferral and normalization of tax differentials resulting from the use of the Class Life Asset Depreciation Range, as provided and required by the Revenue Act of 1971.

Note: Tax differentials resulting from the current deduction of the cost of removal included in the Class Life Asset Depreciation Range provisions of the Revenue Act of 1971 shall be included in account 283. Also, companies taking

liberalized depreciation and flowing through the tax effect on January 1, 1972, shall continue to flow through these tax effects.

B. This account shall be credited and account 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 an amount equal to that by which taxes on income payable for the year are lower because of the use of liberalized depreciation in computing such taxes, as permitted by *section 167 of the Internal Revenue Code of 1954*, as compared to the depreciation deduction otherwise appropriate and allowable for tax purposes for similar property of the same estimated useful life according to the straight line or other nonliberalized method of depreciation to include those accumulated tax deferrals arising from the use of the Class Life Asset Depreciation Range, as provided and required by the Revenue Act of 1971.

C. This account shall be debited 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 with an amount equal to that by which taxes on income payable for the year are greater because of the use in prior years of liberalized depreciation for income tax purposes, and deferral of taxes in such prior years as described in paragraph B above. Such debit to this account and credit to account 411.1 or 411.2, shall, in general, represent the effect on taxes payable for the current year of the smaller amount of depreciation permitted for tax purposes for the current year with respect to any depreciable property for which liberalized depreciation including Class Life Asset Depreciation Range was used in prior years, as compared to the depreciation deduction otherwise appropriate and available for similar property of the same estimated useful life according to the straight line or other nonliberalized depreciation method ordinarily used by the utility in computing depreciation for tax purposes.

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 and the separate amounts applicable to the plant additions of each vintage year for each class, group, or unit as to which different liberalized depreciation methods and estimated useful lives have been used. The underlying calculations to segregate and associate deferred tax amounts with the respective vintage years may be based on reasonable methods of approximation, if necessary, consistently applied.

E. Except for tax deferrals arising from the use of Class Life Asset Depreciation Range, the use of this account and the accounting described above are not permitted for any utility even though liberalized depreciation is used in computing taxes on income, unless prior approval of the commission is obtained. If, as authorized herein, deferred tax accounting is initiated with respect to any property, such accounting shall not be discontinued on that property without approval of the commission.

F. 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 make any use thereof except as provided in the text of this account without prior approval of the commission. Any remaining deferred tax reserve balance with respect to any year's plant additions or subdivisions thereof for which liberalized depreciation accounting has been followed or, upon retirement from service of such property or predominant portion thereof, or upon expiration of the estimated useful life on which the depreciation calculations for tax purposes are based, shall be credited to 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, or otherwise applied as the commission may authorize or direct.

G. 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 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 the related balances would be necessary to be retained to offset future group item tax deficiencies.

Note: If in addition to a water utility department, the utility operates another utility department or has nonutility property for which related deferred taxes on income are included in this account, such deferrals shall be classified so as to show separately amounts related to the utility operating income of each department and to other income and deductions.

#### 283. Accumulated Deferred Income Taxes--Other

A. This account, when its use has been authorized by the commission, shall be credited and account 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 an amount equal to that by which taxes on income payable for the year are lower because of the current use of deductions other than accelerated amortization or liberalized depreciation, in the computation of income taxes which deductions for general accounting purposes will not be fully reflected in the utility's determination of annual net income until subsequent years. However, commission approval is not required for transactions described in general instruction 561.21, subdivision (d), and in account 181, Unamortized Debt Expense. Also, without commission approval, this account and the accounting provided herein shall be used for the deferral and amortization of the tax effects resulting from the current deduction of the cost of removal included in the Class Life Asset Depreciation Range provisions of the Revenue Act of 1971.

B. This account shall be debited 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 with an amount equal to that by which taxes on income payable for the year are greater because of deferral of taxes on income in previous years, as provided by paragraph A, above, because of difference in timing for tax purposes of particular income deductions from that recognized by the utility for general accounting purposes, other than with respect to accelerated amortization or liberalized depreciation. Such debit to this account and credit to account 411.1 or 411.2, shall, in general, represent the effect on taxes payable in the current year of the smaller deduction permitted 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 factors 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 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, 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.

Note: In determining appropriate use of this account as a basis of request to the commission for authorization of its use, for the deferral of taxes, consideration shall be given to the relative importance of the amount involved, and to other items in the utility's accounts where "prepaid tax accounting" may be appropriate such as situations (a) where the time of taking a deduction in computing taxes on income is such that the tax deduction must be delayed or applied to a series of future years as opposed to earlier recognition of such item in determination of income in the general accounts of the utility or (b) where inclusion of an income item is required for tax purposes but is to be recognized in whole or in part in the utility's income accounts of a subsequent year or years.

### 9. OPERATING RESERVES

#### 261. Property Insurance Reserve

A. This account shall include amounts received by the utility for self-insurance against losses through accident, fire, flood, or other hazards to its own property or property leased from others. 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 by this reserve shall be maintained, giving a description of the property involved, the character of the risks covered and the rates used. (See general instruction, § 561.12.)

B. Charges shall be made to this account for losses covered by self-insurance. Details of these charges shall be maintained according to the year the casualty occurred which gave rise to the loss.

#### 262. Injuries and Damages Reserve

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. (See general instruction, § 561.12.)

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 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.

#### 263. Pensions and Benefits Reserve

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 represented by the reserve are included in the assets of the utility either in general or in segregated fund accounts. (See general instruction, §§ 561.12 and 561.17; and Operating Expense account 926, Employee Pensions and Benefits.)

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

C. A separate account shall be kept for each kind of reserve 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.

#### 265. Miscellaneous Operating Reserves

A. This account shall include all operating reserves maintained by the utility which are not provided for elsewhere.

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

Note: This account includes only such reserves as may be created for operating purposes and does not include any reservations of retained earnings, the credits of which should be carried in account 215, Appropriated Retained Earnings.

### WATER PLANT ACCOUNTS

#### 1. INTANGIBLE PLANT

301. Organization

302. Franchises and Consents

303. Miscellaneous Intangible Plant

#### 2. SOURCE OF SUPPLY PLANT

310. Land and Land Rights

311. Structures and Improvements

312. Collecting and Impounding Reservoirs

313. Lake, River and Other Intakes

- 314. Wells and Springs
- 315. Infiltration Galleries and Tunnels
- 316. Supply Mains
- 317. Other Water Source Plant

### 3. PUMPING PLANT

- 320. Land and Land Rights
- 321. Structures and Improvements
- 322. Boiler Plant Equipment
- 323. Other Power Production Equipment
- 324. Steam Pumping Equipment
- 325. Electric Pumping Equipment
- 326. Diesel Pumping Equipment
- 327. Hydraulic Pumping Equipment
- 328. Other Pumping Equipment

### 4. WATER TREATMENT PLANT

- 330. Land and Land Rights
- 331. Structures and Improvements
- 332. Water Treatment Equipment

### 5. TRANSMISSION AND DISTRIBUTION PLANT

- 340. Land and Land Rights
- 341. Structures and Improvements
- 342. Distribution Reservoirs and Standpipes
- 343. Transmission and Distribution Mains
- 344. Fire Mains
- 345. Services
- 346. Meters
- 348. Hydrants
- 349. Other Transmission and Distribution Plant

### 6. 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

## 1. INTANGIBLE PLANT

### 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 discount 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 and 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, 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, or certificates. It shall include necessary and reasonable expenses incident to obtaining permission and approval to exercise such rights and privileges when the applications therefor are acted upon favorably by the regulatory body. Such expenses include fees for legal and other professional service, expenses of witnesses, cost of newspaper and other advertisements, etc., and pay and expenses of employees engaged in preparing exhibits and other data for hearings. If an application for a franchise, consent, or certificate is denied, expenditures incident to the application shall be charged to account 426.5, Other Deductions or account 435, Extraordinary Deductions, as appropriate.

B. If a franchise, consent 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 Water Plant in Service, 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 the utility's water 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 to account 111, Accumulated Provision for Amortization of Water Plant in Service, 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.

## 2. SOURCE OF SUPPLY PLANT

### 310. Land and Land Rights

This account shall include the cost of land and land rights used in connection with source of supply operations. (See water plant instruction § 563.7.)

### 311. Structures and Improvements

This account shall include the cost in place of structures and improvements used in connection with source of water supply not includible in other accounts for source of supply plant. (See water plant instruction § 563.8.)

### 312. Collecting and Impounding Reservoirs

This account shall include the cost in place of structures and improvements used for impounding, collecting and storing water in the source of supply system.

## ITEMS

- (1) Aerators (when installed as a integral part of collecting and impounding reservoirs).
- (2) Bridges and culverts.
- (3) Clearing land.
- (4) Dams.
- (5) Drainage conduits.
- (6) Embankments.
- (7) Fish ladders and elevators.
- (8) Fences.
- (9) Gate houses and equipment.
- (10) Landscaping.
- (11) Lighting systems.
- (12) Retaining walls.
- (13) Roads and paths.
- (14) Sewers.
- (15) Spillways and channels.
- (16) Any other permanent improvement to collecting and impounding reservoirs.

### 313. Lake, River and Other Intakes

This account shall include the cost installed of lake, river and other intakes used as a source of water supply.

## ITEMS

- (1) Clearing land.
- (2) Conduits.
- (3) Cribs.
- (4) Fences.
- (5) Gate houses and equipment.
- (6) Intake pipes (up to suction header).
- (7) Intake wells.
- (8) Lighting systems.
- (9) Screens and racks.

#### 314. Wells and Springs

This account shall include the cost installed of wells and springs used as a source of water supply.

#### ITEMS

- (1) Clearing land.
- (2) Collecting basins.
- (3) Collecting pipes.
- (4) Fences.
- (5) Landscaping.
- (6) Lighting systems.
- (7) Overflow spillways and channels.
- (8) Sewers.
- (9) Springs and appurtenances.

(10) Wells, casings and appurtenances, including cost of test wells and non-productive wells drilled as part of a project resulting in a source of water within the same supply area.

#### 315. Infiltration Galleries and Tunnels

This account shall include the cost installed of infiltration galleries and tunnels used as a source of water supply.

#### ITEMS

- (1) Conduits.
- (2) Gate houses and equipment.
- (3) Piping.

#### 316. Supply Mains

This account shall include the cost installed of supply mains, pipes, aqueducts and canals and their appurtenances. (See water plant instruction § 563.14.)

