

1923

Uniform system of accounts for electric companies

Kansas. Public Utilities Commission

National Association of Railway and Utilities Commissioners

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UNIFORM SYSTEM OF ACCOUNTS FOR ELECTRIC COMPANIES



As prescribed by the
PUBLIC UTILITIES COMMISSION
for the State of Kansas

FIRST ISSUE
Effective January 1, 1923

In accordance with section 8357, General Statutes of Kansas, 1915.
Authorized by order in Docket No. 5142.

UNIFORM SYSTEM OF ACCOUNTS

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FOR

ELECTRIC COMPANIES



AS PRESCRIBED BY THE

PUBLIC UTILITIES COMMISSION

FOR THE

STATE OF KANSAS

In accordance with Section 8357, General Statutes
of Kansas, 1915.

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FIRST ISSUE

EFFECTIVE JANUARY 1, 1923.

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At a Regular Session of the
PUBLIC UTILITIES COMMISSION
For the State of Kansas
R. C. DELLINGER, *Secretary.*

C. M. REED,
J. W. GREENLEAF,
H. A. RUSSELL,
Commissioners.

**BEFORE THE PUBLIC UTILITIES COMMISSION
FOR THE STATE OF KANSAS**

*In the matter of a uniform system of accounts to be prescribed and
kept by the electric companies.*

Docket No. 5,142.

ORDER.

Now on this 27th day of October, 1922, the above matter comes on for final consideration and order by the Commission. It appearing that no uniform system of accounts for electric companies has been authorized by this Commission, and that under the authority of section 8357 of the General Statutes of Kansas for 1915, this Commission should prescribe a system of accounts for such companies, the Commission having investigated the matter and being fully advised therein, finds that the uniform system of accounts for electric companies hereinafter referred to should be adopted, in accordance with the order herein contained.

It is therefore by the Commission ordered: That the Uniform System of Accounts for Electric Companies, with the text pertaining thereto, embodied in printed form, to be hereinafter known as First Issue, a copy of which is now before this Commission, be and the same is hereby approved; that a copy thereof duly authenticated by the secretary of this Commission be filed in its archives, and that said copy so authenticated and filed shall be deemed an original record thereof.

It is further ordered: That the Uniform System of Accounts for Electric Companies, with the text pertaining thereto, be and the same is hereby prescribed for the use of all electric companies subject to the jurisdiction of the Public Utilities Commission for the state of Kansas in keeping and recording their accounts; that each and every such company and each and every receiver or operating trustee of such company be required to keep all accounts in conformity therewith; and that a copy of said First Issue be sent to each and every such company, and each and every receiver or operating trustee of any such company.

It is further ordered: That any such company or any receiver or operating trustee of any such company may subdivide any primary account in said First Issue established, or may make assignment of the amount charged to any such primary account to operating divisions and to its individual lines: *Provided, however,* That such primary accounts set up, or such assignments made by any such company or any receiver or operating trustee of any such company, do not impair the integrity of the accounts hereby prescribed.

It is further ordered: That in order that the basis of comparison with previous years be not destroyed, any such company or receiver or operating trustee of any such company may, during the twelve months from the time that the First Issue becomes effective, keep and maintain, in addition to the accounts hereby prescribed, such portion or portions of its present accounts as may be deemed desirable by any such company, or by any receiver or operating trustee thereof, for the purpose of such comparison; or during the same period, may maintain such grouping of the primary accounts hereby prescribed as may be desired for that purpose.

It is further ordered: That any such company or any receiver or operating trustee of any such company, in addition to the accounts hereby prescribed, may, unless otherwise ordered, keep any temporary or experimental accounts, the purpose of which is to develop the efficiency of operation: *Provided, however,* That such temporary or experimental accounts shall not impair the integrity of any primary account hereby prescribed.

It is further ordered: That January 1, 1923, be and is hereby fixed as the date on which the said First Issue of the Uniform System of Accounts for Electric Companies shall become effective.

It is further ordered: That each company be required to close its books on December 31 of each year in accordance with the period covered by the annual reports now made to the Commission.

BY THE COMMISSION IT IS SO ORDERED.

R. C. DELLINGER, *Secretary.*

C. M. REED,

H. A. RUSSELL,

J. W. GREENLEAF,

Commissioners.

CONTENTS.

	PAGE
General Instructions	6
Balance Sheet Accounts (List)	7
General Instructions and Definitions.....	9
Text Pertaining to Balance Sheet Accounts.....	13
Fixed Capital Accounts (List).....	31
General Instructions and Definitions.....	34
Text Pertaining to Fixed Capital Accounts.....	39
Income Accounts (List).....	57
General Instructions and Definitions.....	58
Text Pertaining to Income Accounts.....	61
Profit and Loss Accounts (List).....	68
General Instructions and Definitions.....	69
Text Pertaining to Profit and Loss Accounts.....	70
Operating Revenue Accounts (List).....	72
General Instructions and Definitions.....	73
Text Pertaining to Operating Revenue Accounts.....	75
Operating Expense Accounts (List).....	78
General Instructions and Definitions.....	84
Text Pertaining to Operating Expense Accounts.....	88

UNIFORM SYSTEM OF ACCOUNTS FOR ELECTRICAL UTILITIES.

GENERAL INSTRUCTIONS.

1. **Accounts to be kept by Double Entry Method.**—All the accounts (other than purely statistical accounts) defined in this classification must be kept by the double entry method.

2. **Account Numbers Not a Part of Title.**—The numbers prefixed to account titles in this classification are solely for convenience of reference and are not part of the titles or definitions.

3. **Accounting Period.**—It is recommended that each electrical corporation select the month as its accounting period and that it make its bookkeeping entries on a monthly basis. It may, however, select a quarterly or other basis if that will better meet the conditions under which it conducts its business. Each company will be required to close its books December 31, each year.

4. **Records.**—Each electrical corporation shall so keep its general accounting books and all other books and records which support in any way the entries to such accounting books that it can furnish at any time full information as to any account kept by it. Moreover, it shall support each entry to each account with such detailed information as will enable a ready identification and verification of the facts recorded therein.

The books referred to herein include not only books of account in a limited technical sense but all other records such as minute books, stock books, etc., which will be useful in developing the history of any of the accounting company's transactions.

STANDARD FORM OF BALANCE SHEET.**ASSETS AND OTHER DEBITS.**

101. Fixed capital.

Current Assets:

- 111. Cash.
- 112. Notes receivable.
- 113. Accounts receivable.
- 114. Interest and dividends receivable.
- 115. Marketable securities.
- 116. Materials and supplies.
- 117. Prepayments.
- 118. Subscribers to capital stock.
- 119. Miscellaneous current assets.

Miscellaneous Assets:

- 121. Investments in affiliated companies.
- 122. Miscellaneous investments.
- 123. Sinking funds.
- 124. Replacement fund.
- 125. Miscellaneous special funds.
- 126. Special deposits.

Suspense:

- 131. Unamortized debt discount and expense.
- 132. Property abandoned.
- 133. Jobbing accounts.
- 134. Clearing or apportionment accounts.
- 135. Work in progress.
- 136. Miscellaneous suspense.

Adjustment Accounts:

- 141. Discount on capital stock.
- 142. Reacquired securities.
- 143. Treasury securities.
- 150. Profit and loss—deficit.

STANDARD FORM OF BALANCE SHEET.**LIABILITIES AND OTHER CREDITS.**

- 201. Capital stock.
- 202. Premium on capital stock.
- 203. Capital stock subscribed.
- 211. Long term debt.
- 212. Receiver's certificates.

Current Liabilities:

- 221. Notes payable.
- 222. Accounts payable.
- 223. Consumers' deposits.
- 224. Matured interest unpaid.
- 225. Dividends declared.
- 226. Matured long term debt unpaid.
- 227. Miscellaneous current liabilities.

Accrued Liabilities:

- 231. Taxes accrued.
- 232. Interest accrued.
- 233. Miscellaneous accrued liabilities.
- 241. Advances from affiliated companies.

Reserves:

- 251. Retirement reserve.
- 252. Casualty and insurance reserve.
- 253. Unamortized premium on debt.
- 254. Sinking fund reserves.
- 255. Contributions for extensions.
- 256. Contingency reserve.
- 257. Miscellaneous reserves.
- 261. Miscellaneous unadjusted credits.
- 270. Profit and loss—surplus.

BALANCE SHEET ACCOUNTS.

GENERAL INSTRUCTIONS AND DEFINITIONS.

1. **Balance Sheet Accounts Defined.**—By balance sheet accounts are meant those titles under which the ledger accounts are combined and summarized to show the assets, liabilities and surplus or deficit of an enterprise at a given time. Where the title and definition of a balance sheet account clearly indicate that it is a summary of other accounts, it is not required that a special ledger account shall be raised under such title to include the balances from the accounts usually carried on the ledger.

2. **Form of Balance Sheet.**—The standard form of balance sheet is shown on pages 7 and 8. Certain of the terms there used are defined, for the sake of greater clearness, in the following paragraphs:

3. **Current Assets.**—Current assets are those assets that are readily converted into money or capable (in the case of materials and supplies) of being used in operation or construction.

4. **Investments.**—Investment represents the relatively permanent employment of property for the purpose of directly or indirectly producing revenue. Investment in permanent assets devoted to the undertakings for which the accounting company is primarily organized is called fixed capital investment or simply *fixed capital*. Property in the form of assets necessary to the conduct of the accounting company's operations of which the individual items are subject to frequent change is sometimes said to represent an investment in *working capital*. Investments may also be of property segregated in special funds; of property devoted to the use of affiliated corporations; or of property not devoted to the undertakings for which the accounting company is primarily organized, as more specifically defined in account No. 122, "Miscellaneous Investments," which see. *Encumbered investments* are those held subject to a lien or other encumbrance of some character. *Unencumbered investments* are those held free of all encumbrances.

5. **Funds.**—Funds are assets, usually those capable of ready conversion into cash, set aside in the hands of trustees or otherwise restricted to specific uses.

6. **Suspense Accounts.**—Suspense accounts are accounts in which may be carried any expenditure the appropriate disposition of which is not yet determined, or any loss which may properly be spread over a period of time, or any other debit which may be amortized through charges made to expense or other income accounts at intervals over a period of time; credit items, the final disposition of which is not yet determined, may also be carried in suspense under account No. 261, "Miscellaneous Unadjusted Credits."

7. **Adjustment Accounts.**—Adjustment accounts are accounts in which may be carried debits that offset certain liabilities but which it is not desirable, as a matter of bookkeeping convenience, to charge against the liability accounts concerned.

8. **Current Liabilities.**—Current liabilities are those which are definitely determined in amount and are either matured at the date of the balance sheet or become due within a year from date or upon demand of the creditor.

9. **Accrued Liabilities.**—Accrued liabilities are those not yet due, but which are to become due in the near future and which accrue or grow from day to day, such as unmatured interest, rents, taxes, etc. Credits to accounts representing accrued liabilities whose amounts are not definitely known, as in the case of many taxes, are made on the basis of estimates which are adjusted when the proper amounts become known.

10. **Reserves.**—Reserves are credit accounts created through arbitrary or estimated charges made to provide wholly or in part for matters to be later determined.

11. **Discount and Premium on Capital Stock.**—Ledger accounts shall be provided to cover the discounts and premiums on each class of capital stock issued or assumed by the accounting company. The total of the net debit balances remaining in these several accounts shall be included in account No. 141, "Discount on Capital Stock," and the total of the net credit balances in account No. 202, "Premium on Capital Stock."

By the term *discount* is meant the excess of the par value of stocks actually issued or assumed (and accrued dividends, if any, expressed in the contract of sale) over the actual cash value of the consideration received for such stocks. By the term *premium* is meant the excess of the actual cash value of the consideration received for stock issued or assumed over the par value of such stock (and accrued dividends, if any).

Entries in these accounts representing discounts shall be carried therein until offset (1) by premiums realized on subsequent sales of the same class of stock, (2) by assessments levied on the stockholders, (3) by appropriations from surplus for that purpose, or (4) by charges to Profit and Loss upon reacquirement of the stock. Entries in these accounts representing premiums realized shall be carried therein until offset (1) by discount suffered on sales of the same class of stock, or (2) by credits to Profit and Loss upon reacquirement of the stock. In case the accounting company is permitted and elects to distribute all or any part of the net premium on its capital stock to its stockholders, the amount thus distributed shall be charged to the premium account.

For the purpose of this classification the premium realized at the sale of capital stock shall not be considered a profit and loss item except upon reacquirement of the stock sold.

In no case shall discount on capital stock be charged to or included in any account as a part of the cost of acquiring any property, tangible or intangible, or as a part of the cost of operation.

When stock which has been issued or assumed by the accounting company is reacquired, the difference between the price paid and the par value of the stock shall be charged or credited to Profit and Loss as may be appropriate. Concurrently the premium or discount account for the particular issue of stock reacquired shall be adjusted through Profit and Loss to the extent of the premium or discount applicable to the shares reacquired. This does not apply to the purchase of securities solely for special funds in which the accounting company carries at cost instead of par value securities issued or assumed by itself.

In case the premium or discount realized at the prior sale of the stock reacquired has been included in an asset account other than the premium and discount account, such asset account shall be concurrently adjusted through Profit and Loss to the extent of the premium or discount previously included therein with respect to the shares reacquired.

12. Discount, Expense and Premium on Long Term Debt.—Ledger accounts shall be provided to cover discounts, expense and premiums at the sale of each class of long-term debt (including receiver's certificates) issued or assumed by the accounting company. The total of the net debit balances remaining in these several accounts shall be included in account No. 131, "Unamortized Debt Discount and Expense" and the total of the net credit balances in account No. 253, "Unamortized Premium on Debt."

By the term *discount* is meant the excess of the par value of the securities issued or assumed and the accrued interest thereon, over the actual cash value of the consideration received for such securities. By the term *premium* is meant the excess of the actual cash value of the consideration received for securities issued or assumed over the par value of such securities and the accrued interest thereon.

By the term *expense* are meant all expenses in connection with the issue and initial sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording mortgages and trust deeds; cost of printing bonds, certificates of indebtedness, and other commercial paper having life of more than one year; fees paid trustees acting under mortgages and trust deeds; fees paid for legal services to trustees relative to mortgage securities; fees and commissions paid underwriters and brokers for marketing such evidences of debt; and other like expense.

Each month (or other accounting period) there shall be charged to income account "Amortization of Debt Discount and Expense" a proportion (based upon the ratio of such fiscal period to the remaining life of the respective securities) of each of the debit balances in these accounts, and correspondingly there shall be credited to income account "Amortization of Premium on Debt" a similar proportion of each of the credit balances in these accounts.

When any long term debt which has been actually issued to *bona fide* holders for value is reacquired by the accounting company, a proportion of the balance remaining in the accounts covering discount, expense, and premium on long term debt of the class of security reacquired shall be credited or charged, as may be appropriate, to Profit and Loss. Such proportion shall be based upon the ratio of the par value of the security reacquired to the par value of all the securities of the same class actually outstanding immediately before such reacquirement. This does not apply to the purchase of securities solely for special funds in which the accounting company carries at cost instead of par value securities issued or assumed by itself.

In case, however, the premium or discount realized at the prior sale of the securities reacquired has been included (in excess of the proportion authorized in the text of fixed capital account No. 355, "Interest during Construction") in an asset account other than the premium account, such asset account shall be concurrently adjusted through Profit and Loss to the extent of such excess of the premium or discount previously included therein with respect to the securities reacquired.

Except as provided in account No. 355, "Interest during Construction," no discount on long term debt shall be charged to or included in any account as a part of the cost of acquiring any property, tangible or intangible, or as a part of the cost of operation.

