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§ 683.0 Order authorizing uniform system of accounts for radio-telephone utilities

(a) This uniform system of accounts is hereby prescribed for every radio-telephone utility operating a radio-telephone facility (as those terms are defined in Part 645 of this Title) and every such radio-telephone utility is hereby required to keep its records and accounts in conformity therewith.

(b) During the 12 months following the date on which this system of accounts becomes effective, any such radio-telephone utility may, for purposes of comparison, keep on its books, in addition to the accounts hereby prescribed, such portion or portions of its present accounts as may be deemed desirable by any such corporation.

(c) Each radio-telephone utility for which this uniform system of accounts is prescribed shall classify, set forth, and carry all assets, liabilities, capital stock, retained earnings and other capital existing as of the effective date of this uniform system of accounts, as prescribed in such system of accounts.

(d) As of the date a utility becomes subject to this system of accounts, it shall prepare opening entries in accordance with the following provisions:

(1) The accounts prescribed herein shall be opened by transferring thereto the balances carried in the accounts previously maintained. The company is authorized to make such subdivisions, reclassifications, or consolidations of such balances as are necessary to meet the requirement of this system of accounts.

(2) The company shall prepare and keep as supporting records summary statements showing:

(i) the closing balances in each account carried on the books prior to the adoption of this system of accounts;

(ii) the journal entries to effect the transfer of those balances to the accounts prescribed herein, arranging such entries so as to show for each account or subdivision thereof from what account and to what account each amount was transferred;

(iii) the resultant opening balance of each account under this system of accounts.

(3) The first annual report filed with this commission by a utility covering its operations subsequent to the adoption of this system of accounts shall include copies of the statements referred to in paragraph (2) of this subdivision.

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

§ 683.1 Definitions

(a) When used in this system of accounts, unless otherwise indicated:

(1) Accounts or these accounts means the accounts prescribed in this system of accounts.

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

(3) Commission means the Public Service Commission of the State of New York.

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

(5) Cost means the amount of money actually paid (or the current market value of any consideration other than money given) for property or services.

(6) Cost of removal means the cost of demolishing, dismantling, removing, tearing down, or otherwise disposing of radio-telephone utility plant and recovering the salvage.

(7) Delayed items means items relating to transactions which occurred before the current calendar year. It includes adjustments of errors in income, operating revenue, and operating expense accounts of prior years.

(8) Depreciation, as applied to depreciable radio-telephone utility plant, means the loss of service value not restored by current maintenance caused by factors such as wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities. In connection with this definition, note section 684.1 of this Title.

(9) Extraordinary items means items relating to transactions occurring during the current calendar year of such a nature that they are not a part of the regular operating performance of the utility. Accordingly, there will be events and transactions of significant effect which would not be expected to recur frequently and which would distort income if reported other than as extraordinary.

(10) Interconnecting telephone company means any telephone corporation (as that term is defined in the Public Service Law) operating a conventional landline telephone system to which the radio-telephone utility has access through means of automatic or manual connection.

(11) Net salvage value means the salvage value of the property retired, after deducting the cost of removal.

(12) Original cost, as applied to radio telephone utility plant, means the actual installed cost (or the current money value of other consideration other than money) of property in dollars at the time when it was first dedicated to the public use, whether by the accounting company or by predecessors.

(13) Plant retired means plant which has been removed, sold, abandoned, destroyed or otherwise withdrawn from radio-telephone utility service.

(14) Property unit means complete or identifiable items of radio-telephone utility equipment such as a console, a transmitter, a receiver, an antenna, or other complete and distinct units of property, the original cost of which is included in the plant accounts as separate or distinguishable amounts. When these units are retired with or without replacement, they are accounted for by crediting the original cost of the equipment to the plant account in which they are included, with a contra charge to the appropriate accumulated depreciation account.

(15) Radio-telephone utility plant means either intangible or physical property used in radio-telephone utility service, the original cost of which qualifies for inclusion in balance sheet asset account 100, Radio-telephone Plant in Service, or account 101, Radio-telephone Plant Under Construction.

(16) Salvage value means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale; or if retained, the amount at which the material recoverable is chargeable to account 114, Equipment and Supplies on Hand--Radio-telephone.

(17) Service life means the period between the date when radio-telephone utility plant is installed and the date of its retirement.

(18) Service value means the difference between the original cost and the net salvage value of radio-telephone utility plant.