#### ITEMS

- (1) Air chambers.
- (2) Blow-offs and overflows.
- (3) Bridges and culverts.

- (4) Canals.
- (5) Electrolysis control equipment.
- (6) Gauges and recorders.
- (7) Jointing and jointing material.
- (8) Manholes.
- (9) Meters and meter houses.
- (10) Municipal inspection or permits.
- (11) Pavement disturbed, including cutting and replacing pavement, pavement base and sidewalks. (See § 563.10, subd. (i).)
- (12) Pipes, aqueducts or conduits.
- (13) Placing mains and accessories.
- (14) Pressure regulators.
- (15) Protection of street openings.
- (16) Shut-offs.
- (17) Special castings.
- (18) Sterilizing new mains.
- (19) Surge tanks.
- (20) Trenching, including shoring, bracing, bridging, pumping, backfill and disposal of excess excavated material.
- (21) Tunnels.
- (22) Valves and appurtenances.
- (23) Valve vaults.

#### 317. Other Water Source Plant

This account shall include the cost installed of other water source plant which is not properly includible in other source of supply plant accounts.

Note: Office equipment, desks, chairs, etc., shall not be included herein but in account 391, Office Furniture and Equipment.

### 3. PUMPING PLANT

#### 320. Land and Land Rights

This account shall include cost of land and land rights used in connection with pumping operations. (See water plant instruction § 563.7.)

#### 321. Structures and Improvements

This account shall include cost in place of structures and improvements used in pumping operations. (See water plant instruction § 563.8.)

#### 322. 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 to be used primarily for pumping operations.

### 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, evaporative 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.

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 A: When the system for supplying boiler or condenser water is elaborate, as when it includes a dam, reservoir, canal, or pipe line, the cost shall not be charged to this account but to account 321, Structures and Improvements.

Note B: This account shall not include boilers or steam pipes whose primary purpose is the heating of buildings.

323. Other Power Production Equipment

A. This account shall include the cost installed of any equipment used for the production of power, other than boiler plant equipment, principally for use in pumping operations.

B. Subdivisions shall be maintained hereunder for the cost of equipment used for each type of power produced, such as hydraulic works, generators, etc.

Note: Diesel engines which drive pumps directly shall not be included in this account but in account 326, Diesel Pumping Equipment.

#### 324. Steam Pumping Equipment

This account shall include the cost installed of pumping equipment driven by steam.

#### ITEMS

- (1) Engines for driving pumps.
- (2) Pumps, including setting, gearing, shafting, and belting.
- (3) Water piping within station, including valves.
- (4) Auxiliary equipment for engines and pumps such as oiling systems, cooling systems, condensers, etc.
- (5) Steam lines and valves.
- (6) Regulating, recording and measuring devices.
- (7) Foundations, frames and bed plates.
- (8) Ladders, stairs and platforms if a part of pumping unit.

#### 325. Electric Pumping Equipment

This account shall include the cost installed of pumping equipment driven by electric power.

#### ITEMS

- (1) Motors for driving pumps.
- (2) Pumps, including setting, gearing, shafting, and belting.
- (3) Water piping within station, including valves.
- (4) Auxiliary equipment for motors and pumps such as oiling systems, cooling systems, condensers, etc.
- (5) Electric power lines and switching.
- (6) Regulating, recording and measuring devices.
- (7) Foundations, frames and bed plates.
- (8) Ladders, stairs and platforms if a part of pumping unit.

#### 326. Diesel Pumping Equipment

This account shall include the cost installed of pumping equipment driven by diesel engines.

#### ITEMS

- (1) Engines for driving pumps.
- (2) Pumps, including setting, gearing, shafting and belting.
- (3) Water piping within station, including valves.
- (4) Auxiliary equipment for engines and pumps such as oiling systems, cooling systems, condensers, etc.
- (5) Oil supply lines and accessories.
- (6) Regulating, recording and measuring devices.

(7) Foundations, frames and bed plates.

(8) Ladders, stairs and platforms if a part of pumping unit.

#### 327. Hydraulic Pumping Equipment

This account shall include the cost installed of pumping equipment driven by hydraulic power.

#### ITEMS

(1) Water wheels and turbines and driving pumps.

(2) Pumps, including setting, gearing, shafting and belting.

(3) Water piping within station, including valves.

(4) Auxiliary equipment for water wheels and turbines and pumps such as oiling systems, cooling systems, condensers, etc., (within walls of pumping station structure).

(5) Regulating, recording and measuring devices.

(6) Foundations, frames and bed plates.

(7) Ladders, stairs and platforms if a part of pumping unit.

#### 328. Other Pumping Equipment

This account shall include cost of equipment used in pumping operations not properly includible in accounts 324, 325, 326 and 327, such as gas engine and gasoline engine pumping equipment. Subdivisions shall be maintained hereunder for each type of pumping equipment.

Note: Office equipment, desks, chairs, etc. shall not be included in this account but in account 391, Office Furniture and Equipment.

### 4. WATER TREATMENT PLANT

#### 330. Land and Land Rights

This account shall include the cost of land and land rights used in connection with water treatment plant operations. (See water plant instruction § 563.7.)

#### 331. Structures and Improvements

This account shall include the cost in place of structures and improvements used in connection with the operation of the water treatment plant. (See water plant instruction § 563.8.)

#### 332. Water Treatment Equipment

This account shall include the cost installed of apparatus, equipment and other facilities used for the treatment of water.

#### ITEMS

Aerators (when installed as an integral of the water treatment plant):

(1) Aircompressor.

(2) Piping system, including valves.

(3) Spray nozzles.

(4) Substructures.

Chemical Treating Plant:

(1) Agitating equipment.

(2) Ammonia machines.

- (3) Carbonating equipment.
- (4) Chemical manufacturing plants.
- (5) Chemical pumps.
- (6) Chemical handling equipment.
- (7) Chlorine machines.
- (8) Coke.
- (9) Dry feed machines.
- (10) Dry storage bins.
- (11) Electrolytic cell.
- (12) Elevator (when not part of building.)
- (13) Fluoridation equipment.
- (14) Gauges.
- (15) Gravity feed or pump feed apparatus.
- (16) Motors.
- (17) Piping system, including valves.
- (18) Rate controllers.
- (19) Sludge pumps.
- (20) Softening equipment.
- (21) Solution feed equipment.
- (22) Solution tanks.
- (23) Switchboards.
- (24) Weighing equipment.

Clear Water Basin:

- (1) Basin.
- (2) Gauges.
- (3) Piping system, including valves.
- (4) Substructures.

Filter Plant:

- (1) Airblower and compressor.
- (2) Filters.
- (3) Gauges.
- (4) Piping system.
- (5) Rate controllers.
- (6) Sand, gravel or other filtering media.
- (7) Substructures.
- (8) Surface work equipment.

- (9) Valve control tables.
- (10) Valve operating mechanism.
- (11) Valves.
- (12) Wash troughs.
- (13) Wash water pumps.
- (14) Wash water tanks.

Mixing Chambers:

- (1) Piping system, including valves.
- (2) Chambers.
- (3) Mechanical mixers.

Sedimentation or Coagulation Basin:

- (1) Basins.
- (2) Coagulant storage tanks.
- (3) Feeder equipment.
- (4) Industrial railroad.
- (5) Mechanical mixers.
- (6) Orifice devices.
- (7) Piping system, including valves.
- (8) Screens and hoists.
- (9) Sludge removal apparatus.

Softening Plant:

- (1) Carbonating chambers and equipment.
- (2) Clear water basins.
- (3) Gauges.
- (4) Gravel.
- (5) Meters.
- (6) Mixing tanks and chambers.
- (7) Permanent chemical softening agents.
- (8) Piping system, including valves.
- (9) Salt solution or brine tanks and appurtenances.
- (10) Salt solution pumps.
- (11) Salt storage bins.
- (12) Sedimentation or coagulation basins.
- (13) Substructures.
- (14) Underdrain systems.
- (15) Wash water controllers.

Note: Protecting superstructures shall be included in account 331, Structures and Improvements.

## 5. TRANSMISSION AND DISTRIBUTION PLANT

### 340. Land and Land Rights

This account shall include the cost of land and land rights used in connection with transmission and distribution operations. (See water plant instruction § 563.7.)

### 341. Structures and Improvements

This account shall include the costs in place of structures and improvements, other than reservoirs and standpipes, used in connection with transmission and distribution operations. (See water plant instruction § 563.8.)

### 342. Distribution Reservoirs and Standpipes

This account shall include the cost in place of reservoirs, tanks, standpipes, and appurtenances used in storing water for distribution. (See water plant instruction § 563.8.)

## ITEMS

- (1) Aerators (when installed as an integral part of distribution reservoirs).
  - (2) Bridges and culverts.
  - (3) Clearing land.
  - (4) Dams.
  - (5) Embankments.
  - (6) Fences
  - (7) Foundations.
  - (8) Gates and gate houses.
  - (9) Landscaping.
  - (10) Lighting systems.
  - (11) Piping system within reservoirs.
  - (12) Retaining walls.
  - (13) Roads and paths.
  - (14) Rust-proofing apparatus.
  - (15) Sewers.
  - (16) Spillways and channels.
  - (17) Standpipes.
  - (18) Superstructures.
  - (19) Tanks.
  - (20) Towers.
  - (21) Valves and appurtenances.
  - (22) Valve vaults and houses.
  - (23) Water level and control apparatus.
343. Transmission and Distribution Mains

A. This account shall include the cost installed of transmission and distribution mains and appurtenances. (See water plant instruction § 563.14.)

B. Records supporting this account shall be kept as to show separately the cost of mains of different sizes and types and of each tunnel, bridge, or river crossing.

#### ITEMS

- (1) Air chambers.
- (2) Blow-offs and overflows.
- (3) Bridges and culverts.
- (4) Electrolysis control equipment.
- (5) Gauges and recorders.
- (6) Jointing and jointing material.
- (7) Manholes.
- (8) Meters and appurtenances.
- (9) Municipal inspection or permits.
- (10) Pavement disturbed, including cutting and replacing pavement, pavement base and sidewalks. (See § 563.10 subd. (i).)
- (11) Pipes.
- (12) Placing mains and accessories.
- (13) Pressure regulators.
- (14) Protection of street openings.
- (15) Shut-offs.
- (16) Special castings.
- (17) Sterilizing new mains.
- (18) Surge tanks.
- (19) Trenching, including shoring, bracing, bridging, pumping, backfill and disposal of excess excavated material.
- (20) Tunnels.
- (21) Valves and appurtenances.
- (22) Valve vaults.