13. Contingent Assets and Liabilities.—Contingent assets and liabilities shall not be included in the body of the balance sheet statement. Whenever the balance sheet is stated, however, contingent assets and liabilities, if any, should be shown in detail in a supplementary statement. Contingent assets represent possible sources of value contingent upon the fulfillment of conditions regarded as uncertain. Contingent liabilities include items which may, under certain conditions, become obligations of the company, but are neither direct nor assumed, obligations at the date of the balance sheet.

TEXT PERTAINING TO BALANCE SHEET ACCOUNTS.

101. FIXED CAPITAL.

This account shall include the cost of property having an expectation of life in service of more than one year which is devoted to the operations conducted by the accounting company, less deductions for property abandoned, sold, or otherwise retired.

Separate subdivisions shall be used for each distinct class of operations conducted by the accounting company, as, for example, "Fixed Capital—electric," "Fixed Capital—gas." If, however, the accounting company conducts two or more separate and distinct classes of operations, as in the case of a company having both an electric and gas department, expenditures chargeable to such fixed capital accounts as "Land," "Organization," "General Structures," "Engineering and Superintendence," etc., which are not assignable to a particular department or kind of operations, may be shown in a subdivision having the title "Fixed Capital—general." The foregoing shall not be construed to prohibit the apportionment of such expenditures between departments on a more or less arbitrary basis provided this basis is clearly stated in the accounting company's public reports.

111. CASH.

This account shall include all money coming into the possession of the accounting company in which it has a beneficial interest. This covers coin of the United States, United States treasury notes, gold and silver certificates and greenbacks, and bank bills payable to bearer on demand; also all banks credits, checks and drafts receivable subject to satisfaction or transfer upon demand (whether payable to bearer or to order).

112. NOTES RECEIVABLE.

This account shall include the ledger value of all notes and bills receivable which are the property of the accounting company and upon which solvent concerns or individuals are liable. This covers demand notes, drafts, etc., issued by others than banks, and time notes, drafts, etc., by whomever issued. This account does not include notes coming within the definition of "Investments in Affiliated Companies" or "Miscellaneous Investments" (for which see pages 16 and 17.)

113. ACCOUNTS RECEIVABLE.

This account shall include all amounts (other than deposits in banks) owing to the accounting company upon open book accounts with solvent concerns and individuals; also the ledger value of all

accounts and claims upon which responsibility is acknowledged by solvent concerns and individuals or which are sufficiently secured to be considered good and of all judgments against such concerns where the judgment is not appealable or suspended through appeal. This account does not include negotiables.

NOTE. A.—The record of accounts receivable shall be kept in such manner as to permit the ready segregation of the three groups, consumers' accounts, accounts with affiliated companies, and miscellaneous accounts receivable.

NOTE B.—It is suggested that when practicable consumers' accounts be further classified into current month accounts, accounts more than one month but less than one year old, and accounts over one year old.

114. INTEREST AND DIVIDENDS RECEIVABLE.

This account shall include the amount of interest accrued to the date of the balance sheet on funded and unfunded securities, loans, open accounts, mortgages and deposits held by or for the accounting company; dividends declared on stocks similarly held, and dividends accrued on stocks when contracts require that the dividend be paid at stated times.

NOTE.—No amount representing interest or dividends receivable shall be included in this account unless its payment is reasonably assured by past experience and anticipated provision, or otherwise. But the definition of this account should not be construed to prevent the carrying of interest and dividends receivable in a suspense account until collection has actually been made, even though the debtor be considered to be solvent.

115. MARKETABLE SECURITIES.

This account shall include the cost or book value of marketable securities (other than those issued or assumed by the accounting company) held in its treasury unpledged and free for sale and not necessary or desirable for it to hold for the purpose of maintaining the integrity of its business or operations. Securities which may not readily be sold at their fair value should be classed as "miscellaneous investments" and included in Account No. 122, "Miscellaneous Investments."

Records shall be kept which will permit ready analysis of the balance in this account as between:

- (a) Stocks
- (b) Bonds.
- (c) Long term notes (not classifiable as "Notes Receivable" properly includible in Account No. 112, "Notes Receivable.")
- (d) Miscellaneous.

116. MATERIALS AND SUPPLIES.

This account shall include the balances representing the cost (including transportation, insurance, and inspection charges, customs, duties, etc.) of all material and supplies not charged out in the accounting company's accounts, regardless of whether the same are intended to be consumed in construction or in operation, or later

to be sold. Trade or cash discounts allowed in connection with the purchase or the payments for materials and supplies shall be credited to the particular bills on which such discounts are allowed or to clearing account "Stores Department" when not practicable to credit the particular bills.

The cost of materials and supplies includes all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the purchaser, and the cost of any special tests made thereon prior to their acceptance.

When any materials or supplies, the cost of which has been charged to this account, are issued for use, the amount at which they stand charged herein should be credited to this account and charged to the proper construction, operating expense, or other account.

The scrap or salvage value of things retired from service shall be charged to an appropriate sub-account in this account while such things remain the property of the accounting company. If such salvage value is not known, and can not readily be determined, it shall be estimated and the estimated amount adjusted to conform to the fact when it is determined.

Inventories of materials and supplies shall be taken at least annually and any shortage or overage disclosed by such inventories shall be credited or debited to this account, and concurrently debited or credited to operating expense, fixed capital or other appropriate accounts.

NOTE A.—It is not required that the transportation and other elements of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things, the portion of the expense not assigned to specific things should be charged to the same account to which store expenses are charged.

NOTE B.—If an appliance sold is for any reason returned to the accounting company, it should be charged to the appropriate sub-account at its appraised value. Cost of repairing or renovating it should be charged to the same sub-account. Appropriate adjustments should be made in accounts credited with the original sale.

117. PREPAYMENTS.

This account shall include the debit balances described under the following sub-heads:

a. PREPAID TAXES. The excess of taxes paid over the amount properly chargeable to current income or other similar account, as shown by a debit balance in the liability account (see account No. 231, "Taxes Accrued," page 26.)

b. PREPAID RENTS. The amount of rents paid in advance of the enjoyment of the term. As the term is consumed, this account shall be credited at regular accounting intervals and the appropriate rent account debited with the amount applicable to the period.

c. **PREPAID INSURANCE.** The amount of premium on insurance policies paid in advance of their accrual. As such premiums accrue they should be credited at regular accounting intervals to this account and charged to the appropriate operating expense or other account.

d. **MISCELLANEOUS PREPAYMENTS.** Prepayments made for any purpose other than as provided for in the three preceding heads.

NOTE.—By the accrual of insurance, rents, etc., is meant their accumulation when considered as spread uniformly over the period to which they apply. Thus, if the rent fixed by contract of lease for a certain property is \$600 for a calendar year, this accrues at the rate of \$50 each month (unless it is desired to base the accruals on days, when the varying lengths of the months would require to be considered), regardless of the actual times when the rent matures; \$50 should thus (if the rent has been prepaid) be credited each month to the sub-account "Prepaid Rents" and concurrently charged to the appropriate account in the "Income" account. Similarly in the case of other prepayments.

118. SUBSCRIBERS TO CAPITAL STOCK.

This account shall be charged with subscriptions received for capital stock. The amount expressed in the entry charging this account shall be determined in accordance with the subscription agreement. Concurrently, there shall be credited to account No. 203, "Capital Stock Subscribed," an amount representing the stock subscribed as stipulated in the subscription agreement. Payments received from subscribers shall be credited to this account.

119. MISCELLANEOUS CURRENT ASSETS.

This account shall include the cost of all current assets which are not includible under any of the foregoing accounts. (See "Balance Sheet Accounts—General Instructions and Definitions," section 3, page 9.)

121. INVESTMENTS IN AFFILIATED COMPANIES.

This account shall include the ledger value of the accounting company's investment in securities or nonnegotiable notes issued or assumed by affiliated companies; also of its investment advances to such companies. Two companies are affiliated if either one controls the policy of the other or if both are subject to the same control. By "Investment advances" are meant debit balances in open accounts with affiliated companies not subject to current settlement and interest accrued on such open accounts when such interest is not subject to current settlement. This account shall be subdivided as follows:

- a. Stocks.
- b. Bonds.
- c. Notes.
- d. Advances.

NOTE A.—Accounts with affiliated companies which are subject to current settlement such as charges for materials and supplies currently furnished,

charges for repairs to equipment, etc., shall be classed as current assets or current liabilities as may be appropriate.

NOTE B.—Securities borrowed by the accounting company and pledged should not be included in this account.

NOTE C.—Securities pledged for purposes other than that of security for long or short term debt of the accounting company should be included in account No. 123, "Sinking Funds;" account No. 124, "Replacement Fund;" account No. 125, "Miscellaneous Special Funds;" or account No. 126, "Special Deposits" as may be appropriate.

122. MISCELLANEOUS INVESTMENTS.

This account shall include the balances in accounts representing miscellaneous investments such as those in securities of other non-affiliated corporations, in tangible property of a permanent nature not coming within the definition of fixed capital, as, for example, real estate leased to others or held for a rise in value, etc., provided such investments are not included in any special fund account.

The accounting company's records shall be kept in such manner as to permit the ready analysis of this account to show separately in the company's annual reports full particulars concerning its investments of any given class, including the ledger value of those which are held subject to a mortgage, pledge, or other lien.

123. SINKING FUNDS.

This account shall include the amount of cash, the ledger value of securities of other companies, and other assets which are held by trustees of sinking funds for the purpose of redeeming outstanding obligations, including such assets so held by the accounting company when they are segregated in a distinct fund; also amounts deposited with such trustees on account of mortgaged property sold, when the proceeds of such sale are to be held for the redemption of securities; and the cost of live securities issued or assumed by the accounting company and held in such funds. A separate account shall be kept for each fund and the title of each fund should designate the obligation in support of which the fund is created.

NOTE.—Should the constituents of a sinking fund change substantially in value, and such change seem likely to be permanent, it may be reflected by suitable entries in this account and in the corresponding reserve account or in "Profit and Loss" as may be appropriate.

124. REPLACEMENT FUND.

If the accounting company desires, or is required, to segregate in a special fund the assets or any part of the assets represented by the retirement reserve, the ledger value of such assets shall be included on the balance sheet in this account.

125. MISCELLANEOUS SPECIAL FUNDS.

This account shall include the amount of cash and the ledger value of securities of other companies and other assets in insurance, employees' pension, savings, relief, hospital, and other funds which have

been raised and specifically set aside or invested for purposes not provided for elsewhere; also the cost of securities issued or assumed by the accounting company and held in such funds. A separate account shall be provided for each fund.

126. SPECIAL DEPOSITS.

This account shall include the debit balances described under the following sub-heads:

a. COUPON SPECIAL DEPOSITS. All moneys and bank credits specially deposited in the hands of fiscal or other agents of the accounting company for the payment of interest coupons when presented. Such coupons when paid from such deposits shall be credited to this account and charged to the appropriate matured interest account. Payments to trustees (or other agents of the holders of bonds or other securities) of the interest accrued thereon which operate under the terms of the securities (or of mortgages supporting such securities) as a release of the paying corporation from further liability from such interest shall not be charged to this account but to the appropriate "Interest Accrued" account.

b. DIVIDEND SPECIAL DEPOSITS. All moneys and bank credits specially deposited in the hands of the fiscal or other agent of the accounting company for the payment of dividends upon its stocks. Such dividends when paid from such deposit shall be credited to this account and charged to the appropriate dividend account.

c. MISCELLANEOUS SPECIAL DEPOSITS. All moneys and bank credits deposited in the hands of fiscal or other agents of the accounting company for other special purposes than the payment of interest coupons and dividends. Charges to this account shall specify the purpose for which deposit is made. When such purposes are satisfied, this account shall be credited with the amount specially deposited to provide such satisfaction.

NOTE.—This account shall not include any assets available for general corporate purposes.

131. UNAMORTIZED DEBT DISCOUNT AND EXPENSE.

This account shall include the total of the net debit balances representing the discount and expense in connection with the issuance of each class of the accounting company's long term debt. (See "Balance Sheet Accounts—General Instructions and Definitions," section 12, page 11.)

132. PROPERTY ABANDONED.

This account is intended as a suspense account which shall include the retirement loss (*i. e.*, the original cost, estimated if not known, plus cost of dismantling, less salvage) on property destroyed or abandoned because of replacement, of obsolescence, of extraordinary casualty, or for any other reason, when such loss has not been provided for in advance through a reserve. Charges to this account

shall be made only with the permission of the Public Utilities Commission, and the amount so charged shall be amortized through annual or more frequent charges over a definitely determined period to such accounts as shall be proper. Application to the commission for permission to use this account shall give full particulars concerning the property abandoned or retired, the reasons for its retirement, the accounts through which it is proposed to amortize the retirement loss, and the future period over which, in the judgment of the company making the application, the amount of such charge should be distributed.

133. JOBBING ACCOUNTS.

This account shall include the balances in accounts with customers or others for jobbing work not completed at the date as of which the balance sheet is stated. Such accounts, when work is completed and charges made, shall be cleared by charges to accounts receivable.

134. CLEARING OR APPORTIONMENT ACCOUNTS.

This account shall include the balances in accounts maintained to carry temporarily the cost of operating such facilities as garages, stables, storehouses, etc., and also overhead or burden costs such as it is desirable shall be apportioned over the construction and operating accounts involved.

The charges to operating accounts and the credits to these accounts should, unless there is some good reason to the contrary, be so distributed that the costs for any one year will be absorbed by the transactions occurring during that year.

135. WORK IN PROGRESS.

This account shall include the total of the balances in open "work order" or "job order" accounts for work in progress, or in suspense accounts to which the cost of construction or maintenance work is temporarily charged pending its final distribution to the appropriate fixed capital or operating expense accounts.

NOTE.—Charges for additions to fixed capital not involving replacements, or for improvements which necessitate retirements or reconstruction of existing property when full credits have been made in advance to fixed capital accounts to cover the ledger cost of property retired, may be carried in fixed capital account No. 359, "Unfinished Construction," which see.

136. MISCELLANEOUS SUSPENSE.

This account shall include all debits not elsewhere provided for, the proper final disposition of which is uncertain. This will include the cost of tentative or preliminary surveys, designs, and investigations made for determining the feasibility of projects under contemplation. If the project is thereafter definitely undertaken, such amount shall be credited to this account and charged to the proper work order, fixed capital, or other account. If the project is abandoned, the cost of the preliminary investigation shall be charged to

the appropriate operating expense or other account. Whenever the proper disposition of any matter charged to this account is determined, it shall be credited to this account and charged to the appropriate account.

141. DISCOUNT ON CAPITAL STOCK.

This account shall include the total of the net debit balances representing the discount on capital stock issued or assumed by the accounting company. (See "Balance Sheet Accounts—General Instructions and Definitions," section 11, page 10.)

142. REACQUIRED SECURITIES.

When securities, whether debt or stocks, have been actually issued by the accounting company to *bona fide* holders for value (or after such issue by another corporation have been assumed by the accounting company) and after such issue (or assumption) have been acquired by the accounting company under circumstances which require that they shall not be treated as paid or retired, they shall be charged at face value to this account. If the price at which such securities have been reacquired is greater or less than the par or face value, the difference shall be adjusted through Profit and Loss or through the appropriate discount or premium account.

NOTE A.—This account shall not include securities that are merely guaranteed.

NOTE B.—This account shall not include any securities held in sinking and other reserve funds.

143. TREASURY SECURITIES.

This account shall include the par value of securities which have been nominally but not actually issued by the accounting company. For definition of the term "Nominal issue" see note under account No. 201, "Capital Stock" and Note B under account No. 211, "Long Term Debt."

150. PROFIT AND LOSS.—DEFICIT.

Under this head shall be shown the debit balance, if any, in the Profit and Loss account. (See "Profit and Loss Account—General Instructions and Definitions," section 1, page 69.)

201. CAPITAL STOCK.

This account shall include the items described under the following sub-heads:

(a) **FULL PAID STOCK.** This covers the total par value of stocks or receipts issued to represent permanent full-paid interests in the accounting company, or interests which, if terminable, are so only at the option of the company. By "Full paid interest" is meant an interest in which the full amount of the subscription has been paid in.