(a) Authority for uniform system of accounts. This uniform system of accounts for radio-telephone utilities is established and issued by the public service commission under the following provision of the Public Service Law (chapter 48 of the Consolidated Laws):

Section 95, subdivision 2. "The commission may establish a system of accounts to be used by telegraph corporations and telephone corporations, which are subject to its jurisdiction, and are required to make annual reports to it or classify the said corporations, and prescribe a system of accounts for each class and may prescribe the manner in which such accounts shall be kept. It may also, in its discretion prescribe the form of records to be kept by such corporation. Notice of alterations by the commission in the required method or form of keeping accounts shall be given to such corporations by the commission at least six months before the same are to take effect."

(b) Telephone corporation and telephone line defined.

(1) The Public Service Law defines telephone corporation and telephone line as follows: Section 2, subdivision 17. "The term 'telephone corporation,' when used in this chapter, includes every corporation, company, association, joint-stock association, partnership and person, their lessees, trustees or receivers appointed by any court whatsoever, owning, operating or managing any telephone line or part of telephone line used in the conduct of the business of affording telephonic communication for hire; excepting, however, any corporation, company, association, joint-stock association, partnership or person, their lessees, trustees or receivers, who or which do not operate the business of affording telephonic communication for profit." Section 2, subdivision 18. "The term 'telephone line,' when used in this chapter, includes conduits, ducts, poles, wires, cables, cross-arms, receivers, transmitters, instruments, machines, appliances and all devices, real estate, easements, apparatus, property and routes used, operated or owned by any telephone corporation to facilitate the business of affording telephonic communication."

Section 5-b. "Corporations formed to acquire property or to transact business which would be subject to the provisions of this chapter, and corporations possessing franchises for any of the purposes contemplated by this chapter, shall be deemed to be subject to the provisions of this chapter although no property may have been acquired, business transacted or franchises exercised."

(2) The term company, as used herein, means radio-telephone utility.

§ 683.3 Classification of companies

(a) For accounting purposes, radio-telephone utilities are divided into two classes, as follows:

(1) Class 1. Companies having annual radio-telephone utility operating revenues exceeding \$ 50,000;

(2) Class 2. Companies having annual radio-telephone utility operating revenues not exceeding \$ 50,000.

(b) Class 1 companies shall keep all the accounts of this system of accounts which are applicable to their affairs.

(c) It is recommended that class 2 companies keep all the applicable accounts prescribed for class 1 companies.

(d) The initial classification of a company shall be determined by its lowest annual radio-telephone utility operating revenues for the three immediately preceding years, except that if a company's annual radio-telephone utility revenues exceeded \$ 70,000 in any one of the three years, it shall be a class 1 company. Subsequent changes in classification shall be made when the annual operating revenues show a greater or lesser classification for three consecutive years, except that if a company's annual radio-telephone utility operating revenues exceed \$ 70,000 in any one of the three years, it shall immediately be classified as a class 1 company. Companies becoming subject to the jurisdiction of the commission and not having revenue data for the three immediately preceding years shall estimate the amount of their annual revenues and adopt the scheme of accounts appropriate for the amount of such estimated revenues.

§ 683.4 Records

(a) The books of account of all radio-telephone utilities shall be kept by the double entry method, on an accrual basis. Each utility shall keep its accounts current and shall close its books at the end of each calendar year.

(b) All books of account, together with records and memoranda supporting the entries in the books of account, shall be kept in such a manner as to support fully the facts pertaining to such entries. The books and records referred to in this

section include not only the accounting records in a limited technical sense, but also all other records, reports, correspondence, invoices, memoranda and information useful in determining the facts regarding a transaction.

(c) Utilities may further subdivide any of the accounts, provided that such subdivisions do not impair the integrity of the accounts.

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

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

(f) Attention is directed to the following extract from the Public Service Law: Section 102, subdivision 1. "Every telegraph corporation and every telephone corporation, and all officers, agents and employees of any telegraph corporation or telephone corporation shall obey, observe and comply with every order, direction or requirement made by the commission, under authority of this article, so long as the same shall be and remain in force. Any telegraph corporation or any telephone corporation which shall violate any provision of this article, or which fails, omits or neglects to obey, observe or comply with any order or any direction or requirement of the commission, shall forfeit to the people of the State of New York, not to exceed the sum of one thousand dollars for each and every offense; every violation of any such order or direction or requirement, or of this article, shall be a separate and distinct offense, and, in case of a continuing violation, every day's continuance thereof shall be and be deemed to be a separate and distinct offense."

§ 683.5 Applicability of Article

This Article shall apply to all radio-telephone utilities operating in any way in New York State except landline telephone companies which also operate as radio-telephone utilities under the terms of section 645.1(a) of this Title. Said landline companies shall continue to comply with the provisions of the applicable uniform system of accounts for telephone companies.