Note: When transmission and distribution mains and associated devices are raised or lowered or other change in their location is made, the cost of the work shall be charged to the maintenance account appropriate for the class of property which is moved. Incidental replacement of retirement units in connection with a change in location shall be accounted for as additions and retirements.

#### 344. Fire Mains

This account shall include the cost installed of mains and appurtenances used exclusively for fire protection purposes. For items includible in this account see account 343. (See water plant instruction § 563.14.)

Note: When fire mains and associated devices are raised or lowered or other change in their location is made, the cost of the work shall be charged to the maintenance account appropriate for the class of property which is moved. Incidental replacement of retirement units in connection with a change in location shall be accounted for as additions and retirements.

#### 345. Services

A. This account shall include the cost installed of service pipes and accessories leading to the customers' premises.

B. A complete service begins with the connection on the main and extends to but does not include the connection with the customer's meter. A stub service extends from the main to the property line, or the curb stop.

C. Services which have been used but have become inactive shall be retired from utility plant in service immediately if there is no prospect for reuse, and, in any event, shall be retired by the end of the second year following that during which the service became inactive unless reused in the interim. No portion of a completed service shall be accounted for as a stub service after the use thereof has been discontinued. Utilities shall establish a routine whereby accuracy of accounting for services will be checked for the entire territory within each five-year period.

#### ITEMS

- (1) Corporation stops or tees.
- (2) Gate valves and boxes.
- (3) Goose necks.
- (4) Jointing and jointing material.
- (5) Municipal inspection or permits.
- (6) Pavement disturbed, including cutting and replacing pavement, pavement base and sidewalks. (See § 563.10 subd. (i).)
- (7) Pipes.
- (8) Placing pipes and accessories.
- (9) Protection of street openings.
- (10) Service or curb boxes.
- (11) Service or curb stops.
- (12) Tapping main.

Note: When services are raised or lowered or other change in their location is made, the cost of the work shall be charged to account 675, Maintenance of Services.

#### 346. Meters

A. This account shall include the cost of meters, devices and appurtenances attached thereto, for use in measuring the water delivered to users, whether actually in service or held in reserve; this account shall also include the cost of labor employed, materials used, and expenses incurred in connection with the first installation of meters, devices and appurtenances attached thereto.

B. When a meter is permanently retired from service, the amount at which it is included herein and the cost of its installation included herein shall be credited to this account and concurrently charged to the appropriate related accumulated provision for depreciation.

#### ITEMS

- (1) Meters, including badging and initial testing.
- (2) Meter coupling.
- (3) Installation, labor of (first installation only).
- (4) Meter bars.
- (5) Meter yokes.
- (6) Meter fittings, connections and shelves.
- (7) Meter vaults and boxes.

(8) Stops.

Note A: This account shall not include meters for recording the output of a supply or treatment plant, or those located on mains. It includes only those meters to record water delivered to customers, including company use and for those used elsewhere in the system if a type available for general use.

Note B: The cost of removing and resetting meters shall be charged to account 663, Meter Expenses, to which account shall be credited the salvage recovered from minor items when a meter is removed from service but not permanently retired.

Note C: The utility shall maintain a statistical record to show separately the number of each type and size of meter or group of types and sizes as carried in the continuing property record. Underlying records shall be kept so that the utility can determine readily for each such classification the number of company-owned meters in service (subdivided between active and inactive) and the number of meters carried herein but not in service, the latter to include meters undergoing repairs; and the number of meters in service owned by customers.

Note D: Minor items shall be included in this account only when in service or associated with a unit of property held in reserve; otherwise they shall be carried in account 150.154, Plant Materials and Operating Supplies.

Note E: Charges made to customers for connection, disconnection or reconnection of meters shall be credited to account 471, Miscellaneous Service Revenues.

348. Hydrants

A. This account shall include the cost installed of hydrants in service owned by the utility.

B. Records shall be kept so as to show number, size (nominal diameter of bottom connection), number and size of hose connections, diameter of main to which attached and type of hydrants classified as to public use and private use.

ITEMS

- (1) Connection to main.
- (2) Excavation, backfill, and disposal of excess excavated material.
- (3) Hydrants and fittings, including barrel and shoe.
- (4) Manholes.
- (5) Pavement disturbed, including cutting and replacing pavement, pavement base and sidewalks. (See § 563.10 subd. (i).)
- (6) Pipe including leads and drains.
- (7) Tee at main.
- (8) Valves and valve boxes.

349. Other Transmission and Distribution Plant

This account shall include the cost installed of all other transmission and distribution system plant not provided for in the foregoing accounts.

ITEMS

- (1) Cisterns or basins.
- (2) Connections to main.
- (3) Excavation, backfill, and disposal of excess excavated material.
- (4) Fountains, basins, troughs, pools, etc.
- (5) Pavement disturbed, cutting and replacing pavement, pavement base and sidewalks. (See § 563.10 subd. (i).)
- (6) Piping.

(7) Valves and valve boxes.

Note: Office equipment, desks, chairs, etc. shall not be included in this account but in account 391, Office Furniture and Equipment.

## 6. GENERAL PLANT

### 389. Land and Land Rights

This account shall include the cost of land and land rights used for water plant purposes, the cost of which is not properly includible in other land and land rights accounts. (See water plant instruction § 563.7)

### 390. Structures and Improvements

This account shall include the cost in place of structures and improvements used for water plant purposes, the cost of which is not properly includible in other structures and improvements accounts. (See water plant instruction § 563.8.)

### 391. Office Furniture and Equipment

A. This account shall include the cost installed of all office furniture and equipment owned by the utility and devoted to water service, and not permanently attached to buildings. Articles of slight value or short service life acquired subsequent to the commencement of operations shall be charged to the appropriate operating expense account and not to this account. (See note to water plant instruction § 563.3, subd. (a)(3).)

B. If the utility has equipment includible in this account at more than one location, separate records shall be maintained for each location.

## ITEMS

- (1) Book cases and shelves.
- (2) Desks, chairs, and desk equipment.
- (3) Drafting room equipment.
- (4) Electronic data processing equipment.
- (5) Filing, storage, and other cabinets.
- (6) Floor covering.
- (7) Library and library equipment.
- (8) Mechanical office equipment such as accounting machines, typewriters, etc.
- (9) Safes.
- (10) Signs, display and advertising.
- (11) Tables.

### 392. Transportation Equipment

This account shall include the cost of transportation vehicles used for utility purposes.

## ITEMS

- (1) Airplains\*. \* So in original. "Airplains" should be "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.

Note: Compressors, hoists, concrete mixers, etc., so mounted on a vehicle that they can be removed readily, thereby making the vehicle available for transportation of other material or equipment, shall be included in account 394, Tools, Shop and Garage Equipment, and the vehicle shall be included in this account; minor incidental equipment, such as pumps for drying manholes or tool racks and boxes which interfere little with the use of the vehicle for other transportation, shall, together with the vehicle, be included in this account.

### 393. Stores Equipment

A. This account shall include the cost installed of equipment used for the receiving, shipping, handling, and storage of materials and supplies when not an integral part of the housing structure. (See note to water plant instruction § 563.3(a)(3).)

B. If the utility has equipment includible in this account at more than one location, separate records shall be maintained for each location.

### 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

A. 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. (See note to water plant instruction § 563.3 (a)(3).)

B. If the utility has equipment includible in this account at more than one location, separate records shall be maintained for each location.

C. The records shall be maintained in such manner as to show the items of garage equipment in a separate subdivision of this account.

### 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 setting specially constructed for and not expected to outlast the equipment of 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.

Note: Office equipment, desks, chairs, etc. shall not be included herein but in account 391, Office Furniture and Equipment.

#### 395. Laboratory Equipment

A. 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. (See note to water plant instruction § 563.3(a) (3).)

B. If the utility has equipment includible in this account at more than one location, separate records shall be maintained for each location.

#### ITEMS

- (1) Autoclaves.

- (2) Barometers.
- (3) Cameras.
- (4) Centrifuge.
- (5) Distilling apparatus.
- (6) Furnaces.
- (7) Microscopes.
- (8) Ovens.
- (9) Pitometers.
- (10) Rain gauges.
- (11) Refrigerators.
- (12) Scales.
- (13) Sterilizers.
- (14) Stop watches.
- (15) Testing machines.
- (16) Thermometers.
- (17) Voltmeters.
- (18) Other bacteriological, electric, chemical, hydraulic or research equipment.

Note: Office equipment, desks, chairs, etc., shall not be included herein but in account 391, Office Furniture and Equipment.

#### 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 filing\* machines.\* So in original. "filing" should be "filling".
- (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) Trenches.
- (13) Other power operated equipment.

Note: It is intended that this account only include such large units as are generally self-propelled or mounted on moveable equipment.

#### 397. Communication Equipment

This account shall include the cost installed of telephone, telegraph and wireless equipment for general use in connections\* with the utility's water operations.

\* So in original. "connections" should be "connection".

#### ITEMS

- (1) Antennae.
- (2) Booths.
- (3) Cables.
- (4) Distribution boards.
- (5) Extension cords.
- (6) Gongs.
- (7) Handsets, manual and dial.
- (8) Insulators.
- (9) Intercommunicating sets.
- (10) Loading coils.
- (11) Operators\* desks.\* So in original. Apsotrophe inadvertently omitted.
- (12) Poles and fixtures used wholly for telephone and telegraph wires.
- (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 and useful in water operations, which is not includible in any other account. (See note to water plant instruction § 563.3(a) (3).)

#### ITEMS

- (1) Hospital and infirmary equipment.
- (2) Kitchen equipment.
- (3) Recreation equipment.

- (4) Radios.
- (5) Restaurant equipment.
- (6) Soda fountains.
- (7) Operator's cottage furnishings.
- (8) Other miscellaneous equipment.

399. Other Tangible Property

A. This account shall include the cost of tangible water plant not provided for elsewhere.

B. A separate subdivision of this account shall be maintained for each class of property in which the utility has a relatively large investment, and records shall be kept so as to show separately the cost of each major item.