(b) **INSTALLMENTS PAID ON STOCK SUBSCRIPTIONS.** This covers the amount of installments paid on subscriptions for capital stocks. When the full amount of the subscription has been paid and certificates of stock are issued therefor this account shall be cleared and the par value of the stock so issued shall be credited to the account appropriate for such stock.

(c) **STOCK LIABILITY FOR CONVERSION.** This covers the accounting company's liability under agreements to exchange its capital stock for the outstanding securities of companies whose physical property has been acquired under such agreements, but whose securities have not yet been surrendered for exchange.

The records shall be so kept that stocks of different classes may be separately shown. The following is the most important classification of stock:

(a) **Common Stock:** Stock which has no preference in the distribution of dividends.

(b) **Preferred Stock:** Stock having preference in the distribution of dividends.

(c) **Debenture Stock:** Stock issued under a contract to pay a specified return at specified intervals.

Preferred stock may be further classified as *first preferred*, *second preferred*, etc.; or as *cumulative* or *non-cumulative*; or as *participating* or *non-participating*. *First preferred stocks* are those which have the first claim upon such dividends as may be distributed; a claim upon dividends taking precedence over the claim of common stock but inferior to the first preferred stock may be represented by *second preferred stock*, and so on. Stock is *cumulative* if the amount by which the dividend at any dividend period fails to reach a stipulated dividend rate is carried forward to continue as a claim upon the dividend fund until satisfied. Stock is *non-cumulative* if such amount lapses. Stock is *participating* if it is not limited to a stipulated rate in the amount of dividends which it may receive but is entitled to participate, in accordance with the terms of the contract under which it is issued, in further dividends. It is *non-participating* if it is limited to a stipulated rate.

Stocks may differ also with respect to voting provisions and conditions under which they may be retired. A separate ledger account should be maintained for each class of stock issued, and no two stocks shall be considered of the same class unless they are equal in their interest or dividend rights, their voting rights, and the conditions under which they may be retired. The characteristics of any class of stocks in these three regards shall be designated in the title of the account raised to cover such stocks and shall be clearly expressed in the first entry of such account. To the account for any class of stock shall be credited, when issued, the par value of the amount of stock of that class issued. If such issue is for money, that fact shall be stated; and if for any other consideration than money, the person to whom issued shall be designated and the consideration for which issued shall be described with sufficient particularity to

identify it; if such issue is to the treasurer or other agent of the corporation to be by him disposed of for the benefit of the corporation, that fact, and the name of such agent, shall be shown; and such agent shall, in his account of the disposition thereof, show the like details concerning the consideration realized thereon, which account, when accepted by the corporation, shall be preserved as a corporate record. If the fair cash value of the consideration realized upon the issue of any amount of stock is greater than the par value of such stock and accrued dividends, if any, expressed in the contract of issue, the excess shall be credited to account No. 202, "Premium on Capital Stock," and corresponding reference thereto shall be contained in the entry relating to such stock in the stock account.

For each class of stock the records shall also show plainly the par value of (1) certificates issued and actually outstanding, being those not held by the company, its agents or trustees, or subject to its control; and (2) certificates pledged and unpledged held in the company's treasury, by its agents or trustees, or otherwise subject to its control, including both those acquired after actual issue and those nominally but never actually issued.

NOTE A.—Capital stock is considered *nominally issued* when certificates are signed and sealed and placed with the proper officer for sale and delivery, or pledges, or otherwise placed in some special fund of the accounting company. It is considered to be *actually issued* when it has been sold to a *bona fide* purchaser for a valuable consideration, and such purchaser holds it free from all control by the accounting company. All capital stock actually issued and not reacquired by or for the accounting company is considered to be *actually outstanding*. If reacquired by or for the accounting company, under such circumstances as require it to be held alive and not canceled or retired, it is considered to be *nominally outstanding*.

NOTE B.—When stock without par value is issued the actual money value of the consideration realized from the issue should be credited to the account representing that particular class of stock.

202. PREMIUM ON CAPITAL STOCK.

This account shall include the excess of the actual money value (at the time of issue of the stock) of the consideration received for such issue over the par value of the amount of stock issued and accrued dividends, if any, expressed in the contract of issue. If the stock is issued by the corporation to its treasurer or other agent, the excess of the actual money value of the consideration obtained by such agent in exchange for such stock over the par value and accrued dividends thereof shall be considered the premium realized. A separate ledger account shall be maintained for each class of stock as distinguished according to the text of account No. 201 preceding. Entries in these accounts shall be carried therein until offset by credits to Profit and Loss upon reacquisition of the stock or by credits to "Cash" or similar account in case the corporation is permitted and elects to distribute to its stockholders all or any part of the premium realized on its stock.

203. CAPITAL STOCK SUBSCRIBED.

Subscriptions to capital stock shall be credited to this account. This account shall be charged when the subscriber has paid his subscription in full and is entitled to receive certificates representing the shares subscribed. Concurrently, credits shall be made to account No. 142, "Reacquired Securities," or account No. 143, "Treasury Securities," if deliveries are made from capital stock so held. Otherwise, credit the appropriate subdivision of account No. 201 "Capital Stock."

211. LONG TERM DEBT.

This account shall include the total par value of all debt except receiver's certificates and advances from affiliated companies (for which see below) which by the terms of its creation does not mature until more than one year after date of creation. This covers bonds, notes, mortgage certificates, and all other forms of acknowledgment of indebtedness.

The records shall be so kept that long term debt of different classes may be separately shown. The most important classification is that based upon the nature of the lien or security as follows:

(a) **Mortgage Bonds:** Bonds secured by a lien on physical property and not includible in the other subdivisions of this account.

(b) **Collateral Trust Bonds:** Bonds and notes having a date of maturity of more than one year after date of issue secured by a lien on securities or other commercial paper; also stock trust certificates that are similar in character to collateral trust bonds.

(c) **Income Bonds:** Bonds which are a lien on the accounting company's revenue alone, or bonds which, while being a lien on its property and franchises, can claim payment of interest only in case interest is earned.

(d) **Equipment Obligations:** Equipment bonds, equipment notes, or other obligations secured by lien on specific equipment.

(e) **Miscellaneous Obligations:** All long term obligations not provided for in the four preceding classes, including notes, unsecured certificates of indebtedness, debenture bonds, plain bonds, real estate mortgages executed or assumed, and other similar obligations maturing more than one year after date of issue.

(f) **Receipts Outstanding for Long Term Debt:** Receipts for payment on account of long term debt securities. When the securities are issued for amounts so paid, the face value shall be included in the account covering the class of funded debt for which the securities are issued.

Long term debt may differ also with respect to rates of interest, interest dates, and date of maturity. Separate ledger accounts shall be maintained for each class of long term debt, and no two amounts of debt not agreeing in respect to all four of the characteristics above named shall be included in the same ledger account, except that part

of any long term debt issue agreeing in other characteristics but maturing serially may be treated as of the same class. The title of each ledger account for long term debt shall express the four characteristics above stated, that is to say, mortgage or other lien or security, rate of interest, dates of maturity of interest, and date of maturity of principal: as, e. g., "First Mortgage 5 per cent. Q. F. 10, August 10, 1928," which means a debt secured by the company's first mortgage, bearing interest at the rate of 5 per cent. per annum, interest maturing quarterly on February 10, May 10, August 10, and November 10 of each year, principal maturing August 10, 1928.

For each class of long term debt the records shall also show plainly (1) the par value of certificates or other evidences of debt issued and actually outstanding; being those not held by the company, its agents or trustees, or subject to its control; and (2) the par value of certificates or other evidences of debt pledged or unpledged held in the company's treasury, held by its agents or trustees, or otherwise subject to its control; including both those reacquired after actual issue and those nominally but never actually issued.

NOTE A.—Securities maturing one year or less from date of issue shall be included in account No. 221, "Notes Payable." Matured long term debt shall be included in account No. 226, "Matured Long Term Debt Unpaid."

NOTE B.—Long term debt securities are considered to be *nominally issued* when certified by trustees and placed with the proper officer for sale and delivery, or pledged or otherwise placed in some special fund of the accounting company. They are considered to be *actually issued* when they have been sold to a *bona fide* purchaser for a valuable consideration and such purchaser holds them free from all control by the accounting company. All securities actually issued and not reacquired and held by or for the accounting company under such circumstances as require them to be considered as held alive and not canceled or retired are considered to be *actually outstanding*. If reacquired by or for the accounting company, under such circumstances as require them to be considered as held alive and not canceled or retired, they are considered to be *nominally outstanding*.

212. RECEIVER'S CERTIFICATES.

When any receiver, acting under the orders of a competent court, is in possession of the property of a corporation, and under the orders of such court issues certificates of indebtedness chargeable upon such property, the par value of such certificates shall be included in this account.

NOTE.—Separate sub-accounts shall be maintained for receiver's certificates which mature in more than one year and those which mature in one year or less from date of issue.

221. NOTES PAYABLE.

This account shall include the balances representing outstanding obligations in the form of notes, drafts, acceptances, or other similar evidences of indebtedness payable on demand or within a time not exceeding one year from date of issue.

NOTE.—Secured notes and time loans payable more than one year from date of issue shall be included in account No. 211, "Long Term Debt."

222. ACCOUNTS PAYABLE.

This account shall include the amount of audited vouchers or accounts and audited pay rolls unpaid on the date of the balance sheet; also balances representing unclaimed wages and outstanding pay and time or discharge checks issued in payment of wages, open accounts with other companies, except such as are includible under account No. 241, "Advances From Affiliated Companies," and similar items.

223. CONSUMERS' DEPOSITS.

This account shall include the amounts deposited with the accounting company by consumers as security for the payment of bills. Deposits refunded shall be charged to this account and credited to "Cash" or to account No. 125, "Miscellaneous Special Funds," if a special fund for such deposits is maintained. Deposits applicable to uncollectible or worthless bills shall, at the close of the fiscal year (or earlier at the option of the accounting company) be credited to the account of the consumer involved and debited to this account.

224. MATURED INTEREST UNPAID.

This account shall include the amount of matured and unpaid interest on debt of the accounting company except where such interest is added to the face of the principal as is the usual case with judgments and sometimes with advances from affiliated companies.

225. DIVIDENDS DECLARED.

This account shall include the amount of any dividends which have been declared, but not paid. Dividends shall be credited to this account as of the day upon which they become a liability of the accounting company (which is generally the date upon which they are declared) and when paid shall be charged to this account and credited to "Cash" or other suitable account.

226. MATURED LONG TERM DEBT UNPAID.

This account shall include the amount of long term debt matured and unpaid without specific agreement for extension as to time of payment, including unrepresented bonds drawn for redemption through the operation of sinking and redemption fund agreements.

NOTE.—Real estate mortgages whose nominal maturity has been reached but which, by mutual agreement between mortgagee and mortgagor, are continued indefinitely as obligations of the accounting company need not be transferred to this account, but may continue to be carried in account No. 211, "Long Term Debt."

227. MISCELLANEOUS CURRENT LIABILITIES.

This account shall include the balances in all open accounts representing current liabilities not specifically provided for in the foregoing accounts.

231. TAXES ACCRUED.

This account shall include the amount of taxes accrued and properly charged against income or other accounts in excess of the amount of taxes paid as shown by the credit balance in the tax liability account.

An open account entitled "Tax Liability Account" shall be raised, and to it shall be credited at the close of each accounting period taxes accrued during the period, corresponding debits being made to the appropriate accounts for tax charges. Such credits will necessarily be based upon estimate, but from time to time during the year as the actual tax levies become known, the amount of the periodic credits shall be adjusted so as to include as nearly as may be possible in each year the taxes applicable thereto. When any tax is paid, it shall be charged to the "Tax Liability Account" and credited to "Cash" or other suitable account. A debit balance in the "Tax Liability Account" due to the prepayment of taxes applicable to the period subsequent to the date of the balance sheet shall be shown under account No. 116, "Prepayments," while a credit balance shall be shown under account No. 231, "Taxes Accrued."

NOTE.—In its annual reports the accounting company may be required to state separately its liability for taxes over-due and unpaid, i. e., such taxes as have not been paid at the date specified for such payment or after the expiration of such additional period as may be allowed by the tax-levying authority before penalty for nonpayment or delayed payment becomes effective. Over-due taxes include those unpaid because of litigation or dispute.

232. INTEREST ACCRUED.

This account shall include the amount of interest on all indebtedness of the accounting company except where such interest is added to the face of the principal as in the usual case with judgments and sometimes with advances from affiliated companies, accrued to the date of the balance sheet but not payable until after that date. When such interest is paid, it shall be charged to this account and credited to "Cash" or other suitable account. Separate sub-accounts shall be maintained for each item of indebtedness.

When interest matures without being paid, it shall be charged to this account and credited to account No. 224, "Matured Interest Unpaid." Payments to trustees (or other agents) of the holders of bonds or other securities of the interest accrued thereon which operate under the terms of the securities (or of mortgages supporting such securities) as a release of the paying company from further liability for such interest shall be considered equivalent to payments of interest made directly to bondholders and such interest shall not be credited to "Matured Interest Unpaid."

The interest accrued upon any judgment against the accounting company shall not be credited to this account, but to the account to which such judgment stands credited.

233. MISCELLANEOUS ACCRUED LIABILITIES.

This account shall include the balances in all accounts representing accrued liabilities other than interest or taxes.

241. ADVANCES FROM AFFILIATED COMPANIES.

This account shall include the par value of nonnegotiable notes due to affiliated companies, credit balances in open accounts with such companies other than credit balances in credit accounts classable as current liabilities, and interest accrued on notes and open accounts included in this account when such interest is not subject to current settlement. Two companies are affiliated if either one controls the policy of the other, or if both are subject to the same control.

This account shall be sub-divided as follows:

- a. *Notes*, including both time and demand notes;
- b. *Open accounts* not subject to current settlement;
- c. *Interest* accrued on amounts included in this account when not subject to current settlement.

Accounts with affiliated companies which are subject to current settlement, such as charges for materials and supplies currently furnished, charges for repairs to equipment, etc., shall be classed as current assets or current liabilities as may be appropriate. Negotiable notes due to affiliated companies shall not be included in this account but in account No. 221, "Notes Payable."

251. RETIREMENT RESERVE.

To this account shall be credited such amounts as are charged to the operating expense account "Retirement Expense" to cover the retirement loss represented by the excess of the original cost, plus cost of dismantling, over the salvage value of fixed capital retired from service; to this account shall also be credited such amounts as may be appropriated from surplus for a similar purpose. When any fixed capital is retired from service, the original cost thereof (estimated if not known, and where estimated, the facts on which the estimate is based should be stated in the entry) should be credited to the proper fixed capital account and charged, plus the cost of retirement, less salvage, to this account. If the credit balance in this account is insufficient to cover the retirement loss, the excess over the balance contained in the reserve shall (with the consent of the Public Utilities Commission) be charged to account No. 132, "Property Abandoned," which see, or other appropriate account.

The losses which this account is intended to cover are those incident to important retirements of buildings, of large sections of continuous structures like electric line, or of definitely identifiable units of plant or equipment, and the purpose of the account is that the

burden of such losses may be as nearly as is practicable equalized from year to year.

NOTE A.—When property is retired whose ledger value has been reduced below original cost, only the remaining ledger value shall be written off as retirement loss.

NOTE B.—When any property is retired whose ledger value is greater than the known or estimated cost, such excess shall be charged to Profit and Loss.

NOTE C.—If any property is sold for more than its original cost, the excess of its selling price over the cost of the property plus the cost of dismantling and selling, shall be credited to this account.

NOTE D.—If the accounting company has, previous to the effective date of this uniform classification of accounts, maintained a reserve under some other title such as "Depreciation Reserve" for the purpose of equalizing retirement losses, the balance in such reserve, as at the effective date of this classification, shall be transferred to this account.

252. CASUALTY AND INSURANCE RESERVE.

When any admitted liability arises because of loss or damage to the property of others, or of injuries to employees or other persons, the amount of liability may (if not previously provided for by insurance or self-insurance) be charged to the appropriate operating expense or other accounts and credited to this account against which (in such case) the actual cost of satisfaction of the liability shall be charged when the matter is determined. If the extent of the liability can not be ascertained promptly after the liability arises, it may be estimated as accurately as practicable for the purpose of determining the immediate charge to the expense or other appropriate account, in which case the matter shall be adjusted when the extent of the liability is definitely ascertained. If the loss is of such character that it is in whole or in part indemnifiable under any contract of insurance carried by the accounting company, the indemnifiable portion of the loss shall be charged to the insurer and credited to "Casualty and Insurance Reserve." This account shall also include the amounts charged to the operating expense account "Insurance" to cover self-carried risks.

253. UNAMORTIZED PREMIUM ON DEBT.

When long term debt securities or other evidences of indebtedness are disposed of for a consideration whose cash value (exclusive of accrued interest) is greater than the par value of such securities or other evidences of indebtedness, the excess of such cash value of the consideration received over the par value of the securities or other evidences of indebtedness shall be credited to this account. At regular accounting intervals thereafter a proper portion of such premium, based upon the life of the security or other evidence of indebtedness to maturity, shall be charged to this account and credited to account No. 434, "Amortization of Premium on Debt," in the income account.

254. SINKING FUND RESERVES.

This account shall include the net balances in accounts to which are credited, in accordance with the requirement of mortgages and other contracts, or by action of the company's directors, definite appropriations of income and surplus whether held in general funds or specifically set aside in the hands of trustees, for the purpose of retiring or redeeming bonds or other obligations of the accounting company. It shall also include such accretions from the investment of funds specifically set aside for the above described purpose as are required to be added to the reserve.

When the debt which the sinking fund is created to redeem matures and the fund has accomplished its purpose, the balance in the reserve shall be charged to this account and credited to Profit and Loss. If the mortgage or other obligation permits, the par value of bonds or other evidences of indebtedness issued or assumed by the accounting company which are reacquired through the operations of a sinking fund may be charged to this account and credited to Profit and Loss when and as such bonds or other evidences of indebtedness are acquired.

255. CONTRIBUTIONS FOR EXTENSIONS.

To this account shall be credited contributions in money or property made to the accounting company for the purpose of assuming the burden or any part of the burden represented by the investment necessary for the establishment or extension of services rendered by the company. This covers such items as contributions toward the cost of line extensions in sparsely settled territory made by consumers, either voluntarily or when reasonably required by the company as a condition of giving the desired service, and the cost of services to which the company has title, in so far as such cost is borne by the consumer; it also covers grants from municipal or other governmental bodies or contributions from chambers of commerce and similar organizations made with the object of establishing a new service in the community by assuming part of the investment cost of the enterprise.

NOTE.—This does not include advances for the construction of extensions which are ultimately to be repaid wholly or in part to the consumer; such advances should be credited to account No. 261, "Miscellaneous Unadjusted Credits." When final determination has been made as to the amount of the advances to be returned to the consumer the balance, if any, shall be credited to this account.

256. CONTINGENCY RESERVE.

This account shall include such amounts as the accounting company may desire or set aside to provide against unforeseen contingencies.

257. MISCELLANEOUS RESERVES.

This account shall include the balances in all reserves other than those provided for in the six preceding accounts. (A description of each such reserve giving the purpose for which it is created and a summary of debits and credits thereto during the year may be required in annual reports to the Public Utilities Commission.)

NOTE.—If the accounting company maintains operating reserves for the purpose of equalizing expenses from month to month, such reserves shall be cleared annually unless there remains a credit balance due to the non-completion of maintenance work because of adverse labor conditions, non-receipt of material, or other similar reasons, in which case such part of the balance as is applicable to unfinished work may be carried over to the following year. Under no circumstances shall a debit balance be carried over the year.

261. MISCELLANEOUS UNADJUSTED CREDITS.

This account shall include the amount of credit balances in suspense accounts that can not be entirely cleared and disposed of until additional information is received.

270. PROFIT AND LOSS—SURPLUS.

Under this head shall be shown the credit balance if any, in the Profit and Loss account. (See "Profit and Loss Account—General Instructions and Definitions," section 1, page 69.)

FIXED CAPITAL ACCOUNTS.*Intangible Fixed Capital:*

- 301. Organization.
- 302. Franchises.
- 303. Miscellaneous intangible capital.

Tangible Fixed Capital:

Specific accounts:

- 311. Land.
 - a. Steam power plant land.
 - b. Hydro-electric power plant land.
 - c. Gas or oil engine power plant land.
 - d. Transmission system land.
 - e. Distribution system land.
 - f. General office land.
 - g. Miscellaneous land devoted to electric operations:
 - g1. Stores department land.
 - g2. General shops land.
 - g3. Transportation department land.
 - g4. Communication system land.
 - g5. Miscellaneous land.
- 312. Structures.
 - a. Steam power plant structures.
 - b. Hydro-electric power plant structures.
 - c. Gas or oil engine power plant structures.
 - d. Transmission system structures.
 - e. Distribution system structures.
 - f. General Office structures.
 - g. Miscellaneous structures devoted to electric operations:
 - g1. Stores department structures.
 - g2. General shop structures.
 - g3. Transportation department structures.
 - g4. Communication system structures.
 - g5. Miscellaneous structures.
- Generating Plant—Steam.
- 313. Boiler plant equipment.
- 314. Prime movers and auxiliaries—steam.
- 315. Turbo-generator units—steam.
- 316. Electric plant—steam.
- 317. Miscellaneous power plant equipment—steam.

Generating Plant—Hydro-Electric.

- 318. Reservoirs, dams, and waterways:
 - a. Reservoirs, dams, and intakes.
 - b. Navigation facilities.
 - c. Waterways.
 - d. Forebays, penstocks, and tailraces.
- 319. Roads, trails, and bridges.
- 320. Water turbines and water-wheels.
- 321. Turbo-generator units—hydro.
- 322. Electric plant—hydro.
- 323. Miscellaneous power plant equipment—hydro.

Generating Plant—Gas or oil engine.

- 324. Fuel holders, gas producers, and accessories.
- 325. Internal combustion engines.
- 326. Electric plant—gas or oil engine.
- 327. Miscellaneous power plant equipment—gas or oil engine.

Transmission and Distribution.

- 328. Sub-station equipment.
- 329. Storage battery equipment.
- 330. Underground conduits.
- 331. Poles, towers, and fixtures.
- 332. Overhead conductors and devices.
- 333. Underground conductors.
- 334. Transmission roads and trails.
- 335. Services.
- 336. Line transformers and devices.
- 337. Line transformer installation.
- 338. Consumers' meters.
- 339. Meter installation.

Consumers' Installations.

- 340. Installations on consumers' premises.
- 341. Commercial lamps.
- 342. Street lighting equipment.
- 343. Electric appliances.

General Equipment.

- 344. General equipment.
 - a. Office equipment.
 - b. Stores department.
 - c. Shop equipment.
 - d. Transportation equipment.
 - e. Telephone, telegraph, and wireless system.
 - f. Laboratory equipment.
 - g. Miscellaneous equipment.
- 345. Miscellaneous tangible capital.

Overhead costs and other undistributed items:

- 351. Engineering and superintendence.
- 352. Law expenditures during construction.
- 353. Injuries and damages during construction.
- 354. Taxes during construction.
- 355. Interest during construction.
- 356. Miscellaneous construction expenditures.
- 357. Fixed capital not classified by prescribed accounts.
- 358. Cost of plant and equipment purchased.
- 359. Unfinished construction.

FIXED CAPITAL ACCOUNTS.**GENERAL INSTRUCTIONS AND DEFINITIONS.**

1. **Fixed Capital Defined.**—By the fixed capital of a corporation is meant the property, both tangible and intangible, which is devoted to the accomplishment of the principal purposes of its business and which has an expectation of life in service of more than one year from date of installation in service.

2. **Tangible and Intangible Capital and Overhead Costs.**—Tangible capital covers all physical property classed as fixed capital. Charges to specific accounts for tangible property cover direct labor and materials costs up to and including the time of the foreman supervising the job; also such overhead expenditures for engineering, taxes during construction, etc., as can be allocated to definite items of property. Charges to overhead cost accounts should cover only expenditures of this nature which pertain to the enterprise as a whole and cannot be allocated to definite items of property. Intangible capital covers organization expenditures, and rights, privileges, and other property not physical, such as franchises or patent rights.

So far as possible overhead costs should be assigned or apportioned to particular jobs or items to the end that each item shall bear its proper share of such cost, and that the entire cost of the item, both direct and overhead, shall be deducted from the fixed capital accounts at the time of its retirement. Certain overhead costs, however, which clearly pertain to the entire enterprise, such as in some cases engineering, interest, etc., should not be apportioned, but retained in the appropriate fixed capital accounts as part of the investment cost so long as the enterprise continues under the form in which it started.

These instructions should not be interpreted as permitting the addition to fixed capital accounts of arbitrary percentages to cover assumed overhead costs, but only as requiring the assignment or apportionment to particular accounts for tangible property of actual and necessary overhead expenditures.

3. **Fixed Capital to be entered and retained on Books at Cost.**—All charges to fixed capital accounts shall be at the actual cost of the property acquired, at the time of its acquisition. A *bona fide* contract or agreement of purchase and sale between entirely separate parties shall be *prima facie* evidence of actual cost. Each item of property shall be carried in the fixed capital accounts at no more, and no less, than its actual cost unless, or until, such property is abandoned, replaced, reconstructed, or converted, when the accounting shall be as hereinafter set forth. The foregoing shall not, however, be interpreted to forbid the inclusion in account No.

357 "Fixed Capital Not Classified by Prescribed Accounts" of undistributed book values which have been carried prior to the effective date of a prescribed uniform system of accounts, and which may or may not represent the actual cost of property in service; but the inclusion of such undistributed book values in fixed capital accounts shall be without prejudice to any future determination of the actual cost of the property. The term "cost" includes not only the cost of labor, material, and supplies directly employed or consumed in the construction and installation of fixed capital, but also the cost of preliminary plans and surveys and such portion of the expenses for engineering and plant supervision and of general expenses as may be chargeable to the fixed capital accounts under an equitable plan for apportionment of such expenses.

4. **First Entries Must Enable Identification.**—Every debit or credit to a fixed capital or other investment account must be made in such wise as to be readily identified with the particular item of property to which it relates. For each item (or project) of fixed capital or other investment the records shall show the date of the entry, the date of acquisition or installation, the date when placed in service, the actual money cost, and the description thereof with such particularity as to make possible the location and identification thereof (including in case the item is movable, the name of the manufacturer and the identifying mark or number, if any, imprinted thereon, and such other particulars as may be necessary for identification). Where two or more items are acquired under a single undivided contract, the entry in respect of each shall refer to the others and shall state the entire consideration, and shall also state the portion thereof fairly applicable to the particular item covered by the entry. When any item of capital is withdrawn from service, the date of withdrawal shall be included in the withdrawal entry relating to such item.

NOTE A.—In the case of continuous structures like electric lines, gas mains, etc., the record shall be itemized to the extent that no item shall contain more than one operating division or section or more than one type of construction. The entry for any item shall so specify the location and the principal physical characteristics (such as size, weight, type, etc.) of the chief constituent parts of the item that identification may be assured.

NOTE B.—The date when an item of fixed capital is placed in service may, if preferred, be kept in the engineering records.

5. **Application of Classification.**—The accounts in this classification shall include all expenditures for fixed capital regardless of the way in which the funds for the construction or acquisition have been provided. Such expenditures shall not be charged to Operating Expense, Income, Surplus, or to special funds in such manner as to exclude from the property accounts any expenditure for fixed capital.

These accounts shall also include the necessary credits to represent the cost originally charged to them of property or equipment abandoned, destroyed, sold, or otherwise retired from service. Wherever the term *original cost* is referred to in this classification,

and such cost can not be ascertained, an estimate of the original cost shall be used.

6. Salvage and Insurance.—Salvage, as the term is employed in this classification, means the value to the accounting company, based upon a fair market price, of equipment or other material recovered in the process of repairing, replacing, or abandoning plant and equipment; or the net amount received from its sale if the material is not retained by the accounting company. Salvage recovered in connection with a replacement or abandonment involving a deduction from fixed capital accounts shall be credited against the account to which the retirement loss is chargeable. Salvage recovered in connection with maintenance expenses not involving deductions from fixed capital accounts shall, so far as practicable, be credited to the appropriate maintenance accounts. Insurance recovered on property damaged or destroyed shall be treated in the same manner as salvage.

7. Withdrawals or Retirements.—To the end that the capital accounts shall at all times disclose the *cost* of all property in service, the cost of retired capital, *whether replaced or not*, must be deducted from (i. e., credited to) the account, or accounts, in the classification to which such cost is chargeable. Every electrical corporation is therefore required to take such measures and establish such procedure as will insure strict compliance with these requirements. When anything is worn out, lost, sold, destroyed, abandoned, surrendered upon lapse of title, becomes permanently unserviceable or is withdrawn or retired from service for any other reason, the amount at which such thing stood charged in the capital account shall be credited to the appropriate capital account, and the entry of such credit shall cite by name and page of book or other record the original entry of cost of the thing retired. If there is no such original entry, that fact shall be stated in connection with the credit entry. If the amount originally charged (i. e., the ledger value) is not separately recorded, it shall be taken to be the proportionate share of said property in the value of the entire group in which the property is included. The entry shall state the fact of such estimation.

Credits for original cost of property retired should include such part of the overhead cost as is equitably assignable to the item retired.

When the cost of retired property is credited to the appropriate fixed capital accounts, it shall be concurrently charged (less any salvage or insurance that there may be on the retired property) to account No. 251 "Retirement Reserve" to the extent that the total balance in the reserve is sufficient to cover such loss; the remainder, if any, representing such part of the loss due to the retirement as has not been provided for in advance by the accumulation of a retirement reserve, shall, with the consent of the Public Utilities Commission, be charged to suspense account No. 132 "Property Abandoned" to be amortized in such manner as may be determined.

The cost of dismantling, tearing down, or removing any discarded plant or equipment shall be considered a part of the retirement loss and charged to the "Retirement Reserve" or to "Property Abandoned" in accordance with the provisions of the foregoing paragraph. When any replacement takes the form of reconstructing or converting existing property in such a way that the cost of the entire project cannot be accurately assigned as between the cost of putting in the new property, and the cost of taking out the old, no greater proportion of the cost of the project shall be charged to fixed capital accounts than would equal the cost of new plant or equipment having equivalent capacity and expectation of serviceable life. Such part of the cost of a reconstruction project as is not chargeable to fixed capital shall be considered a retirement loss and charged to the "Retirement Reserve" or to "Property Abandoned" as already provided.

The foregoing instructions do not apply to the retirement of those minor parts, the charges for replacing which are made directly to maintenance expense accounts.

NOTE A.—The foregoing rule shall not be applied to capital *temporarily* out of service. In their annual reports to the Public Utilities Commission, corporations may be required to give particulars concerning all capital temporarily disused and not credited to the proper capital account in accordance with the foregoing rule.

NOTE B.—No receiver or other person temporarily in charge of an electrical corporation shall be relieved of the foregoing requirement through failure to obtain the records of the corporation. If, by reason of the absence of the corporate records, he is unable to make the proper credits to the capital accounts of the corporation for retirements, he shall open on his books the two historical accounts "Cost of Property Retired during the Receivership" and "Loss on Property Retired during the Receivership" and credit to the former account the original cost in accordance with the foregoing requirement, concurrently charging the same amount (less salvage, if any) to the latter account.