INCOME ACCOUNTS

1. UTILITY OPERATING INCOME

400. Operating Revenues

Operating Expenses

401. Operation Expense

402. Maintenance Expense

403. Depreciation Expense

404. Amortization of Limited-term Water Plant

405. Amortization of Other Water Plant

406. Amortization of Water Plant Acquisition Adjustments

407. Amortization of Property Losses

408.1 Taxes Other Than Income Taxes, Utility Operating Income

409.1 Income Taxes, Utility Operating Income

410.1 Provision for Deferred Income Taxes, Utility Operating Income

411.1 Provision for Deferred Income Taxes--Credit, Utility Operating Income

411.4 Investment Tax Credit Adjustments, Utility Operations

411.8 Miscellaneous Adjustments of Income Taxes, Utility Operating Income

Total Operating Expenses

Net Operating Revenues

412. Revenues from Water Plant Leased to Others

413. Expenses of Water Plant Leased to Others

Income from Water Plant Leased to Others

Total Water Operating Income

414. Other Utility Operating Income

Total 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. Revenue from Nonutility Operations
  - 417.1 Expenses of Nonutility Operations
- 418. Nonoperating Rental Income
- 419. Interest and Dividend Income
  - 419.1 Allowance for Funds Used During Construction
- 421. Miscellaneous Nonoperating Income
  - 421.1 Gain on Disposition of Property

Total Other Income  
Total Income

B. Other Income Deductions

- 421.2 Loss on Disposition of Property
- 425. Miscellaneous Amortization
- 426. Miscellaneous Income Deductions

Total Other Income Deductions

C. Taxes Applicable to Other Income and Deductions

- 408.2 Taxes Other Than Income Taxes, Other Income and Deductions
- 409.2 Income Taxes, Other Income and Deductions
- 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 Credit

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
- 429. Amortization of Premium on Debt--Credit
- 430. Interest on Debt to Associated Companies
- 431. Other Interest Expense

Total Interest Charges  
Income Before Extraordinary Items

4. EXTRAORDINARY ITEMS

- 434. Extraordinary Income
- 435. Extraordinary Deductions
- 409.3 Income Taxes, Extraordinary Items

Net Income

1. UTILITY OPERATING INCOME

- 400. Operating Revenues

There shall be shown under this caption the total amount included in the water operating revenue accounts provided herein.

#### 401. Operation Expense

There shall be shown under this caption the total amount included in the water operation expense accounts provided herein.

#### 402. Maintenance Expense

There shall be shown under this caption the total amount included in the water maintenance expense accounts provided herein.

#### 403. Depreciation Expense

A. This account shall include the amount of depreciation expense for all classes of depreciable water plant in service and on the portion of depreciable common utility plant in service applicable to water operations, except such depreciation expense as is chargeable to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work, and to clearing accounts.

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 cost of removal for property retired from each account, or subdivision thereof, for depreciable utility plant.

Note A: Depreciation expense applicable to property included in account 104, Water Plant Leased to Others, shall be charged to account 413, Expenses of Water Plant Leased to Others.

Note B: Depreciation expense applicable to transportation equipment, shop equipment, tools, work equipment and 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.

#### 404. Amortization of Limited-term Water Plant

This account shall include amortization charges applicable to amounts included in the water 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 Water Plant in Service.)

#### 405. Amortization of Other Water Plant

A. When authorized by the commission, this account shall include charges for amortization of intangible or other utility plant in service 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 Water 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 amounts in account 114, Water Plant Acquisition Adjustments, and in the appropriate subdivision of account 118.1, Common Utility Plant. (See balance sheet account 114, Water Plant Acquisition Adjustments, paragraph C.)

#### 407. Amortization of Property Losses

This account shall be charged with amounts credited to account 182, Extraordinary Property Losses, when the commission has authorized the amount in the latter account to be amortized by charges to water operating expenses.

#### Special Instructions

Accounts 408.1 and 408.2

A. These accounts shall include the amounts of ad valorem, gross revenue and 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 Federal 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 a number of utility services, taxes includible in these accounts shall be assigned directly to the utility department the operation of which gave rise to the tax insofar 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 A: Special assessments for street and similar improvements shall be included in the appropriate utility plant or non utility property account.

Note B: Taxes specifically applicable to construction shall be included in the cost of construction.

Note C: 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 D: 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 E: Interest on tax refunds or deficiencies shall not be included in this account but in account 419, Interest and Dividend Income or 431, Other Interest Expense, as appropriate.

Note F: Taxes assumed by the utility on property leased from others for use in utility operations shall be charged to the appropriate rent expense or clearing account.

Note G: Taxes characterized as franchise taxes levied by taxing authorities against the utility for the privilege of exercising its corporate franchise or carrying on its business in such corporate or organized capacity shall be included in this account.

Note H: Amounts payable annually or more frequently under the terms of franchises, shall be included in account 927, Franchise Requirements.

Note I: Taxes assumed by the utility on interest paid to holders of utility's bonds or other indebtedness in respect to income and other taxes levied against such income of security holders, shall be charged to account 431, Other Interest Expense.

#### 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), Water Plant Leased to Others and Other Utility Operating Income.408.2 Taxes Other Than Income Taxes, Other Income and Deductions

This account shall include taxes other than income taxes which relate to Other Income and Deductions.

#### Special Instructions

Accounts 409.1, 409.2 and 409.3

A. These accounts shall include the amounts of 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, unless such adjustments are properly includible in account 439, Adjustments to Retained Earnings, so that these accounts as nearly as can be ascertained shall include the actual taxes payable by the utility. (See general instruction 561.8 for prior period adjustments.)

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 income tax effect of amounts recorded in account 439, Adjustments to Retained Earnings shall be recorded in that account. 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 (including amounts in account 106, Completed Construction not Classified--Water and account 107, Construction Work in Progress--Water) to net investment in nonutility plant.

Note A: Taxes assumed by the utility on interest shall be charged to account 431, Other Interest Expense.

Note B: Interest on tax refunds or deficiencies shall not be included in this account 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 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), Water Plant Leased to Others and Other Utility Operating Income.

#### 409.2 Income Taxes, Other Income and Deductions

This account shall include the amount of 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 Federal income taxes (both positive and negative) which relate to Extraordinary Items.

#### 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.

This account shall include the amounts of those deferrals of taxes and allocations of deferred taxes, which relate 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.

#### 411.1 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.

#### Special Instructions

Accounts 411.4 and 411.5

A. These accounts shall be debited and account 255, Accumulated Deferred Investment Tax Credits shall be credited with the total amount of investment tax credits allowed on property defined in *section 50 of the Internal Revenue Code of 1954* which the utility used in the calculation of reported current year's income taxes charged to accounts 409.1, Income Taxes, Utility Operating Income, and 409.2, Income Taxes, Other Income and Deductions, as appropriate, when the utility elects to defer such credits.

B. Account 411.4 shall be debited and account 420, Investment Tax Credits shall be credited with one-half (or such other portion as determined by the commission in the utility's most recent rate case) of the total amount of investment tax credits allowed on property defined in *section 50 of the Internal Revenue Code of 1954* which the utility used in the calculation of reported current year's income taxes charged to account 409.1, Income Taxes, Utility Operating Income, when the utility's accounting does not provide for the deferral of such tax credits, and all benefits of the tax credits are to be recognized in the current income statement as realized.

C. When a utility has deferred investment tax credits and when such credits are to be applied as a reduction of the cost of service, account 411.4 shall be credited and account 255 shall be debited with a proportionate amount of such credits determined in relation to the book service life of the property to which they relate. If, however, the deferred tax credits are applied as a reduction of the rate base, account 420, Investment Tax Credits, shall be used in a similar manner. Deferred investment tax credits related to nonutility property shall be amortized by crediting account 411.5 and debiting account 255 with a proportionate amount as determined above.

#### 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 Non-utility Operations.

#### 411.8 Miscellaneous Adjustments of Income Taxes--Utility Operating Income

A. This account shall be debited or credited, as appropriate, with an amount equal to that by which taxes payable on utility operating income for the year are either reduced or increased because of the inclusion of a loss or gain in account 117, Accumulated Gains and Losses from Disposition of Utility Land and Land Rights, in the computation of Federal income tax for the current year.

B. This account shall include adjustments of prior years Federal income tax related to utility operations. (See § 561.8.) This account shall also be used for other tax adjustments which the commission may authorize or direct to be recorded herein.

#### 412. Revenues from Water Plant Leased to Others

#### 413. Expenses of Water Plant Leased to Others

A. These accounts shall include respectively, revenues from water property constituting a distinct operating unit or system leased by the utility to others, and which property is properly includible in account 104, Water 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 118.2, 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.

## 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

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.

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.

### ITEMS

Account 415:

- (1) Charges for installing meters owned by customers.
- (2) Charges for tapping mains and installing services when not includible in account 345, Services.
- (3) Revenues from sales of meters to customers or others for installation of\* customers' premises.  
\* So in original. "of" should be "on".
- (4) Revenues from sale of water appliances and from piping and other jobbing or contract work.
- (5) 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, pipe, 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 stock.
- (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 of 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.

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.

#### 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 or 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 accounts 417, or 417.1.

B. The expenses shall include all elements of costs incurred in the ownership and rental of the property and the accounts shall be maintained so as to permit ready summarization as follows:

Operation

Maintenance

Depreciation

Rents

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.

#### 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. If any interest or dividends are required to be retained in a special fund and the fund is represented by a reserve, the amount of such accretion to the fund shall concurrently be credited to the appropriate reserve account and charged to account 436, Appropriations of Retained Earnings.

C. 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.

D. Where significant in amount, all expenses excluding operating taxes and income taxes applicable to security investments and to interest and dividend revenues thereon shall be charged hereto.

Note A: 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.

Note B: 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.

##### 419.1 Allowance for Funds Used During Construction

This account shall include concurrent credits for allowance for funds used during construction based upon the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate upon the utility's own funds when so used. (See Water Plant Instruction 563.3 (a), (17).)

#### 420. Investment Tax Credits

A. This account shall be credited with investment tax credit amounts determined in accordance with the following:

1. By amounts equal to the authorized debits to account 411.4, Investment Tax Credit Adjustments, Utility Operations, for investment tax credits used in calculating income taxes for the current year when the utility's accounting does not provide for the deferral of such credits.

2. By amounts equal to the debits to account 255, Accumulated Deferred Investment Tax Credits, for the amortization of the deferred tax credits over the book service life of the property to which the tax credits relate when such credits are to be applied as a reduction of the rate base.

#### 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) Fees collected in connection with the exchange of coupon bonds for registered bonds.

(2) Gain on disposition of investments and reacquisition and resale or retirement of utility's debt securities and investments.

(3) Profit on sale of timber or other natural resources. (See water plant instruction § 563.7(c).)

(4) Profits from operations of others realized by the utility under contracts.