8. Improvements on Leased Property.—The cost of additions to and betterments of leased property should be charged to a sub-account under the appropriate fixed capital account, and retirement losses in connection therewith treated in the same manner as on company-owned property. In case the full benefit of improvements will not be obtained by the lessee because of reversion to the lessor at the expiration of the lease, the cost of improvements may be charged to suspense and cleared by uniform charges to rent deductions within the period of the lease. Ordinarily current repairs, including minor rearrangements and changes in connection with leased buildings, should be charged to the appropriate maintenance account. Expenditures charged to lessors or for which lessors are required under the lease-hold agreement to reimburse the lessee prior to the termination of the lease should not be charged to the fixed capital accounts of the lessee.

9. Salvage from Equipment, Tools, Etc.—When the cost of any work equipment, machinery, tools, or materials and supplies

obtained for use in construction work has been charged to accounts in this classification and the entire value thereof has not been consumed in the work, the residual value of such work equipment, machinery, tools, or materials and supplies shall be credited upon the completion of the work to the accounts to which originally charged, and concurrently charged to the material and supply account or other appropriate accounts.

10. Sub-accounts for Departmental Capital.—The fixed capital accounts should be so subdivided as to distinguish clearly between general capital and departmental capital. Sub-accounts for departmental capital should be so entitled and constructed as to enable the corporation to report in the detail indicated in the following classification the fixed capital devoted to each particular department or jointly to any specific group of departments.

TEXT PERTAINING TO FIXED CAPITAL ACCOUNTS.

NOTE.—If the accounting company operates two or more generating stations, separate sub-accounts should be maintained for the land, structures, and equipment pertaining to each such station. So far as practicable, similar sub-accounts should be maintained for each substation.

301. ORGANIZATION.

This account shall include all fees paid to governments for the privilege of incorporation and all office and other expenditure incident to organizing the corporation or other enterprise and putting it into readiness to do business. This covers cost of preparing and distributing prospectuses, cost of soliciting subscriptions for stock (but not for loans or for the purchase of bonds or other evidence of indebtedness), cash fees paid to promoters and the actual cash value at the time of organization of securities paid to promoters for their services in organizing the enterprise, counsel fees, cost of preparing and issuing certificates of stock and cost of procuring certificates of necessity from state authorities and other like costs; also costs incident to preparing and filing certificates of authorization of increase of capital stock and to the negotiation and issue of stock thereunder, and of preparing and filing certificates of amendment of articles of incorporation. This account should not include any discount on stocks or other securities issued, nor should it include any costs incident to negotiating loans or selling bonds or other evidences of indebtedness.

NOTE.—Cost of preparing and filing papers in connection with the extension of the term of incorporation or with reincorporation consequent upon reorganization should be charged to account No. 781.26, "Law Expenses," or, by companies in "Class C" or "Class D," to the account of which "Law Expenses" is a subdivision.

302. FRANCHISES.

This account shall include amounts actually paid to a state or to a political subdivision thereof in consideration of franchises running in perpetuity or for a specified term of more than one year and necessary to the conduct of the accounting company's operations. If any such franchise is acquired by a mesne assignment, the charge to this account in respect thereof should not exceed the amount actually paid therefor by the corporation to its assignor, nor should it exceed the amount specified above. Any excess of the amount actually paid by the corporation over the amount above specified should be charged to account No. 303, "Miscellaneous Intangible Capital."

303. MISCELLANEOUS INTANGIBLE CAPITAL.

This account shall include the cost of patent rights, licenses, privileges, and other intangible property not elsewhere provided for; and all other fixed capital charges which are not specifically assignable to some other account in this classification.

NOTE.—When any corporation desires to reclassify, according to the Uniform System of Accounts, the book accounts representing its investment in plant and equipment prior to the effective date of this classification, any remainder of the original total book value over the amount determined as properly chargeable to other prescribed accounts (including profit and loss or reserve accounts in cases where it is found that part of the original total book value is properly chargeable to such accounts) may be charged to "Miscellaneous Intangible Capital." When such a reclassification is undertaken by the accounting company, and has not been passed upon by the Public Utilities Commission, acceptance by the commission of reports showing the revised balances shall not commit it to the approval of the amounts thus set up.

311. LAND.

This account shall include the cost of all land devoted to electric operations. This covers land for generating stations, substations, office buildings, service buildings, warehouses, garages, for storage purposes, or for any other purpose in connection with electric operations, rights of way for transmission or distribution lines and for canals and pipe lines, water rights and rights of pondage, flowage, and submersion, and land for wharves and docks and the cost of riparian or water rights necessary therefor, where such rights have lives in excess of one year from the date when placed in service. Such cost includes, when assumed or paid by the purchaser in its own behalf, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commission or fees, or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired; cost of obtaining consent and payments for abutting damages; also the first cost of acquiring lease-holds of land for rights of way with a life of more than one year, but not including the rents paid periodically in consideration of rights obtained under such leases.

This account also includes special assessments levied by public authorities on the basis of benefits for streets and other public improvements, such as new roads, new bridges, new sewers, new pavements, new curbing, etc., but not any taxes levied to provide for maintenance of such improvements.

The cost of building and other improvements should not be included in this account. If at the time of acquisition of an interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the accounting company to its electric operations, and the contract of acquisition does not determine the price of such improvements, they should be appraised at their fair cash value for use in such operations, and such appraised value should be charged to the appropriate structures account, and ex-

cluded from this account. If such improvements are not devoted to electric operations but are devoted to other operations or held as investments, the cost (or appraised value if the cost is not determined in the contract of acquisition) should be charged to the appropriate investment account or capital account for other operations. If the improvements are removed or wrecked, the cost of removing or wrecking them should be charged and the salvage credited to the land account.

Net proceeds from the sale of timber, cordwood, or other property purchased with rights of way or other lands should be credited to this account.

This account may be subdivided as follows, and so far as practicable, records of the cost of land devoted to electric operations should be kept in the detail indicated. Where pole lines carry both transmission and distribution conductors, right of way may be classed as "Transmission and distribution system land." Land used both for general offices and departmental purposes may be classed as "Miscellaneous." When the general office is in the power plant, the land shall be considered power plant land. Riparian or water rights shall be considered hydro-electric power plant land.

- a. Steam power plant land.
- b. Hydro-electric power plant land.
- c. Gas or oil engine power plant.
- d. Transmission system land.
- e. Distribution system land.
- f. General office land.
- g. Miscellaneous land devoted to electric operations.
 - g1. Stores department land.
 - g2. General shops land.
 - g3. Transportation department land.
 - g4. Communication system land.
 - g5. Miscellaneous land.

312. STRUCTURES.

This account shall include the cost of all permanent buildings, and structures to house, support, or safeguard property or persons, with all appurtenant fixtures, improvements to land, and other constructions.

Buildings include all fixtures attached to and forming a permanent part thereof, such as water pipes and fixtures, steam pipes and fixtures for heating and ventilating, gas pipes and fixtures for lighting, etc., electric wiring and fixtures for lighting, signaling, etc., elevators, cranes and hoists and the motive power for operating them, building refrigerating systems, and furnaces, boilers, etc., specially provided for such systems, storage batteries and electric generators with their prime movers specially provided for building service, conduits, including cable conduits which form a part of the building, but not including conduits which would be removed with their contents, and subways or areaways directly connected to and forming a part of

the building. This account includes cost of excavations, brick or concrete chimneys, and such piers and foundations for machinery and apparatus as are designed to be as permanent as the buildings and independent of their use in connection with any particular units of equipment. Charge also the cost of architect's plans and of superintendence of construction.

Improvements to land include roadways, fences, sidewalks, sewer systems, water systems, yard lighting systems, grading and landscape gardening, docks and water front improvements, railroad tracks, tramways and trestles, canals, bench marks, monuments, and any other permanent structures which are an improvement to the property. Roadways, trails, bridges, tramways and other construction used in hydro-electric production of electricity which are not adjacent to the generating plant proper should be charged to account No. 319, "Roads, Trails and Bridges."

NOTE A.—When furnaces and boilers are used primarily for furnishing steam for some particular department and only incidentally for furnishing steam for heating a building and operating the equipment therein, the entire cost of such furnaces and boilers should be charged to the appropriate departmental capital account, and no part to this account.

NOTE B.—The cost of specially provided foundations, not expected to outlast the machinery or apparatus mounted thereon, should be charged to the same account as is the cost of the machinery or apparatus for which they are provided.

NOTE C.—This account should not include any charges for lighting, heating, or other fixtures temporarily attached for purposes of display or demonstration.

NOTE D.—Where the structure of a dam forms also the foundation of the power plant buildings, this structure should be considered a part of the dam.

This account may be subdivided as follows and so far as practicable records of the cost of structures devoted to electric operations should be kept in the detail indicated. Structures used both for general offices and departmental purposes may be classed as "Miscellaneous." When the general office is in the power plant, the building shall be considered a power plant structure. When the system for supplying boiler or condenser water is elaborate, as when it includes a dam, reservoir, canal, and pipe-line, the cost should be charged to a special sub-account entitled "Water Supply Structures—Steam."

- a. Steam power plant structures.
- b. Hydro-electric power plant structures.
- c. Gas or oil engine power plant structures.
- d. Transmission system structures.
- e. Distribution system structures.
- f. General office structures.
- g. Miscellaneous structures devoted to electric operations.
 - g1. Store department structures.
 - g2. General shop structures.
 - g3. Transportation department structures.
 - g4. Communication system structures.
 - g5. Miscellaneous structures.

313. BOILER PLANT EQUIPMENT.

This account shall include the cost installed of all furnaces, boilers, and boiler apparatus and accessories devoted to the production of steam for use in generating electric energy. This covers boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the specially provided foundations and settings of such boilers and appurtenances; also metal smokestacks. It also covers mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, reservoirs for boiler or condenser water and intake and discharge water pipes and pipe lines and tunnels, air pipes and general service pipes, steam traps, drains and separators, and pipes for conducting steam from the boiler to the engine or to the gas producers, exhaust pipes, etc. This account shall not include steam pipes whose primary purpose is the heating of buildings.

NOTE.—When the system for supplying boiler or condenser water is elaborate, as when it includes a dam, reservoir, canal, and pipe line, the cost should not be charged to this account but to a special sub-account under account No. 312, "Structures," entitled "Water Supply Structures—Steam."

314. PRIME MOVERS AND AUXILIARIES—STEAM.

This account shall include the cost of all steam engines, whether reciprocating or rotary. This covers the specially provided foundations and settings of such engines. The engine includes the throttle or inlet valve and the governor; also condensers, cooling towers, air and circulating pumps and lubricating systems, but not the steam pipe leading from the boiler, nor the exhaust pipe.

NOTE A.—Where the electric rotor is mounted on the engine shaft, the shaft is a part of the steam engine and the electric rotor a part of the electrical equipment.

NOTE B.—This account does not include steam turbo-generator units, the cost of which shall be chargeable to the next following account.

315. TURBO-GENERATOR UNITS—STEAM.

This account shall include the cost installed of steam turbine-driven generator units when the generator and prime mover are purchased as a unit and not separately. This covers specially provided foundations and settings of such units; also condensers, air and circulating systems, etc., but not the steam pipe leading from the boiler nor the exhaust pipe.

316. ELECTRIC PLANT—STEAM.

This account shall include the cost of all electric generating apparatus, motor driven exciter sets, rotaries, transformers, etc., used primarily in connection with the generation of electric energy by steam power and not for changing it in voltage or frequency for the

purpose of transmitting or distributing it more efficiently. This covers the specially provided foundations and the installation of such equipment; switchboards, circuit breakers, switches, instruments, conductors and other electrical apparatus connected thereto; and generator cooling and air washing apparatus, including blowers and ducts.

NOTE A.—When the electric rotor of such apparatus is mounted on the shaft of the prime mover the rotor is to be included herein, but not the shaft. Belts, countershafts, and other like appliances intermediary between such prime movers and the generators are to be excluded herefrom and charged to account No. 317, "Miscellaneous Power Plant Equipment—Steam."

NOTE B.—This account does not include steam turbo-generator units, the cost of which shall be chargeable to the next preceding account.

317. MISCELLANEOUS POWER PLANT EQUIPMENT— STEAM.

This account shall include the cost of all miscellaneous steam plant equipment not includible in any of the foregoing accounts, such as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the electric generator, machine tools, cars, locomotives, and locomotive cranes for general plant purposes, etc.

318. RESERVOIRS, DAMS AND WATERWAYS.

This account shall include the cost of all dams and appurtenant structures for reservoirs and forebays devoted to the collection, storage and regulation of water primarily for hydro-electric production. This covers the cost of clearing and preparing the land; also of all gates, raising and lowering apparatus, wasteways, spillways, fish-ladders, and all building and structures required in the operation and maintenance of dams, reservoirs and forebays; locks and equipment for handling navigation; the cost of construction, including the clearing and preparation of land, of all diversion dams, ditches, flumes and tunnels with their gates, operating mechanisms, spillways, fish-ladders and other appurtenances and the cost of all buildings and structures used in their operation and maintenance; also the cost of acquisition or construction of all penstocks or pipelines in place, with their appurtenant structures and accessories for delivering water from the forebays to water-wheels, and from draft-tubes to tail race, including connections at forebays.

Nozzles and valves at water-wheels should be charged to account No. 320, "Water turbines and water-wheels."

NOTE A.—Where the structure of a dam forms also the foundation of the power plant buildings, this structure should be considered a part of the dam.

NOTE B.—In case the accounting company wishes to subdivide this account the following sub-accounts are suggested.

- (a) Reservoirs, dams and intakes.
- (b) Navigation facilities.
- (c) Waterways.
- (d) Forebays, penstocks and tailraces.

319. ROADS, TRAILS, AND BRIDGES.

This account shall include the cost of permanent roads, trails, bridges, tramways, and railways used in hydro-electric production of electricity which are not adjacent to the generating plant proper, but which are connected with operation of distant reservoirs, flumes, etc.

NOTE A.—Roads, bridges, tramways, and railways directly on the generating station land contiguous to the generating plant are properly chargeable to "Hydroelectric power plant structures," account 312 b.

NOTE B.—It is intended that this account shall include the cost of only such private roads, etc., as it is necessary to maintain and use in the operation and maintenance of the hydraulic power plant. The cost of roads, railways, bridges, etc., necessary for construction, but abandoned upon completion of the plant, as also the cost of such facilities dedicated to public use and maintained at public expense, should be distributed among other proper fixed capital accounts.

320. WATER TURBINES AND WATER-WHEELS.

This account shall include the cost of all turbines and water-wheels devoted to the generation of electric energy, their special foundations, settings, governors and all apparatus appurtenant thereto, from the head-gates and governors to wasteways.

NOTE A.—When the electric rotor is mounted on the shaft of the prime mover, the shaft is a part of the prime mover and the electric rotor a part of the electrical equipment.

NOTE B.—This account does not include hydraulic turbo-generator units, the cost of which shall be chargeable to the next succeeding account.

321. TURBO-GENERATOR UNITS—HYDRO.

This account shall include the cost installed of hydraulic turbine-driven generator units when the generator and prime mover are purchased as a unit and not separately. This covers specially provided foundations and settings of such units; also air and circulating pumps, lubricating systems, valves, governors and draft tubes.

322. ELECTRIC PLANT—HYDRO.

This account shall include the cost of all electric generating apparatus, motor driven exciter sets, rotaries, transformers, etc., used primarily in connection with the generation of electric energy by water power and not for changing it in voltage or frequency for the purpose of transmitting or distributing it more efficiently. This covers the specially provided foundations and the installation of such equipment; switchboards, circuit breakers, switches, instruments, conductors and other electrical apparatus connected thereto; and generator cooling and air washing apparatus, including blowers and ducts.

NOTE A.—When the electric rotor of such apparatus is mounted on the shaft of the prime mover the rotor is to be included herein but not the shaft. Belts, countershafts, and other like appliances intermediary between such prime movers and the generators are to be excluded herefrom and charged to account No. 323, "Miscellaneous Power Plant Equipment-Hydro."

NOTE B.—This account does not include turbo-generator units the cost of which shall be chargeable to the next preceding account.

323. MISCELLANEOUS POWER PLANT EQUIPMENT— HYDRO.

This account shall include the cost of all miscellaneous hydro-electric power plant equipment not includible in any of the foregoing accounts, such as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the electric generator, machine tools, etc.

324. FUEL HOLDERS, GAS PRODUCERS AND ACCESSORIES.

This account shall include the cost of producers and accessories devoted to the production of gas for the purpose of operating electric generators, including the cost of specially provided foundations and installation of such producers and accessories. This account includes producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhauster outfits, seals, specially provided boiler and pumps, flues and piping, blower engines, pipes for the conduction of gas from such producers to holders, and to gas engines, holders for producer gas, exhaust pipes from gas engines, etc. It does not include pipes whose primary purpose is the heating of buildings, nor does it include power transmission apparatus, or water pipes, steam pipes, water pumps, or inspirators.

Include also in this account the cost of storage tanks for oil, gasoline, etc., used as fuel for internal combustion engines and the cost of facilities and apparatus similar to that designated above which is necessary in the delivery of the fuel to the engines.

325. INTERNAL COMBUSTION ENGINES.

This account shall include the cost of all gas engines, Diesel engines, oil engines, and other internal combustion engines devoted to the production of electric energy, including the specially provided foundations and installation of such engines. The engine includes the inlet valve, governor, and ignition and starting apparatus, and also such devices as anti-fluctuators or gas bags, and mufflers. It does not include the pipe leading from the fuel container, nor the exhaust pipe in the case of producer gas engines. Such pipe is chargeable to the next preceding account.

NOTE.—Where the electric rotor is mounted on the shaft of the prime mover, the shaft is a part of the prime mover and the electric rotor a part of the electric equipment.

326. ELECTRIC PLANT—GAS OR OIL ENGINE.

This account shall include the cost of all electric generating apparatus, motor driven exciter sets, rotaries, transformers, etc., used primarily in connection with the generation of electric energy by gas or oil engine power and not for changing it in voltage or frequency for the purpose of transmitting or distributing it more efficiently. This covers the specially provided foundations and the

installation of such equipment; switchboards, circuit breakers, switches, instruments, conductors, and other electrical apparatus connected thereto; and generator cooling and air washing apparatus, including blowers and ducts.

NOTE A.—When the electric rotor of such apparatus is mounted on the shaft of the prime mover the rotor is to be included herein but not the shaft. Belts, countershafts, and other like appliances intermediary between such prime movers and the generators are to be excluded herefrom and charged to account No. 327, "Miscellaneous Power Plant Equipment—Gas or Oil Engine."

327. MISCELLANEOUS POWER PLANT EQUIPMENT—GAS OR OIL ENGINE.

This account shall include the cost of all miscellaneous gas or oil engine power plant equipment not includible in any of the foregoing accounts, such as belts, pulleys, hangers, countershafts and other apparatus intermediary between the prime mover and the electric generator, machine tools, etc.

328. SUB-STATION EQUIPMENT.

This account shall include the cost installed, whether in a generating station or sub-station, of transformers, rotary converters, motor generators, regulators, switchboards and connecting equipment, etc., used primarily for changing electric energy in voltage or frequency for the purpose of transmitting or distributing it more efficiently. This also covers outdoor sub-stations complete including foundations, fences, supporting framework, etc.; sub-station equipment installed on consumer's premises; and other conversion equipment.

So far as practicable separate sub-accounts shall be maintained for each station.

This account does not include line transformers installed for stepping down current from transmission or distribution voltages to the voltage at which it is used by the consumer.

This account does not include storage batteries nor laboratory instruments and apparatus and other equipment coming within the scope of account No. 344 "General Equipment." Office equipment and furniture permanently assigned to substations should be included in "General equipment" but in a special sub-account for each sub-station.

NOTE A.—This account may be subdivided by the accounting company under the following captions:

- a. Transmission sub-station equipment.
- b. Distribution sub-station equipment.

NOTE B.—Separate sub-accounts may be set up to cover the cost of conversion equipment installed solely in connection with transmission lines, that is, high voltage lines used for transmitting power between stations or between points of generation or purchase and points of transformation and distribution, but not used to any considerable extent for carrying power to points of consumption.

NOTE C.—If the accounting company has installed one or more transformers at a point where current is taken off its transmission or distribution

line by a large power consumer, and such transformers are used to step down the current from the voltage at which it is carried on the accounting company's line to a voltage at which it is delivered to such consumer to be by him in turn transformed or converted for distribution within his own plant, the cost of such transformers is chargeable to this account.

329. STORAGE BATTERY EQUIPMENT.

This account shall include the cost of storage battery installations complete, including elements, tanks, tank insulators, battery room connections, and copper work, and cell switches, motor generator sets used primarily for battery charging, miscellaneous small pumps, ventilating fans, water stills, battery room instruments, and other storage battery accessories. This account also includes the battery room flooring if specially constructed and separable from the main structure with respect to costs. It does not include switchboard panels for batteries unless such panels are separate from the main switchboard and used exclusively for battery control.

330. UNDERGROUND CONDUITS.

This account shall include the cost of all conduits and tunnels required for underground wires and cables, including manholes, ducts and pipe, sewer connections, sewer traps, and all material necessary for the completion of the underground conduit system devoted to the protection of the transmission and distribution systems.

NOTE.—This account may be subdivided between transmission and distribution, if so desired.

331. POLES, TOWERS, AND FIXTURES.

This account shall include the cost of towers, transformer platforms and structures for supporting other line devices, poles, cross-arms, and insulator pins; braces, brackets, and other pole fixtures; guys and other supports for holding the towers, structures, and poles in position; and all labor expended in connection with the construction of pole lines or tower lines for carrying the transmission and distribution systems.

NOTE A.—Separate sub-accounts may be set up to cover the cost of towers, poles, and fixtures carrying transmission lines, that is, high voltage lines used for transmitting power between stations or between points of generation or purchase and points of transformation and distribution, but not used to any considerable extent for carrying power to points of consumption. Such sub-accounts may be entitled:

- a. Transmission poles, towers, and fixtures.
- b. Distribution poles, towers, and fixtures.

NOTE B.—The cost of ornamental street lighting poles and fixtures should not be charged to this account but to account No. 342, "Street Lighting Equipment."

332. OVERHEAD CONDUCTORS AND DEVICES.

This account shall include the cost installed of all overhead conductors and feeders (except services). This covers all cables, wires, insulators, and insulating material used in overhead systems; also ground wires, lightning arresters, pole top switches, and other line devices.

NOTE.—Separate sub-accounts may be set up to cover the cost of conductors used in transmission lines, that is, high voltage lines used for transmitting power between stations or between points of generation or purchase and points of transformation and distribution, but not used to any considerable extent for carrying power to points of consumption. Sub-accounts may be entitled:

- a. Transmission overhead conductors.
- b. Distribution overhead conductors.

333. UNDERGROUND CONDUCTORS.

This account shall include the cost installed of all underground conductors, and feeders (except services). This covers the cost of all cables, wires, insulators and insulating material used in underground systems.

NOTE.—Separate sub-accounts may be set up to cover the cost of conductors used in transmission lines, that is, high voltage lines used for transmitting power between stations or between points of generation or purchase and points of transformation and distribution, but not used to any considerable extent for carrying power to points of consumption. Sub-accounts may be entitled:

- a. Transmission underground conductors.
- b. Distribution underground conductors.

334. TRANSMISSION ROADS AND TRAILS.

This account shall include the cost of permanent roads, trails, and bridges used primarily in connection with the operation and maintenance of the transmission system, whether located on the transmission line right of way or elsewhere.

NOTE.—It is the intention that this account shall include the cost of only such private roads, etc., as it is necessary to maintain and use in the operation and maintenance of the transmission system. The cost of roads, railways, bridges, etc., necessary for construction but abandoned upon completion of the plant, as also the cost of such facilities dedicated to public use and maintained at public expense, should be distributed among other appropriate fixed capital accounts.

335. SERVICES.

This account shall include the cost, installed, to the accounting company of all conductors, insulators, ducts, supports, etc., between the last poles before wires enter consumer's building on overhead services, or between the point where wires leave main and enter consumer's building on underground services, and the housewiring. It shall also include the cost of meter-protection devices, such as enclosing meter boxes designed to prevent tampering with the meter or the meter connections.

NOTE A.—All conduits, poles, wires, etc., from distributing mains to the points described above will be considered a part of the distribution system and their cost shall be charged to the appropriate accounts preceding.

NOTE B.—If a consumer contributes some or all of the cost of a service the title to which remains in the accounting company, the amount of such contribution should nevertheless be charged to this account but concurrently credited to account No. 255, "Contributions for extensions."

NOTE C.—Cost of renewing or modifying services should not be charged to this account. If, however, the substituted service is of greater capacity than the one replaced, the book value of the withdrawn service should be credited, and the cost of the substituted service should be charged to this account.

336. LINE TRANSFORMERS AND DEVICES.

This account shall include the cost of all line transformers (both overhead and underground), pole line lightning arresters, transformer cut-out boxes, line cut-out switches, etc. It may be subdivided to show separately the investment in transformers and in other devices.

NOTE A.—This account does not include the labor cost of installing transformers which is provided for in the following account.

NOTE B.—This account may, if desired, include the cost of all transformers whether carried in stock or actually in service, provided designation of the account on the ledger indicates the practice of the accounting company, as, for example, by the addition of the phrase "(includes line transformers in stock)."

337. LINE TRANSFORMER INSTALLATION.

This account shall include the cost of labor and incidental expenses required for the original installation of line transformers. When any line transformer service is permanently discontinued, this account shall be credited with an amount representing the average installation cost of a line transformer.

338. CONSUMERS' METERS.

This account shall include the cost of all meters, current limiting devices, and appurtenances used or to be used in measuring or determining electric energy delivered to consumers. This covers in addition to cost of meters to point of delivery on the accounting company's premises such incidentals as the cost of meter badges and their attachment to the meters, testing and storing new meters, and the first set of meter fittings, connections, and shelves.

NOTE A.—This account does not include the cost of the corporation's meters which record the output of the station. Such cost shall be charged to the appropriate power plant electrical equipment account.

NOTE B.—The cost of setting, removing, or resetting consumers' meters shall not be charged to this account.

NOTE C.—This account may, if desired, include the cost of all meters whether carried in stock or actually in service, provided the designation of the account on the ledger indicates the practice of the accounting company, as, for example, by the addition of the phrase "(includes meters in stock)."

339. METER INSTALLATION.

This account shall include the cost of the first setting of meters for determining the amount of electric energy delivered upon the premises of consumers. When any meter service is permanently discon-

tinued this account shall be credited with an amount representing the average installation cost of a consumer's meter.

NOTE.—Cost of removing consumers' meters and of setting other meters substituted for them shall not be charged to this account, but to account No. 731, "Distribution operation and maintenance," or the appropriate subdivision thereof.

340. INSTALLATIONS ON CONSUMERS' PREMISES.

This account shall include the cost installed of all equipment on consumers' premises, such as motor generator sets, motors, and switch panels which are installed upon consumers' premises under contract. This shall not include property of the kinds designated herein ordinarily designated as sub-station equipment. (See account No. 328, "Sub-station Equipment," or account No. 343, "Electric Appliances.")

341. COMMERCIAL LAMPS.

This account shall include the cost to the accounting company of all commercial lamps loaned or rented to consumers, and the cost of the first installation thereof, in case it is the policy of the company to capitalize such costs; otherwise the cost should be charged to the appropriate operating expense account.

342. STREET LIGHTING EQUIPMENT.

This account shall include the cost to the accounting company of all lighting equipment operated and maintained under the contract for public lighting entered into with the municipality. This will include public arc and incandescent lamps and their suspension devices; also ornamental lamp posts and fixtures for public incandescent lamps including the lamps. This account does not include the circuits, nor poles and fixtures supporting the circuits.

If the company has an investment in street lighting equipment operated and maintained under a contract with a public body or organization other than a municipality, such equipment shall be included in this account under a subhead.

343. ELECTRIC APPLIANCES.

This account shall include the cost to the accounting company of electric motors, heaters, etc., leased or held for lease to consumers (including municipal corporations) but not of those held for sale.

NOTE.—The cost of setting and connecting such appliances on the premises of consumers, and the cost of resetting or removal should not be charged to this account.

344. GENERAL EQUIPMENT.

This account shall include the cost installed of all equipment coming under the following heads:

a. OFFICE EQUIPMENT.—This includes the cost of all office and service equipment not permanently attached to buildings such as

desks, chairs, tables, movable safes, filing cabinets, drafting room equipment, typewriters, adding machines, addressographs, portable lamps, lockers, clocks, fans, chronograph systems, pneumatic tube systems, lunch room equipment, doctor's equipment, pulmotors, mechanical office appliances, floor coverings, and other like office appliances and equipment. Small articles of slight value or of short life should not be charged to this account but to the appropriate operating account.

b. STORES EQUIPMENT.—This includes the cost of all equipment for the receiving, shipping, handling and storage of materials and supplies. This includes loading and unloading equipment (except cranes when they are of such a nature as to be charged to buildings), derricks, portable cranes, hoists, chain falls, scales, trucks, counters, shelving, wheelbarrows, and the like.

c. SHOP EQUIPMENT.—This includes the cost of all equipment specially provided for shops (but not so permanently attached as to be properly chargeable to account No. 312, "Structures") such as furnaces, boilers, gas producers, engines, electric generators, and other power apparatus operating machinery in such shops; machine tools, frames, hoists, shafting, belts, and the like shop equipment; also such smithing equipment in shops as is used principally for other general purposes than shoeing horses and repairing vehicles; and all specially provided foundations not expected to outlast the machinery or apparatus mounted thereon.

d. TRANSPORTATION EQUIPMENT.—This includes the cost of equipment for general transportation purposes such as automobiles, motor trucks, trailers, tractors, motor cycles, and other vehicles; battery charging outfits, gasoline and oil storage tanks and pumps, and other garage equipment; horses, harness, drays and wagons; equipment for shoeing horses, and equipment for harness repair shop, vehicle repair shop and automobile repair shop, if this equipment is devoted exclusively to these purposes.

e. TELEPHONE, TELEGRAPH AND WIRELESS SYSTEM.—This includes the cost of all telephone, telegraph and wireless lines and equipment for general use in connection with electric operations, such as poles and fixtures used exclusively for telephone and telegraph wires; wires, cables, insulators, booths, instruments, switchboards, gongs, dynamotors, towers, antennae, etc.

f. LABORATORY EQUIPMENT.—This includes the cost of all meter and other testing apparatus and laboratory equipment not elsewhere provided for.

g. MISCELLANEOUS EQUIPMENT.—This includes any other miscellaneous equipment not elsewhere provided for, such as construction equipment, including boilers, engines, motors, hoists, concrete mixers and distributing apparatus, pumps, air compressors, riveters, lathes, power saws, pipe machines, forges, steam hammers, pile drivers, steam shovels, lighters, industrial track and cars, etc.; and any

equipment of a permanent nature which cannot be properly charged to any of the foregoing accounts.

NOTE A.—The cost of small portable tools and implements, such as hammers, saws, wrenches, files, jacks, wire cutters, climbing irons, etc., shall not be charged to this account. Such items shall be carried in account No. 116, "Materials and Supplies," until issued for use when "Materials and Supplies" shall be credited and the appropriate work order or other account charged with the cost of the tools or implements so issued. The cost of maintaining tools and implements shall be charged to the expenses of the department to which they are assigned.

NOTE B.—So far as practicable, separate sub-accounts shall be maintained for the equipment of each individual office building, shop, garage, etc.