##### 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, Water Plant Held

for Future Use will be accounted for as prescribed in paragraphs B, C, and D thereof. (See water plant instructions 563.5 subd. (f), 563.7, subd. (e) and 563.10, subd. (e).)

Income taxes on gains recorded in this account shall be recorded in account 409.2, Income Taxes, Other Income and Deductions.

#### B. Other Income Deductions

##### 421.2 Loss on Disposition of Property

This account shall be charged with 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, Water Plant Held for Future Use, will be accounted for as prescribed in paragraphs B, C, and D thereof. (See water plant instructions 563.5 subd. (f), 563.7 subd. (e) and 563.10 subd. (e).) The reduction in income taxes attributable 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. (See account 114, Water Plant Acquisition Adjustments.)

(2) Amortization of amounts in account 182, Extraordinary Property Losses, when not authorized to be included in utility operating expenses by the commission.

(3) Amortization of capital stock expenses when in accordance with a systematic program.

##### 426. Miscellaneous Income Deductions

This account shall include miscellaneous expense items which are nonoperating in nature but which are properly deductible before determining total income before interest charges. The account shall be maintained according to sub-accounts shown below:

###### 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). (See account 926.2, Employee Welfare Expenses--note A.)

###### 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.
- (4) Preliminary survey and investigation expenses related to abandoned projects, when not written-off to the appropriate operating expense account.

### 3. INTEREST CHARGES

#### 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.

#### 429. Amortization of Premium on Debt--Credit

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.

#### 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.

#### 4. EXTRAORDINARY ITEMS

##### 434. Extraordinary Income

This account shall be credited with nontypical, noncustomary, infrequently recurring gains, 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 561.7.)

##### 435. Extraordinary Deductions

This account shall be debited with nontypical, noncustomary, infrequently recurring losses, 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 561.7.)

#### RETAINED EARNINGS 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

This group of accounts (433 and 436 to 439) in combination, is designed to show the net changes in account 216, Unappropriated Retained Earnings, during the accounting period. (See unappropriated retained earnings, instruction 564.1.)

##### 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

##### 438. Dividends Declared--Common Stock

A. These accounts shall include amounts declared payable out of retained earnings as dividends on actually outstanding capital stock issued by the utility.

B. Dividends shall be segregated for each class and series of capital 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 particularity to identify it.

##### 439. Adjustments to Retained Earnings

A. This account shall include significant nonrecurring transactions relating to prior periods. Other than transactions of capital stock as specified in paragraph B below, all entries to this account must receive prior commission approval. These transactions are limited to those adjustments which (a) can be specifically identified with and related to the business activities of particular prior periods, and (b) are not attributable to economic events occurring subsequent to the date of the financial statements for the prior period, and (c) depend primarily on determinations by persons other than the manage-

ment, and (d) were not susceptible of reasonable estimation prior to such determination. This account shall also include the related income tax effects on items included herein. All items included in this account shall be sufficiently described in the entries relating thereto as to permit ready analysis.

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.)

#### ITEMS

- (1) Significant nonrecurring adjustments or settlements of income taxes.
- (2) Significant amounts resulting from litigation or similar claims.
- (3) Significant amounts relating to adjustments or settlement of utility revenue under rate processes.
- (4) Significant adjustments to plant in service, depreciation and amortization as a result of commission direction.
- (5) Write-off of unamortized capital stock expenses.

#### OPERATING REVENUE ACCOUNTS

##### 1. SALES OF WATER

460. Unmetered Sales to General Customers
461. Metered Sales to General Customers
462. Private Fire Protection Service
463. Public Fire Protection Service
464. Other Sales to Public Authorities
465. Sales to Irrigation Customers
466. Sales for Resale
467. Interdepartmental Sales

##### 2. OTHER OPERATING REVENUES

470. Forfeited Discounts
471. Miscellaneous Service Revenues
472. Rents from Water Property
473. Interdepartmental Rents
474. Other Water Revenues

##### 1. SALES OF WATER

460. Unmetered Sales to General Customers

A. This account shall include the net billing for water supplied for residential, commercial and industrial (except irrigation) purposes where the charge is not dependent in any way on the quantity of water delivered but is based on diameter of service pipe or per fixture, room, foot of frontage, or other similar unit.

B. Records shall be maintained so that the estimated quantity of water sold and the amount of revenue under each rate schedule shall be readily available.

C. This account may be subdivided as follows:

- 460.1 Unmetered Sales to Residential Customers

#### 460.2 Unmetered Sales to Commercial Customers

#### 460.3 Unmetered Sales to Industrial Customers

#### 461. Metered Sales to General Customers

A. This account shall include the net billing for measured water supplied for residential, commercial or industrial purposes where the total charge is, or may be, in any way dependent on the quantity of water delivered.

B. Records shall be maintained so that the quantity of water sold and the amount of revenue under each rate schedule shall be readily available.

C. This account may be subdivided as follows:

##### 461.1 Metered Sales to Residential Customers

##### 461.2 Metered Sales to Commercial Customers

##### 461.3 Metered Sales to Industrial Customers

Note: This account includes all revenues under service classifications which consist of a rate for a specified diameter of service pipe, or per meter, fixture, room, foot of frontage, or other similar unit, plus an additional charge or an adjustment dependent upon the quantity of water delivered.

#### 462. Private Fire Protection Service

A. This account shall include the net billing for the use of fire protection apparatus and for water delivered in connection therewith, for the protection from fire of specific facilities either privately or publicly owned, which are billed under distinct fire protection rate schedules.

B. Records shall be readily available to show the amount of revenue under each rate schedule.

#### 463. Public Fire Protection Service

A. This account shall include the net billing to municipalities and other public authorities for the use of mains, hydrants, or other fire protection facilities and for water delivered in connection therewith for the purpose of fire protection to the general public.

B. When the charges for fire protection include the use of water for street sprinkling, sewer flushing, or other similar purposes the total revenue may be included in this account.

Note: The records supporting the entries to this account shall be kept so as to show separately for each political subdivision the number, size (i.e., size of hydrant valve opening), and type of hydrants and the diameter of the main to which they are connected, the rate per hydrant or other fire protection charge, and the total revenue.

#### 464. Other Sales to Public Authorities

A. This account shall include the net billing for water supplied to municipalities, or other subdivisions or agencies of State or Federal governments, under special contracts or agreements or service classifications applicable only to public authorities.

B. Records shall be maintained so that the quantity (estimated if not metered) of water sold and the amount of revenue under each contract, agreement or rate schedule shall be readily available.

Note: Do not include herein revenues from water supplied for fire protection or for resale (see accounts 463 and 466) or from sales billed under general service classifications.

#### 465. Sales to Irrigation Customers

A. This account shall include the net billing for water supplied for commercial irrigation purposes, under distinct irrigation rates, billed under either metered or flat rate tariff schedules.

B. Records shall be maintained so that the quantity (estimated if not metered) of water sold and the amount of revenue under each rate schedule shall be readily available.

C. This account shall be subdivided as follows:

#### 465.1 Metered Sales to Irrigation Customers

#### 465.2 Flat Rate Sales to Irrigation Customers

#### 466. Sales for Resale

A. This account shall include the net billing for water supplied (including stand-by service) to other water utilities or to public authorities for resale purposes.

B. Records supporting the entries to this account shall show separately for each contract or rate schedule the point of delivery, the quantity of water supplied (estimated if not metered) the basis for the charge, and the total charge to the distributor.

Note: Where the contract is reciprocal, i.e., where either party thereto may take water from the other, the total amount receivable for water supplied to the other party shall be included herein and the total amount payable for water received from the other party shall be charged to account 602, Purchased Water.

#### 467. Interdepartmental Sales

A. This account shall include amounts charged by the water department at tariff or other specified rates for water supplied by it to other utility departments. (See operating revenue instruction § 566.3 and account 473, Interdepartmental Rents.)

B. Records shall be maintained so that the quantity of water supplied each other department and the charges therefor shall be readily available.

## 2. OTHER OPERATING REVENUES

#### 470. Forfeited Discounts

This account shall include the amounts which the utility allows its customers on condition that they pay their water bills on or before a specified date and which are forfeited by the customers because of failure to pay within the specified time.

#### 471. 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, or reconnecting service.

(2) Profit on maintenance of appliances, 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 order for plant installed for temporary service of less than one year. (See account 185, Temporary Facilities.)

(4) Recovery of expenses in connection with unauthorized taking of water (billing for the water used shall be included in the appropriate water revenue account.)

#### 472. Rents from Water Property

A. This account shall include rents received for the use by others of land, buildings and other property devoted to water 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 amounts 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 Water Plant Leased to Others, and income account instruction § 565.3.)

#### 473. Interdepartmental Rents

This account shall include rents credited to the water department on account of rental charges made against other departments (gas, electric, etc. of the utility). In the case of property operated under a definite arrangement to allocate the cost among the departments using the property, any reimbursement to the water department for interest or return and depreciation and taxes shall be credited to this account.

Note: Charges for water supplied other utility departments shall not be included in this account, but in account 467, Interdepartmental Sales. (See operating revenue instruction § 566.3.)

#### 474. Other Water Revenues

This account shall include revenues derived from water operations not includible in any of the foregoing accounts.

### ITEMS

- (1) Commissions on sales or distribution of water 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 steam-heating department or transfers of steam under joint facility operations.

### OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

#### 1. SOURCE OF SUPPLY EXPENSES

##### Operation

600. Operation Supervising and Engineering
601. Operation Labor and Expenses
602. Purchased Water
603. Miscellaneous Expenses
604. Rents

##### Maintenance

610. Maintenance Supervision and Engineering
611. Maintenance of Structures and Improvements
612. Maintenance of Collecting and Impounding Reservoirs
613. Maintenance of Lake, River and Other Intakes
614. Maintenance of Wells and Springs
615. Maintenance of Infiltration Galleries and Tunnels
616. Maintenance of Supply Mains
617. Maintenance of Miscellaneous Water Source Plant

#### 2. PUMPING EXPENSES

##### Operation

620. Operation Supervision and Engineering
621. Fuel for Power Production
622. Power Production Labor and Expenses
623. Fuel or Power Purchased for Pumping

624. Pumping Labor and Expenses

625. Expenses Transferred--Credit

626. Miscellaneous Expenses

627. Rents

Maintenance

630. Maintenance Supervision and Engineering

631. Maintenance of Structures and Improvements

632. Maintenance of Power Production Equipment

633. Maintenance of Pumping Equipment

3. WATER TREATMENT EXPENSES

Operation

640. Operation Supervision and Engineering

641. Chemicals

642. Operation Labor and Expenses

643. Miscellaneous Expenses

644. Rents

Maintenance

650. Maintenance Supervision and Engineering

651. Maintenance of Structures and Improvements

652. Maintenance of Water Treatment Equipment

4. TRANSMISSION AND DISTRIBUTION EXPENSES

Operation

660. Operation Supervision and Engineering

661. Storage Facilities Expenses

662. Transmission and Distribution Lines Expenses

663. Meter Expenses

664. Customer Installation Expenses

665. Miscellaneous Expenses

666. Rents

Maintenance

670. Maintenance Supervision and Engineering

671. Maintenance of Structures and Improvements

672. Maintenance of Distribution Reservoirs and Standpipes

673. Maintenance of Transmission and Distribution Mains

674. Maintenance of Fire Mains

675. Maintenance of Services

676. Maintenance of Meters

677. Maintenance of Hydrants

678. Maintenance of Miscellaneous Plant

## 5. CUSTOMER ACCOUNTS EXPENSES

### Operation

- 901. Supervision
- 902. Meter Reading Expenses
- 903. Customer Records and Collection Expenses
- 904. Uncollectible Accounts
- 905. Miscellaneous Customer Accounts Expenses

## 6. SALES EXPENSES

### Operation

- 910. Sales Expenses

## 7. ADMINISTRATIVE AND GENERAL EXPENSES

### Operation

- 920. Administrative and General Salaries
- 921. Office Supplies and Other Expenses
- 922. Administrative Expenses Transferred--Credit
- 923. Outside Services Employed
- 924. Property Insurance
- 925. Injuries and Damages
- 926. Employees Pensions and Benefits
- 927. Franchise Requirements
- 928. Regulatory Commission Expenses
- 929. Duplicate Charges--Credit
- 930. Miscellaneous General Expenses
- 931.1 General Rents
- 931.2 Expenses of Data Processing Equipment

### Maintenance

- 932. Maintenance of General Plant

## OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

### 1. SOURCE OF SUPPLY EXPENSES

#### Operation

- 600. 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 water source of supply facilities. Direct supervision of specific activities shall be charged to the appropriate account. (See operating expense instruction § 567.1.)

- 601. Operation Labor and Expenses

This account shall include the cost of labor, materials used and expenses incurred in the operation of the source of supply plant.

## ITEMS

### Labor:

- (1) Cutting brush and weeds.
- (2) Electrolysis and soil corrosion investigations.
- (3) Keeping plant log and records and preparing reports of operation.
- (4) Operating and lubricating gates and valves.
- (5) Patrolling and inspecting.
- (6) Removing organic growth.
- (7) Removing sediment.

### Materials and Expenses:

- (8) Attendants' supplies.
- (9) Charts and gauge supplies.
- (10) Lubricants and waste.
- (11) Tools.
- (12) Transportation, meals and incidental expenses.

### 602. Purchased Water

A. This account shall include the cost at the point of delivery of water purchased for resale. This includes charges for readiness to serve and the portion applicable to each accounting period of annual or more frequent payments for the right to divert water at the source of supply.

B. The records supporting this account shall be so kept as to show each supplier from which water is purchased, point of delivery, quantity purchased, basis of charges and the cost of water purchased. (See note to account 466, Sales for Resale.)

### 603. Miscellaneous Expenses

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 water source of supply expense accounts.

## ITEMS

### Labor:

- (1) General clerical and stenographic work at source of supply offices.
- (2) Preparing maps.
- (3) Building service.
- (4) Care of grounds including snow removal, cutting grass, etc.

### Materials and Expenses:

- (5) Building service supplies.
- (6) First aid supplies and safety equipment.
- (7) Map record supplies.
- (8) Miscellaneous office supplies and expenses, printing and stationery.
- (9) Utility service.

(10) Cost of nonproductive wells (or amortization thereof) drilled as part of a project which did not result in a source of water within the same supply area. (See account 183, Preliminary Survey and Investigation Charges.)

(11) Research and development expenses.

#### 604. Rents

This account shall include all rents of property of others used, occupied, or operated in connection with the source of supply system. (See operating expense instruction § 567.3.)

### Maintenance

#### 610. Maintenance Supervision and Engineering

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the maintenance of water source of supply facilities. Direct supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction § 567.1.)

#### 611. Maintenance of Structures and Improvements

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures and improvements, the book cost of which is includible in account 311, Structures and Improvements and of similar property leased from others. (See operating expense instruction § 567.2.)

#### 612. Maintenance of Collecting and Impounding Reservoirs

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of collecting and impounding reservoirs, the book cost of which is includible in account 312, Collecting and Impounding Reservoirs, and of similar property leased from others. (See operating expense instructions § 567.2.)

#### 613. Maintenance of Lake, River and Other Intakes

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of lake, river and other intakes, the book cost of which is includible in account 313, Lake, River and Other Intake, and of similar property leased from others. (See operating expense instruction § 567.2.)

#### 614. Maintenance of Wells and Springs

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of wells and springs, the book cost of which is includible in account 314, Wells and Springs, and of similar property leased from others. (See operating expense instruction § 567.2.)

#### 615. Maintenance of Infiltration Galleries and Tunnels

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of infiltration galleries and tunnels, the book cost of which is includible in account 315, Infiltration Galleries and Tunnels, and of similar property leased from others. (See operating instruction § 567.2.)

#### 616. Maintenance of Supply Mains

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of mains and appurtenances, the book cost of which is includible in account 316, Supply Mains, and of similar property leased from others. (See operating expense instruction § 567.2.)

#### 617. Maintenance of Miscellaneous Water Source Plant

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of other water source plant, the book cost of which is includible in account 317, Other Water Source Plant, and any general or other plant the maintenance of which is assignable to the source of supply function and is not provided for elsewhere. (See operating expense instruction § 567.2.)

## 2. PUMPING EXPENSES

### Operation

#### 620. 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 power production and pumping. Direct supervision of specific activities such as fuel handling, power production, etc., shall be charged to the appropriate account. (See operating expense instruction § 567.1.)

#### 621. Fuel for Power Production

A. This account shall include the cost of fuel used in the production of power to operate pumps. Records shall be maintained to show the quantity and cost of each type of fuel used.

B. The cost of fuel shall be charged initially to appropriate fuel accounts carried under account 150.151, Fuel Stock, 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 150.152, Fuel Stock Expenses Undistributed. In the latter event they shall be cleared to this account on the basis of the fuel used.

C. The net cost of disposal of residuals (disposal expenses less proceeds from any sales) shall be included herein.

Note: See account 150.151, Fuel Stock, and 150.152, Fuel Stock Expenses Undistributed for items of fuel cost and fuel handling expenses.

#### 622. Power Production Labor and Expenses

This account shall include the cost of labor, materials used, and expenses incurred in the production of power used to operate pumps. This includes all expenses in preparing and handling of fuel incurred beyond the point where the fuel enters the first boiler plant bunker, hopper, tank or holder, etc. and all expense involved in handling and disposal of fuel residuals within the plant.

#### ITEM

##### Labor:

- (1) Direct supervision of power production.
- (2) Operating fuel conveying, storage, weighing, measuring and processing equipment within power production plant.
- (3) Operating boiler and boiler auxiliary equipment.
- (4) Operating boiler feed water purification and treatment equipment.
- (5) Operating ash collecting or other residual and disposal equipment located inside the plant.
- (6) Operating other power production equipment.
- (7) Keeping power production log\* and records and preparing reports on power production operation.

\* So in original. "long" should be "log".

- (8) Testing boiler water.
- (9) Testing, checking, and adjusting meters, gauges and other instruments and equipment in power production plant.
- (10) Cleaning power production plant equipment when not incidental to maintenance work.

##### Materials and Expenses (other than fuel):

- (11) Boiler compounds, chemicals and, inspection fees.
- (12) Boiler feed water.
- (13) Lubricants.

Note: When water used for power production is taken from the supply for general distribution, the cost of the water so used may, at the option of the company, be charged to this account and credited to account 929, Duplicate Charges--Credit.

#### 623. Fuel or Power Purchased for Pumping

A. This account shall include the cost of fuel or power purchased used directly in operation of pumps.

B. This account shall also include the cost of power transferred to water pumping operations from other departments under joint facility arrangements.

C. The cost of fuel shall be charged initially to appropriate fuel accounts carried under account 150.151, Fuel Stock, and cleared to this account on the basis of the fuel used.

#### ITEMS

- (1) Diesel fuel.
- (2) Electric power.
- (3) Gasoline.
- (4) Gas.
- (5) Other fuel or power.
- (6) Steam.

#### 624. Pumping Labor and Expenses

This account shall include the cost of labor, materials used and expenses incurred in operating pumps and auxiliary equipment.

#### ITEMS

##### Labor:

- (1) Direct supervision of pumping operations.
- (2) Operating pumps, turbines, and engines.
- (3) Operating condensers, circulating water systems and other auxiliary apparatus.
- (4) Operating lubrication and oil control systems, including oil purification.
- (5) Operating control and protective equipment.
- (6) Operating valves to point where water enters the water treatment or transmission and distribution system.
- (7) Keeping plant log and records and preparing reports of operation.
- (8) Testing, checking and adjusting meters, gauges, and other instruments, controls, etc., in the pumping plant.
- (9) Cleaning pumping equipment when not incidental to maintenance work.

##### Materials and Expenses (other than power purchased):

- (10) Lubricants, waste, gaskets, etc.
- (11) Transportation, meals and incidental expenses.

#### 625. Expenses Transferred--Credit

A. This account shall include credits for expenses of power production or pumping which are charged to others\* to other departments under a joint operating arrangement. Include also credits for expenses chargeable to other water accounts outside the pumping group. Full details of the basis of determination of the costs transferred shall be maintained. \* So in original.

B. If the charge to others or to other departments of the utility include an amount for depreciation, taxes and return on the joint facilities, such portion of the charge shall be credited, in the case of others, to account 472, Rents from Water Property, and in the case of other departments of the utility, to account 473, Interdepartmental Rents.

#### 626. Miscellaneous Expenses

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 pumping 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) Building service supplies.
- (9) Utility service.
- (10) Miscellaneous office supplies and expenses, printing and stationery.
- (11) Transportation, meals, and incidental expenses.
- (12) Research and development expenses.

### 627. Rents

This account shall include all rents of property of others used, occupied or operated in connection with the pumping of water. (See operating expense instruction § 567.3.)