345. MISCELLANEOUS TANGIBLE CAPITAL.

This account shall include the cost of all tangible electric capital not elsewhere provided for.

351. ENGINEERING AND SUPERINTENDENCE.

This account shall include all expenditures for services of engineers, draftsmen, and superintendents employed on preliminary and construction work, and all expenses incident to the work when such disbursements cannot be assigned to a particular tangible capital account.

NOTE A.—When any of the expenses designated can be charged direct to the primary account for which incurred, they shall be so charged. But no charges shall be made to permanent investment accounts for incidental services or engineering performed by the regular employees and officers of the accounting company unless they have been specially assigned to such work.

NOTE B.—Expenditures for tentative or preliminary designs or experiments shall be carried in a suspense account until it is determined whether or not to undertake the construction. If the project is continued, such expenditures shall then be transferred to the appropriate fixed capital account; and if it is abandoned, they shall be charged to operating expense, income, or profit and loss accounts as may be appropriate.

352. LAW EXPENDITURES DURING CONSTRUCTION.

This account shall include general expenditures of the following nature incurred in connection with the construction of an electrical plant, namely, the pay and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators for the settlement of disputed questions; costs of suit and payments of special fees, notarial fees, and witness fees and expenses connected with taking depositions; also all legal and court expenses.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they should be so charged and not to this account. Expenditures in connection with the acquisition of right of way or other land should be charged to account No. 311, "Land." Law expenditures in connection with the organization of the corporation should be charged to account No. 301, "Organizations." (See "Fixed Capital Accounts—General Instructions and Definitions," section 2, page 34.)

353. INJURIES AND DAMAGES DURING CONSTRUCTION.

This account shall include all expenditures incident to injuries to persons or damages to property of others when caused directly in connection with construction of electric plant and equipment. This covers fees and proportion of salaries and expenses of physicians and surgeons; compensation insurance; nursing and hospital attendance; medical and surgical supplies, artificial limbs, railroad and carriage fares for conveying injured persons and attendants; funeral expenses (including payment to undertakers), proportion of pay and expenses of claim adjusters and their clerks, and pay and expenses of employees and others called in consultation in relation to the adjustment of claims coming under this head; also witness fees, court costs and amount of final judgments.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they should be so charged, and not in this account. (See "Fixed Capital Accounts—General Instructions and Definitions," section 2, page 34.)

354. TAXES DURING CONSTRUCTION.

This account shall include all taxes and assessments levied and paid or chargeable on property belonging to the accounting company while such property is under construction, and before the plant is opened for commercial operation, except special taxes assessed for street and other improvements, such as grading, sewerage, curbing, guttering, paving, sidewalks, etc., which should be charged to the account to which the property benefited is charged.

Whenever any of the expenditures above enumerated can be charged directly to the account for which incurred, they should be so charged and not to this account. (See "Fixed Capital Accounts—General Instructions and Definitions," section 2, page 34.)

355. INTEREST DURING CONSTRUCTION.

When any bonds, notes, or other evidences of indebtedness are sold, or any interest-bearing debt is incurred, for acquisition or construction of plant and equipment, the interest accruing on the part of the debt representing cost of property chargeable to fixed capital accounts (less interest, if any, allowed on unexpended balances) after such fund becomes available for use and before the receipt or the completion or coming into service of the property so acquired shall be included in this account.

When such securities are sold at a premium, the proportion of such premium assignable to the time between date of the actual issuance of the securities and the time when the property acquired or the improvement made becomes available for service shall be credited to this account.

This account shall include also such proportion of the discount and expense on long term debt issued for construction purposes as is equitably assigned to the period between the date of the actual issuance of the securities and the time when the property acquired or the

improvement made becomes available for the service for which it is intended. The proportion of discount and expense thus chargeable shall be determined by the ratio between the period prior to the completion or coming into service of the facilities or improvements acquired or constructed and the period of the entire life of the securities issued.

This account shall also include reasonable charges for interest during the construction period on the accounting company's own funds used temporarily during such period for construction purposes.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they should be so charged, and not to this account. (See "Fixed Capital Accounts—General Instructions and Definitions," section 2, page 34.)

NOTE A.—If any securities issued or assumed by the accounting company are sold or exchanged by or for that company for a consideration the actual money value of which at the time of such sale or exchange is less than the value of the securities at par and the accrued interest thereon, if any, the difference between the money value of the consideration received and the par value of the securities, plus the accrued interest, shall be deemed discount, and in no case (except as provided in the third paragraph of this account) shall discount be included as part of the cost of anything charged in any fixed capital or investment account prescribed in this classification.

356. MISCELLANEOUS CONSTRUCTION EXPENDITURES.

This account shall include the salaries and expenses of the general officers of an electric plant under construction, clerks in general offices engaged on construction accounts or work; rent and repair of general offices when rented, with the office expenses; insurance during construction (except workmen's compensation, the cost of which is chargeable to account No. 353, "Injuries and Damages during Construction"); also all construction and equipment items of a special and incidental nature which can not properly be charged to any other account in this classification.

To this account shall be credited discounts realized through prompt payment of bills for materials and supplies used in construction unless such discounts are credited to the particular bills.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they shall be so charged, and not to this account. (See "Fixed Capital Accounts—General Instructions and Definitions," section 2, page 34.)

NOTE A.—This account may include a suitable proportion of store expenses when such expenses are not assignable to specific materials.

NOTE B.—This account should not include any cost of organization or any costs or discounts connected with the issue and disposal of stocks, long term debt, or other securities and commercial paper.

357. FIXED CAPITAL NOT CLASSIFIED BY PRESCRIBED ACCOUNTS.

Under this head shall be grouped the balances in accounts representing the accounting company's investment in fixed capital prior to the time when it began to follow the classification of fixed capital accounts herein prescribed.

358. COST OF PLANT AND EQUIPMENT PURCHASED.

This account shall include the cost to the accounting company of any plant purchased as a whole when such cost is not immediately assignable to primary fixed capital accounts. Where the contract of purchase includes not only plant and equipment, but also securities and other assets, the appraised value of such securities and other assets shall be deducted from the total cash cost and the remainder of the cash cost shall be charged to this account. Where the consideration given for the property purchased is other than cash, such consideration shall be valued on a current cash basis. If the consideration includes the assumption of liabilities, such liabilities shall be included in the determination of the cost at their cash value at the time the contract is made.

This account shall be used only as a clearing account in which temporarily to carry the cost of plant and equipment purchased for a lump sum until such time as a plan for distributing such cost to the primary accounts appropriate to the property is approved by the Public Utilities Commission.

NOTE A.—The value at the time of purchase of any securities or other assets acquired shall be included in the accounts appropriate for such assets. The par value of any liability assumed shall be included in the appropriate liability accounts and any necessary adjustment between the cash charged to the property accounts and par value shall be made in the appropriate premium or discount account.

NOTE B.—The accounting company shall be prepared to furnish the Public Utilities Commission upon demand a full report of the contract of acquisition of each plant or portion thereof purchased and a statement showing in detail the consideration given therefor. It shall procure in connection with the acquisition of any such plant and equipment all existing records, memoranda, and accounts in possession or control of the grantor relating to the construction and improvements of such plant and equipment, and shall preserve such records, memoranda, and accounts until authorized by the Public Utilities Commission to destroy or otherwise dispose of them. Where the records, memoranda, and accounts are so intimately involved with other records, memoranda, and accounts of the grantor as to make their transfer impracticable or inadvisable, certified copies of them shall be procured and obtained by the grantee. The verity of the copy shall be certified by the custodian of the originals.

359. UNFINISHED CONSTRUCTION.

This account shall include the balances in open work orders representing additions to plant and equipment when the charges to such work orders have not been distributed to the foregoing fixed capital accounts.

NOTE.—This account is intended to include only charges for new construction not involving any replacement. If, however, at the beginning of a job involving the replacement or retirement of any fixed capital the accounting company shall make full credits therefor to the appropriate fixed capital accounts, the cost of installing new property in substitution or replacement may be carried in the fixed capital account "Unfinished Construction."

STANDARD FORM OF INCOME ACCOUNT.

*Income from Operating Properties:**Item. Account.*

1.	401.	Operating revenues	***	\$
2.	402.	Operating expenses	\$	***
3.	403.	Uncollectible bills		***
4.	404.	Taxes assignable to electric operations.....		***
5.		Total revenue deductions.....	***	
6.		Operating income applicable to corporate and leased properties	***	\$
7.	411.	Rent for lease of other electric plant.....	\$	***
8.	412.	Amortization of limited term land rights.....		***
9.		Total (items 7 and 8).....	\$	***
10.	413.	Rent accrued from lease of electric plant—Cr.....		***
11.		Net rent deduction (credit balance in red).....	***	
12.		Balance of income applicable to corporate property.....	***	\$

Income from Nonoperating Properties:

13.	421.	Miscellaneous rent revenues	\$	***
14.	422.	Interest on long term debt owned.....		***
15.	423.	Miscellaneous interest revenues		***
16.	424.	Dividend revenues		***
17.	425.	Income from special funds		***
18.	426.	Miscellaneous nonoperating revenues		***
19.		Total (items 13 to 18 inclusive).....	\$	***
20.	427.	Nonoperating revenue deductions		***
		Total miscellaneous income	***	
22.		Gross corporate income (items 12 and 21).....	***	\$

*Deductions from Gross Corporate Income:**Item. Account.*

23.	431.	Interest on long term	\$	***
24.	432.	Miscellaneous interest deductions		***
25.	433.	Amortization of debt discount and expense.....		***
26.	434.	Amortization of premium on debt—Cr.....		***
27.	435.	Miscellaneous amortization chargeable to income.....		***
28.	436.	Miscellaneous deductions from gross corporate income....		***
29.	437.	Taxes on net income		***
30.		Total deductions from gross corporate income.....	***	
31.		Net income (loss in red).....	***	\$

Disposition of Net Income:

32.	441.	Sinking fund appropriations	\$	***
33.	442.	Dividend appropriations of income		***
34.	443.	Miscellaneous appropriations of net income.....		***
35.		Total appropriations of net income	***	
36.		Balance transferred to surplus	***	\$

INCOME ACCOUNTS.

GENERAL INSTRUCTIONS AND DEFINITIONS.

1. **Income Accounts Defined.**—The income accounts are those that show the sources and disposition of income during a given period. Any change in the items shown on a balance sheet at the end of such a period as compared with a balance sheet at the beginning of the period, which is not merely a transfer from one balance sheet account to another, that is to say, any transaction which affects the profit and loss balance, must be explained by the income accounts or by the profit and loss accounts. A summary statement of income accounts arranged in convenient form to show the accounting history of a given period is usually called collectively the "Income Account." Income accounts whose title and definition plainly indicate that they are summaries of other accounts are not required to be set up as special ledger accounts, though it may often be a matter of bookkeeping convenience to do so.

2. **Form of Income Account.**—The form in which the income account is stated is generally of great importance as affecting the conclusions that may be drawn therefrom concerning the results of the enterprise. The standard form adopted for the purpose of this classification is shown on page 57. In this form of statement there are certain terms used to indicate divisions of the income account which require special definition, given in the following paragraphs.

3. **Revenues.**—The word revenues as used herein means all amounts of money which the accounting company receives or becomes lawfully entitled to recover for services rendered, for products sold, as profits on merchandise sold, or as a return upon its property (or interests in property). Revenues are classified as *operating revenues* and *non-operating revenues*.

4. **Operating Revenues.**—Operating revenues are those derived from the sale of products and merchandise, from services rendered, from return on property used by the person or corporation in its own operations, and from interest on current funds.

5. **Non-operating Revenues.**—Non-operating revenues are those derived as a return upon the property of the accounting company in the hands of others or from its interest in property in the hands of others. They may be sub-classified as rents, interest dividends, and miscellaneous.

6. **Revenue Deductions.**—Revenue deductions include expenses, taxes, and uncollectible bills.

7. **Expenses.**—Expenses are those outgoes (including losses due to the retirement of capital) necessary to the production and dis-

tribution of the commodities sold, and the services rendered, and to the collection of the revenues. They are divided into operating expenses, and non-operating expenses.

8. **Taxes.**—Taxes are those annual or other payments exacted by governments for the purpose of raising funds for public uses.

9. **Uncollectible Bills.**—When a corporation is engaged regularly in rendering to general consumers a service, or in supplying to such consumers a commodity, current accounts or claims against such consumers for such services rendered or commodity supplied which are incapable of collection by the exercise of reasonable diligence are included under the name *Uncollectible Bills*.

10. **Income.**—Income is what is left after subtracting revenue deductions from revenue. *Income from operating properties* is income derived from the operation, or as a compensation for the use, of properties devoted to the undertakings for which the accounting company is organized. *Income from non-operating properties* is income derived from properties not devoted to the undertakings for which the accounting company is organized; also from properties not belonging to the accounting company, but in which it has an interest through ownership of stocks, bonds, or otherwise. *Operating income applicable to corporate and leased properties* is that income arising from any class of operations which is available to pay a return in one form or another upon capital employed in that class of operations. *Income applicable to corporate property* is that income which is available to pay a return in one form or another on capital owned by the accounting company. It is the operating income applicable to corporate and leased properties less rentals for the use of capital not owned. *Gross income* is income from all sources whatsoever. It might also be called total net revenue. *Gross corporate income* is that income applicable to corporate properties, that is, gross income less rentals for capital not owned. *Net income* is that amount left after all contractual or compulsory deductions have been made from gross income except such sinking fund accruals as are required to be temporarily reserved.

11. **Rents.**—Rents are payments for the use of property. In this respect they are analogous to interest and like interest are a part of the return upon capital invested in the enterprise. For many purposes, however, it is desirable that the amount available for a return upon capital represented by property which the accounting company owns should be segregated from the amount available for a return upon all properties used in the business, including that which is not owned but used under a contract or agreement to pay periodically for such use a fixed or variable sum. The standard form of income statement established by this system of accounts provides, therefore, for deducting from gross income all rentals paid for the use of property not owned, leaving as gross corporate income the amount available for a return upon that part of the capital invested

in the enterprise which is represented by property owned by the accounting company.

12. Delayed Income Items.—Delayed items are those representing transactions which occurred prior to the period covered by the income account, but which were not recorded currently. Such items may be charged or credited to the appropriate income account for the fiscal period in which the transactions are actually recorded. If, however, the amount of such items is relatively so large that its inclusion in the income account for a single year would result in a seriously abnormal income statement, and no provision has been made through accruals to reserves or suspense accounts for anticipating such transactions, the accounting company may distribute the amount, or any part thereof, to Profit and Loss.

TEXT PERTAINING TO INCOME ACCOUNTS.**401. OPERATING REVENUES.**

Under this head shall be shown the total revenues of the accounting company from electric operations during the period covered by the income account. (For the primary operating revenue accounts see pages 72 to 77.)

402. OPERATING EXPENSES.

Under this head shall be shown the total expenses of the accounting company for electric operations during the period covered by the income account. (For the primary operating expense accounts see pages 78 to 118.)

403. UNCOLLECTIBLE BILLS.

This account shall include charges for accounts due from consumers or customers which, after a reasonably diligent effort to collect, have proved impracticable of collection. If accounts which have been so written off are afterwards collected, the amount received should be credited to this account.

NOTE A.—Charges to this account may be made on the basis of the estimated average loss due to uncollectible accounts in which case the concurrent credit shall be to a special account under balance sheet account No. 257, "Miscellaneous Reserves." To the reserve thus established shall be charged such accounts as are determined to be uncollectible. When charges for uncollectible accounts are thus made by estimate, the estimate shall be adjusted at the end of each fiscal year to conform to the experience of the accounting company as determined by analysis of its accounts receivable.

NOTE B.—In its annual report to the Public Utilities Commission the accounting company may be required to state the rule by which is determined what accounts are to be charged off as uncollectible.