### 630. Maintenance of Supervision and Engineering

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the maintenance of power production and pumping plant. Direct supervision of specific maintenance work shall be charged to the appropriate maintenance account. (See operating expense instruction 567.1.)

### 631. Maintenance of Structures and Improvements

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures and improvements used in connection with pumping, the book cost of which is includible in account 321, Structures and Improvements, and of similar property leased from others. (See operating expense instruction § 567.2.)

### 632. Maintenance of Power Production Equipment

A. This account shall include the cost of labor, materials used and expenses incurred in the maintenance of power production equipment used directly in pumping operations, the book cost of which is includible in accounts 322, Boiler Plant Equipment, and 323, Other Power Production Equipment, and of similar equipment leased from others.

B. For the purpose of making charges hereto and to account 633, Maintenance of Pumping Equipment, the point at which power production plant is distinguished from pumping equipment 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.
- (6) Connection of electric power transmission lines to pump equipment controls.

### 633. Maintenance of Pumping Equipment

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of pumping equipment, the book cost of which is includible in account 324, Steam Pumping Equipment, 325, Electric Pumping Equipment, 326, Diesel Pumping Equipment, 327, Hydraulic Pumping Equipment, and 328, Other Pumping Equipment and, of similar equipment leased from others, and any general or other plant the maintenance of which is assignable to the pumping function and is not provided for elsewhere. (See paragraph B of account 632, Maintenance of Power Production Equipment.)

### 3. WATER TREATMENT EXPENSES

#### Operation

##### 640. 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 water treatment facilities. Direct supervision of specific activities shall be charged to the appropriate account. (See operating expense instruction § 567.1.)

##### 641. Chemicals

This account shall include the cost of all chemicals used in the treatment of water. Include also the entire cost of any chemicals manufactured by the utility.

#### ITEMS

- (1) Activated carbon.
- (2) Ammonia.
- (3) Caustic soda.
- (4) Chlorine.
- (5) Copper Sulphate.
- (6) Fluorine compounds.
- (7) High test hypochlorite.
- (8) Iron sulphate.
- (9) Lime.
- (10) Soda ash
- (11) Sodium chlorite.
- (12) Sulphate of alumina.
- (13) Sulphuric acid.
- (14) Other chemicals.

##### 642. Operation Labor and Expenses

A. This account shall include the cost of labor, materials used and expenses incurred in the operation of the water treatment plant.

B. The cost of water used for washing filters or for washing or cleaning other water treatment facilities may be charged to this account. When such charges are made, concurrent credits shall be made to account 929, Duplicate Charges Credit.

#### ITEMS

##### Labor:

- (1) Applying chemicals.
- (2) Cleaning basins.

- (3) Operating filters.
- (4) Removing ice.
- (5) Removing sediment
- (6) Washing filters.
- (7) Operating water softening plant.
- (8) Operating fluoridation plant.
- (9) Testing and analyzing.

Materials and Expenses:

- (10) Charts.
- (11) Lubricants, waste, etc.
- (12) Shop and laboratory expenses.
- (13) Transportation, meals and incidental expenses.
- (14) Utility service.

643. Miscellaneous Expenses

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 water treatment operation expense accounts.

ITEMS

Labor:

- (1) General clerical and stenographic work.
- (2) Guarding and patrolling.
- (3) Building service.
- (4) Care of grounds including snow removal, cutting grass, etc.
- (5) Miscellaneous labor

.Materials and Expenses:

- (6) General operating supplies.
- (7) First aid supplies and safety equipment.
- (8) Building service supplies.
- (9) Utility service.
- (10) Miscellaneous office supplies and expenses, printing and stationery.
- (11) Transportation, meals and incidental expense.
- (12) Research and development expenses.

644. Rents

This account shall include all rents of property of others used, occupied or operated in connection with water treatment. (See operating expense instruction § 567.3.)

Maintenance

650. Maintenance Supervision and Engineering

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the maintenance of water treatment plant. Direct supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction § 567.1.)

#### 651. Maintenance of Structures and Improvements

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures and improvements, the book cost of which is includible in account 331, Structures and Improvements, and of similar property leased from others. (See operating expense instruction § 567.2.)

#### 652. Maintenance of Water Treatment Equipment

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of water treatment equipment, the book cost of which is includible in account 332, Water Treatment Equipment, and of similar equipment leased from others. Include also any general or other plant the maintenance of which is assignable to the water treatment function and is not provided for elsewhere. (See operating expense instruction § 567.2.)

### 4. TRANSMISSION AND DISTRIBUTION EXPENSES

#### Operation

#### 660. 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 transmission and distribution system. Direct supervision of specific activities shall be charged to the appropriate account. (See operating expense instruction § 567.1.)

#### 661. Storage Facilities Expenses

This account shall include the cost of labor, materials used and expenses incurred in the operation of distribution reservoirs, tanks and standpipes.

#### ITEMS

##### Labor:

- (1) Supervising operation of storage facilities.
- (2) Routine inspection of storage facilities.
- (3) Operating and lubricating gates and valves.
- (4) Adjusting rust-proofing and signal equipment.
- (5) Keeping records and preparing reports.
- (6) Care of grounds around storage facilities.
- (7) Cleaning and flushing of storage facilities.

##### Materials and Expenses:

- (8) Operating supplies, such as lubricants, waste, meter and gauge charts, etc.
- (9) Records and report forms.
- (10) Utility services.
- (11) Tool expense.
- (12) Transportation, meals and incidental expenses.

#### 662. Transmission and Distribution Lines Expenses

This account shall include the cost of labor, material used and expenses incurred in the operation of transmission and distribution mains, fire mains, services and hydrants.

#### ITEMS

Labor:

- (1) Supervision operation of mains, services and hydrants.
- (2) Routine patrolling.
- (3) Electrolysis and soil corrosion investigations and tests.
- (4) Operating and lubricating gates and valves.
- (5) Observing and recording pressure.
- (6) Flushing mains and hydrants.
- (7) Reading and changing charts in master meters.

Materials and Expenses:

- (8) Operating materials, such as lubricants, waste, meter and gauge charts, etc.
- (9) Tool expense.
- (10) Transportation, meals and incidental expenses.

663. 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) Removing and resetting, disconnecting and reconnecting, changing and relocating meters and associated equipment, except the cost of the first testing and setting of a meter which shall be charged to utility plant account 346, Meters.
- (3) Turning on and shutting off service even though a meter is not installed or removed (other than shutting off for nonpayment of bills.)
- (4) Inspecting and testing meters on premises or in shops other than that incidental to maintenance.
- (5) Inspecting and adjusting meter testing equipment.
- (6) Clerical work on meter history record cards, test cards and reports.

Materials and Expenses:

- (7) Meter seals and miscellaneous meter supplies.
- (8) Record and report forms and office supplies for the meter department.
- (9) Utility services for meter department.
- (10) Tool expense.
- (11) Transportation, meals and incidental expenses.

664. Customer Installations Expenses

This account shall include the cost of labor, materials used and expenses incurred in work on customer installations and 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) Testing, inspecting, adjusting, and repairing customers' plumbing and fixtures.

(3) Testing and inspecting services installed by the customer.

(4) Investigating and adjusting customers' service complaints.

(5) Changing customers' house piping for the convenience of the utility.

Materials and Expenses:

(6) Materials used in servicing customers' plumbing and fixtures.

(7) Tool expense.

(8) Transportation, meals and incidental expenses.

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 shall be transferred to account 471, Miscellaneous Service Revenues.

Note B: Do not include in this account expenses incurred in connection with merchandising, jobbing and contract work.

665. Miscellaneous Expenses

This account shall include the cost of labor, materials used and expenses incurred in transmission and distribution system operation not provided for elsewhere.

ITEMS

Labor:

(1) Preparing maps and prints.

(2) General clerical and stenographic work, except that chargeable to account 663, Meter Expenses.

(3) Service interruption and trouble records.

(4) Operating records, but not plant accounting, covering mains, services, hydrants, valves, and other transmission and distribution facilities. Exclude meter records chargeable to account 663, Meter Expenses.

(5) Building service.

(6) Miscellaneous labor not provided for elsewhere.

Materials and Expenses:

(7) Map and record supplies.

(8) Printing, stationery, supplies and expenses, except that chargeable to account 663, Meter Expenses.

(9) Building service supplies.

(10) Utility services.

(11) First aid supplies.

(12) Transportation, meals and incidental expenses.

(13) Research and development expenses.

666. Rents

This account shall include all rents of property of others used, occupied or operated in connection with the transmission and distribution system. (See operating expense instruction § 567.3.)

Maintenance

670. Maintenance Supervision and Engineering

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the maintenance of the transmission and distribution system. Direct supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction § 567.1.)

#### 671. Maintenance of Structures and Improvements

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures and improvements, the book cost of which is includible in account 341, Structures and Improvements, and of similar property leased from others. (See operating expense instruction § 567.2.)

#### 672. Maintenance of Distribution Reservoirs and Standpipes

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of distribution reservoirs, tanks, standpipes, and related facilities, the book cost of which is includible in account 342, Distribution Reservoirs and Standpipes, and of similar property leased from others. (See operating expense instruction § 567.2.)

#### 673. Maintenance of Transmission and Distribution Mains

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of mains, the book cost of which is includible in account 343, Transmission and Distribution Mains, and of similar property leased from others. (See operating expenses instruction § 567.2.)

#### 674. Maintenance of Fire Mains

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of fire mains, the book cost of which is includible in account 344, Fire Mains, and of similar property leased from others. (See operating expense instruction § 567.2.)

#### 675. Maintenance of Services

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of services, the book cost of which is includible in account 345, Services, and of similar property leased from others. (See operating expense instruction § 567.2.)

#### 676. 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 346, Meters, account 395, Laboratory Equipment, and of similar property leased from others. (See operating expense instruction § 567.2.)

Note A: The initial testing of meters shall be charged to account 346, Meters.

Note B: When water used for testing meters is taken from the supply for general distribution, the cost of water so used may be charged to this account and credited to account 929, Duplicate Charges--Credit.

#### 677. Maintenance of Hydrants

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of fire hydrants and associated equipment, the book cost of which is includible in account 348, Hydrants, and of similar property leased from others. (See operating expense instruction § 567.2.)

#### 678. Maintenance of Miscellaneous Plant

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of plant, the book cost of which is includible in account 349, Other Transmission and Distribution Plant, and any general or other plant the maintenance of which is assignable to the transmission and distribution function and is not provided for elsewhere. (See operating expense instruction § 567.2.)

### 5. CUSTOMER ACCOUNTS EXPENSES

#### Operation

##### 901. Supervision

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 § 567.1.)

#### 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) Checking seals, etc. when performed by meter readers and the work represents a minor activity incidental to regular meter reading routine.
- (4) Reading meters for billing purposes. Exclude and charge to account 663, 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) 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 customer's 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 analysis 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, 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.

Note: The cost of work on meter history and meter location records is chargeable to account 663, 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-Credit. Losses from uncollectible accounts shall be charged to account 144.

905. Miscellaneous Customer Accounts Expenses

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.

6. SALES EXPENSES

Operation

910. Sales Expenses

This account shall include the cost of supervising and directing the sales department, salaries and commissions for soliciting business, sales advertising expenses, and miscellaneous supplies and expenses incurred in sales activities.

Note: Where sales activities of the utility are minor and the expenses are not material, this account need not be maintained, in which event the expenses shall be charged to the administrative and general expense account appropriate for the nature of the expense.

7. ADMINISTRATIVE AND GENERAL EXPENSES

Operation

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 property chargeable to utility operations and not chargeable directly to a particular operating function.

B. This account shall be subdivided in accordance with the utility's administrative organization such as executive, accounting, treasury, legal, etc.

921. Office Supplies and Other Expenses

A. This account shall include office supplies and other 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 shall be subdivided in accordance with the utility's administrative organization such as executive, accounting, treasury, legal, etc.

Note: Office expenses which are clearly applicable to any group of operation expenses other than the administrative and general group shall be included in the appropriate account in each functional 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, Miscellaneous General Expenses.

ITEMS

- (1) Automobile service, including charges through clearing accounts.
- (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.
- (6) Cost of individual items of office equipment used by general department which are of small value or short life.
- (7) Membership fees and dues in trade, technical, and professional associations paid by utility for employees. (Company memberships are includible in account 930.)
- (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 account 920 and 921 which are transferred to construction costs or to nonutility accounts. (See water plant instruction § 563.4.)

#### 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 nor 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 261, Property Insurance Reserve, 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 150.163, Stores Expense, Undistributed, or appropriate material account.

- (2) Transportation and other general equipment, to appropriate clearing accounts that may be maintained.
- (3) Utility plant leased to others, to account 413, Expenses of Water 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: 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 damage claims of employees or others, losses of such character not covered by insurance, and expenses incurred in settlement of injuries and damages claims. 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 damage, casualty, employee liability, etc., and amounts credited to account 262, Injuries and Damages Reserve, 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 to\* others. \* So in original. "to" should be "of".

(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 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.

Note E: Losses or insurance premiums paid in connection with transportation and garage equipment shall be charged to appropriate accounts for transportation expenses.

#### 926. Employees Pensions and Benefits

This account shall include employee pensions, welfare expenses and the costs incurred in the administration of the pension and welfare department. The account shall be maintained according to subaccounts shown below:

## 926.1 Employee Pensions

A. This account shall include pensions payable currently to retired employees or their beneficiaries. (See general instruction § 561.17.)

B. This account shall include the cost of advance provision for pensions to be paid to retired employees or their beneficiaries. Such cost represents amounts payable to a trust fund or to an insurance company where the following conditions are met:

(1) Pension plan is definite and formally adopted.

(2) Amounts paid are irrevocably dedicated to pension purposes.

(3) A program of advance provision based on actuarial studies or on other recognized and acceptable systematic method of computation or allocation is undertaken.

C. This account shall include any payments under the pension plan, in addition to the accruals specified in paragraph B, such as payments computed in relation to a prior service period, but such amounts may, with the approval of the commission, be spread over a period of years, if their inclusion when paid would seriously distort the expenses of that year.

D. Incidental benefits payable on withdrawal or death under a definite and formally adopted pension plan may be considered as pensions within the intent of paragraphs A and B.

Note A: Credit to this account the portion of pension costs which is applicable to nonutility operations, or which is charged to construction and retirement work orders, and to clearing or other accounts unless such amounts are distributed directly to the accounts concerned in the first instance.

Note B: Social security and unemployment benefit taxes shall be included in account 408, Taxes Other Than Income Taxes, or other appropriate accounts. (See account 408, paragraph D.)

Note C: Each utility making charges to this subaccount under provisions of paragraph B above shall have filed with this commission a copy of its pension plan and pension trust agreement or contract with an insurance company for the purchase of annuities, together with a description of its program of advance provision for pension costs. Any material change in these items shall be reported promptly to the commission.

Note D: A complete record of the computation of the amounts paid as advance provision for pensions shall be maintained.

Note E: No charges shall be made to this account in anticipation of discretionary pension payments in the future.

Note F: Upon adoption of an accrual plan of accounting, pension payments to employees retired before the adoption of such plan shall be charged to an existing pension reserve until such reserve is exhausted, unless the reserve is eliminated by payment of an equivalent amount into the pension trust fund.

## 926.2 Employee Welfare Expenses

A. This account shall include the expenses incurred in conducting employees' educational and recreational activities; the cost of employees' relief and benefits (other than pensions, and injuries and damages chargeable to account 925, Injuries and Damages) and the cost of life insurance for employees when the utility is not the beneficiary.

B. This account shall not include any charges representing amounts used or to be used for the purchase of securities of the accounting company or any associated company, whether contributed by the accounting company or deducted from salaries and wages of employees, unless and until such amounts have actually been realized and paid to the employees in cash or its equivalent subject to their free disposition. To the extent that the securities thus purchased have an actual market value, the amounts paid for them may be carried meanwhile in account 128, Other Special Funds; otherwise such amounts shall be charged to account 426, Miscellaneous Income Deductions. (See general instruction § 561.8.)

Note A: When the utility is the beneficiary of insurance on officers or employees, the cash surrender value shall be included in account 174, Miscellaneous Current and Accrued Assets, and the excess of cost of insurance over such cash surrender value shall be charged to account 426, Miscellaneous Income Deductions.

Note B: See subaccount 926.1, Note B.

Note C: Credit to this account the portion of welfare expenses which is applicable to nonutility operations or which is charged to construction and retirement work orders, and to clearing or other accounts unless such amounts are distributed directly to the accounts concerned in the first instance.

#### 926.3 Pension and Welfare Administration

This account shall include the salaries of persons engaged in the administration of the pension and welfare department and the expenses incurred in such administration.

Note A: The cost of labor and related supplies and expenses of administrative and general employees who are only incidentally engaged in welfare and pension activities may be included in the accounts appropriate for their major duties.

Note B: Credit to this account the portion of the cost of the administration of the welfare and pension department which is applicable to amounts transferred to nonutility operations or which are charged to construction and retirement work orders or to clearing or other accounts, unless such administrative costs are distributed directly to the accounts concerned in the first instance.

#### 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. (See also account 302, Franchises and Consents.)

B. When no direct outlay is involved, concurrent credit for such charges shall be 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.

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. Expenses incidental to securing certificates of convenience and necessity from regulatory bodies shall be charged to account 302, Franchises and Consents. Costs and expenses incident to securing authorization for issuance of long-term debt or capital stock shall be charged to account 181, Unamortized Debt Expense, or account 214, Capital Stock Expense, as appropriate.

Note C: Do not include in this account costs incident to the acquisition of franchises, consents or certificates, or to construction or acquisition of water property, which are chargeable to the water plant accounts. Costs incurred in connection with property purchases shall be accounted for as provided in water plant instruction section 563.5. (See also account 183.)

Note D: Do not include in this account expenses in connection with investigations by legislative bodies or cases to which the utility is not a party.

Note E: The cost of maintaining continuing property records of water plant shall not be included herein but in other operation and maintenance expense accounts appropriate for the class of expenditure.

#### 929. Duplicate Charges--Credit

This account shall include concurrent credits for charges which may be made to operating expenses or to other accounts of the utility for the use of utility service from its own supply. Include, also, offsetting credits for any other charges made to operating expenses for which there is no direct money outlay.

#### 930. Miscellaneous General Expenses

A. This account shall include the cost of labor and expenses incurred in connection with the general management of the utility not provided for elsewhere.

B. This account shall be maintained or supported in such manner as to readily disclose the principal types of items included herein, as corporate and fiscal expenses, association dues, contributions, etc.

### 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) Research and development 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. (See note B below.)

(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) Institutional or goodwill advertising. (See note A below.)

(13) 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.

Note A: The cost of any advertising for the purpose of influencing public opinion as to the election of public officers, referenda, proposed legislation, proposed ordinances, repeal of existing laws or ordinances, approval or revocation of franchises, or for the purchase of influencing the public or its elected officials, in respect to political matters shall not be included herein but charged to account 426, Miscellaneous Income Deductions.

Note B: Fees and expenses incurred in connection with original or additional issues of stocks or bonds shall be charged to account 214, Capital Stock Expense, or to account 181, Unamortized Debt Discount and Expense, as appropriate.

#### 931.1 General Rents

This account shall include rent properly includible in water operating expenses covering the property of others used, occupied or operated in connection with the administrative and general functions of the utility; and also amounts payable for depreciation, taxes, interest or return, under joint facility agreements. (See operating expense instructions § 567.3 and account 931.2.)

#### 931.2. Expenses of Data Processing Equipment

This account shall include expenses properly includible in water operating expenses charged direct or through clearing accounts for costs covering the use of electronic data processing equipment and other mechanical equipment, whether owned or rented from others, in connection with the administrative and general functions of the utility. (See operating expense instruction § 567.3 and account 931.1.)

#### 932. Maintenance of General Plant

A. This account shall include the cost of maintenance of general plant. (See operating expense instruction § 567.2.)

B. This account shall be subdivided as indicated below:

##### 932.1 Maintenance of Structures

This account shall include the cost of maintenance of general buildings, the book cost of which is included in account 390, Structures and Improvements.

##### 932.2 Maintenance of Office Furniture and Equipment

This account shall include the cost of maintenance of office furniture and equipment, the book cost of which is included in account 391, Office Furniture and Equipment.

##### 932.3 Maintenance of Communication Equipment

This account shall include the cost of maintenance of communication equipment for general use in connection with the utility's operations, the book cost of which is included in account 397, Communication Equipment.

##### 932.4 Maintenance of Miscellaneous Equipment

This account shall include the cost of maintenance of miscellaneous property not provided for elsewhere including miscellaneous general equipment, the book cost of which is included in account 398, Miscellaneous Equipment.

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.