404. TAXES ASSIGNABLE TO ELECTRIC OPERATIONS.

This account shall include the amount of taxes applicable to the electric operations of the accounting company during the period for which the income account is stated.

Separate account shall be kept of the taxes applicable to electric operations and to operations other than electric, as well as to non-operating revenues, if the accounting company has such other operations or non-operating revenues. When taxes are levied on property used in two or more different classes of operations in such a way that the amount applicable to each class is not definitely stated, the total amount of the levy shall be apportioned by the accounting company on some fair basis between the two or more classes of operations. In annual reports to the Public Utilities Commission the basis of such apportionment shall be stated.

The tax accounts shall be charged at regular accounting intervals and the "Tax Liability Account" (see note under account No. 231, "Taxes Accrued") concurrently credited with the period's proportion of taxes applicable to the operations covered by each account. If the exact amounts of the annual taxes are not known, they shall be estimated and a due share of the estimated amounts shall be charged for each accounting period. From time to time during the year as the actual tax levies become known the periodic charges shall be adjusted so as to include as nearly as possible the total amount of the taxes in the period to which they apply.

NOTE A.—Taxes on property leased should be charged to the appropriate tax account by the party which under the terms of the lease contract actually pays such taxes. If by the provisions of the lease the party actually paying the taxes is reimbursed by the other party to the lease, the amount of such reimbursement shall, when the taxes are paid in the first instance by the lessor, be credited to the appropriate rent revenue account of the lessor and charged by the lessee to the appropriate rent deduction account; when the taxes are paid in the first instance by the lessee, the amount of the reimbursement shall be credited to the appropriate rent deduction account of the lessee and charged by the lessor to the appropriate rent revenue account.

NOTE B.—The tax accounts must not include any fees or charges sometimes called taxes, such as water taxes, drainage taxes, or fire taxes, which are payments for some specific service rendered by the government.

NOTE C.—Income and excess profits taxes are not allowed by the Public Utilities Commission as revenue deductions in computing the "fair return" on invested capital, consequently they should not be charged to this account, but to account No. 437, "Taxes on Net Income," which see.

411. RENT FOR LEASE OF OTHER ELECTRIC PLANT.

This account shall include all amounts accrued against the accounting company for rent of any electric plant constituting a distinct operating unit, such as a production plant, a distribution system, buildings or other properties employed in operation, under a lease giving exclusive possession to the lessee.

This account shall also include all rents accrued against the accounting company for the use of property not in exclusive possession. This covers such matters as payments for the joint use of offices, etc.

NOTE A.—Rent for property not used in operation shall not be charged to this account, but to account No. 427, "Nonoperating Revenue Deductions."

NOTE B.—Rent for rooms in office buildings where the payment covers heat, light, janitor, and other service, and maintenance shall not be charged to this account, but to account No. 781, "Undistributed General Expenses," or the appropriate sub-division thereof, or to the corresponding departmental expense account if the rooms rented are devoted wholly to the use of one department as, for example, the commercial department.

412. AMORTIZATION OF LIMITED TERM LAND RIGHTS.

When the right to use land for a limited term has been acquired under a contract by which the consideration is a single immediate payment instead of a series of periodic rentals during the term for which the land is transferred, this account shall include an amount

sufficient to cover the portion of the life of such limited interest in land as has expired during the accounting period. The amount charged to this account shall be concurrently credited to the fixed capital account to which the cost of acquiring such an interest in land was originally charged.

413. RENT ACCRUED FROM LEASE OF ELECTRIC PLANT —CR.

This account shall include all amounts accruing to the accounting company as rental for its electric plant or any part thereof constituting a distinct operating unit, such as a production plant or distribution system, under a lease giving exclusive possession to the lessee.

NOTE.—Rentals received for the use of comparatively small portions of plant or equipment, not constituting a distinct operating unit, the cost of which is carried in electric fixed capital accounts, and the cost of maintaining which is ordinarily borne by the owner, shall not be credited to this account but to operating revenue account No. 613, "Rent from Property Used in Operations," even though the lessee has exclusive possession.

421. MISCELLANEOUS RENT REVENUES.

This account shall include all rent revenues accruing to the accounting company from properties not devoted to the undertakings for which it is organized. This covers such revenues as rentals from real estate not used in operations.

422. INTEREST ON LONG TERM DEBT OWNED.

This account shall include interest accruing to the accounting company upon securities of other companies and national, state, or municipal governments. Interest accrued shall not be credited to this account unless its payment is reasonably assured; in other cases credits to this account shall be based upon the interest actually collected.

NOTE A.—No interest upon reacquired securities issued or assumed by the accounting company shall be credited to this account.

NOTE B.—Interest accrued on securities of other companies held in sinking or other special funds shall not be credited to this account, but to account No. 425, "Income from Special Funds."

423. MISCELLANEOUS INTEREST REVENUES.

This account shall include interest accrued to the accounting company on loans, notes, and advances, special deposits, and all other interest bearing assets except funded securities and current funds employed primarily in the conduct of the business for which the accounting company is organized. Interest accrued shall not be credited to this account unless its payment is reasonably assured; in other cases credits to this account shall be based upon the interest actually collected.

424. DIVIDEND REVENUES.

This account shall include revenues derived by the accounting company from dividends on stocks of other companies held by it. Accruals of guaranteed dividends may be included in this account if their payment is reasonably assured.

NOTE A.—No dividends on reacquired securities issued or assumed by the accounting company shall be credited to this account.

NOTE B.—Dividend revenues from securities of other companies held in sinking or other special funds shall not be credited to this account, but to account No. 425, "Income from Special Funds."

425. INCOME FROM SPECIAL FUNDS.

This account shall include income (whether interest or dividends), accrued on cash, securities (not issued or assumed by the accounting company), and other assets held in sinking and other special funds.

NOTE.—This account covers all income from investments of special funds, whether required to be retained in the fund or not. If such income is required to be retained in the fund and the fund required to be represented by a reserve, the amount of such accretions to the fund shall be concurrently credited to the appropriate reserve account and charged to account No. 441, "Sinking Fund Appropriations," or account No. 443, "Miscellaneous Appropriations of Net Income," as may be appropriate.

426. MISCELLANEOUS NONOPERATING REVENUES.

This account shall include all revenues accruing to the accounting company in accordance with the terms of any contract by which the company is entitled to participate in the profits resulting from the operations of others and all other non-operating revenues not provided for in any of the foregoing accounts.

NOTE.—"Profits from the Operation of Others" does not include any dividends on stock. Revenues from dividends should be credited to account No. 424, "Dividend Revenues."

427. NONOPERATING REVENUE DEDUCTIONS.

This account shall include all expenditures necessary to receiving or collecting nonoperating revenues as listed under the following subheads. If desired, each subhead may be made a separate ledger account. The analysis of nonoperating revenue deductions by such subheads may be required in annual reports to the Public Utilities Commission.

a. RENT EXPENSE.—This covers all expenses arising in connection with the procuring of revenues from rented properties which are properly credited to account No. 421, "Miscellaneous Rent Revenues," such as the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collectors' commissions, cost of enforcing payment of rent, cost of ousting tenants, etc. This includes expense while the property is idle awaiting occupant; also cost of

maintenance of property when such cost is borne by the owner. Such maintenance does not include taxes.

b. **INTEREST EXPENSE.**—This covers all expenses in connection with the collection of interest upon investments. It does not include taxes on such investments.

c. **DIVIDEND EXPENSE.**—This covers all expenses in connection with the collection of dividends on stocks of other corporations; also all expenses incurred, as in the investigation of the affairs of the corporations whose stocks are held, whether for the purpose of detecting mismanagement, or for the purpose of inducing the declaration of dividends; and all expenses connected with enforcing payments of dividends when declared.

d. **MISCELLANEOUS NONOPERATING EXPENSE.**—This covers the cost of negotiating contracts by which the accounting company is entitled to share in profits from the operation of others, and all expenses of collecting the accounting company's proportion of such profits and all expenses of procuring the modification or dissolution of any such contract; also all other nonoperating expenses (as expenses are defined under "Income Accounts—General Instructions and Definitions," section 7, page 58) which are not provided for under the foregoing subheads.

e. **NONOPERATING TAXES.**—This covers all taxes accruing upon nonoperating property, revenue from which is properly credited to accounts Nos. 422 to 426, inclusive, and all other taxes not upon property but assignable to nonoperating revenues.

f. **UNCOLLECTIBLE NONOPERATING REVENUES.**—This covers any nonoperating revenues judged by the accounting company to be uncollectible.

431. INTEREST ON LONG TERM DEBT AND DEBENTURE STOCKS.

This account shall include all interest accrued on outstanding long term debt issued or assumed by the accounting company, the liability for which is included under balance sheet account No. 211, "Long Term Debt"; also interest accrued on debenture stocks and on receiver's certificates which mature more than one year after date of issue. This account does not include interest on securities held by the accounting company in its treasury, in sinking or other special funds, or pledged as collateral.

NOTE A.—The amount charged to this account shall be concurrently credited to account No. 232, "Interest Accrued," to which account shall be debited payments made on account of interest.

NOTE B.—If any securities issued or assumed by the accounting company are held in a sinking or other special fund, the interest on such securities shall not be charged to this account.

432. MISCELLANEOUS INTEREST DEDUCTIONS.

This account shall include interest on all short-term obligations of the accounting company such as notes or loans for terms of less than one year, unpaid taxes, consumers' deposits, or other accounts payable, etc. It shall also include interest on advances from affiliated companies (see balance sheet account No. 241, "Advances from Affiliated Companies"); and interest on receiver's certificates which mature in one year or less after date of issue.

433. AMORTIZATION OF DEBT DISCOUNT AND EXPENSE.

This account shall include for any fiscal period that proportion of the unamortized discount and expense on outstanding debt which is applicable to the period. This proportion shall be determined according to a rule the uniform application of which during the interval between the issue and maturity of any debt, will completely amortize or wipe out the discount at which such debt was issued and the debt expense connected therewith.

434. AMORTIZATION OF PREMIUM ON DEBT—CR.

This account shall include for any fiscal period the proportion of the premium at which outstanding debt was issued which was applicable to the period. This proportion shall be determined according to a rule the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the premium at which such debt was issued.

435. MISCELLANEOUS AMORTIZATION CHARGEABLE TO INCOME.

This account shall include such amounts as the accounting company may be required to charge to income in amortization of intangible book value or other items carried among its assets.

436. MISCELLANEOUS DEDUCTIONS FROM GROSS CORPORATE INCOME.

This account shall include all contractual deductions from gross corporate income not provided for in any of the foregoing accounts. This covers unsecured accruals of obligations arising under contracts whereby the accounting company has guaranteed the *annual or more frequent periodic* payment of money or performance of other obligation on the part of another corporation or person and because of the default of such other corporation or person the liability of the accounting company has become actual; losses resulting from the operations of others whenever in accordance with the terms of any contract the accounting company is bound to contribute toward reimbursement of such losses; and income taxes levied upon bondholders and assumed by the accounting company.

437. TAXES ON NET INCOME.

This account shall include accruals to cover the accounting company's liability for the payment of federal income tax, federal excess profits tax, state income taxes, or other similar taxes that are not allowed by the Public Utilities Commission as revenue deductions in computing the "fair" return on invested capital, but are considered to be a charge against the stockholders or other owners of the enterprise instead of an expense of the business to be transferred to the public through the prices charged for the service which the accounting company renders.

This account shall be charged at regular accounting intervals and the "Tax Liability Account" (see note under account No. 231, "Taxes Accrued") concurrently credited with the period's proportion of such taxes. If the exact amount of the annual taxes is not known, it shall be estimated and a due share of the estimated amount be charged for each accounting period. From time to time during the year, as the actual tax levies become known, the periodic charges shall be adjusted so as to include as nearly as may be possible the total amount of the taxes in the period to which they apply.

441. SINKING FUND APPROPRIATIONS.

This account shall include such amounts as are required by mortgage provision or otherwise to be charged to income for the purpose of retiring or reducing the bonded or other obligations of the accounting company. It shall also include such accretions from the investments of funds specifically set aside for the above described purpose as are required to be added to a sinking fund reserve (see also account No. 425, "Income from Special Funds").

442. DIVIDEND APPROPRIATIONS OF INCOME.

This account shall include amounts declared payable as dividends out of the income for the period for which the income account is stated on actually outstanding capital stock issued or assumed by the accounting company.

This account shall be subdivided so as to show separately the dividends on the various classes of capital stock.

If the dividend is not payable in cash, the consideration shall be described in the entry with sufficient particularity to identify it.

NOTE.—This account shall not include charges for dividends on capital stock issued or assumed by the accounting company and owned by it whether held in the treasury, in special deposits, in sinking or other reserve funds, or pledged as collateral.

443. MISCELLANEOUS APPROPRIATIONS OF NET INCOME.

This account shall include all appropriations of net income not provided for in the three preceding accounts. This covers appropriations of income to special fund reserves (see account No. 425, "Income from Special Funds").

STANDARD FORM OF PROFIT AND LOSS ACCOUNT.

	<i>Dr.</i>	<i>Cr.</i>
Balance at beginning of the fiscal period.....		
Balance transferred from income account.....		
501. Dividend appropriations of surplus.....		***
502. Appropriations to reserves.....		***
503. Miscellaneous credits to Profit and Loss.....	***	
504. Miscellaneous debits to Profit and Loss.....		***
Balance at the end of the fiscal period.....		

PROFIT AND LOSS ACCOUNTS.**GENERAL INSTRUCTIONS AND DEFINITIONS.**

1. **Profit and Loss Account Defined.**—The Profit and Loss account is the collective title for a small group of accounts which form the connecting link between the income account and the balance sheet. Its principal function is to explain changes in the corporate surplus or deficit during a given fiscal period as affected, first by the net result of all the transactions reported in the income account; second, by appropriations of surplus for specific purposes made at the option of the accounting company; and third, by special and unusual transactions or adjustments such as are not regularly recorded in the income account.

2. **Delayed Income Items.**—Delayed items are those representing transactions which occurred prior to the period covered by the income account, but which were not recorded currently. Such items may be charged or credited to the appropriate income account for the fiscal period in which the transactions are actually recorded. If, however, the amount of such items is relatively so large that its inclusion in the income account for a single year would result in a seriously abnormal income statement, and no provision has been made through accruals to reserves or suspense for anticipating such transactions, the accounting company may distribute the amount, or any part thereof, to Profit and Loss.

NOTE.—A complete analysis of each of the Profit and Loss accounts hereunder may be required in annual reports to the Public Utilities Commission.

TEXT PERTAINING TO PROFIT AND LOSS ACCOUNTS.**501. DIVIDEND APPROPRIATIONS OF SURPLUS.**

This account shall include amounts declared payable as dividends out of accumulated surplus on actually outstanding capital stock issued or assumed by the accounting company.

This account shall be divided so as to show separately the dividends on the various classes of capital stocks.

If a dividend is not payable in cash, the consideration shall be described in the entry with sufficient particularity to identify it.

NOTE.—This account shall not include charges for dividends on capital stock issued or assumed by the accounting company and owned by it, whether held in the treasury, in special deposits, in sinking or other funds, or pledged as collateral.

502. APPROPRIATIONS TO RESERVES.

This account shall include appropriations from surplus for sinking fund and other reserves and allotments of surplus or payment of definite amounts from surplus into sinking fund and other reserves under the terms of mortgages, deeds of trust, or other contracts; amounts estimated to be necessary to bring the retirement reserve up to an adequate figure; and such other appropriations of surplus to be set aside in special reserve accounts as the accounting company may have the right or duty to make.

503. MISCELLANEOUS CREDITS TO PROFIT AND LOSS.

This account shall include all credits affecting the accounting company's surplus or deficit and not elsewhere provided for, such as:

Adjustments or cancellation of balance sheet accounts.

Cancellation of balance sheet accounts representing unclaimed wages and vouchered accounts written off because of the accounting company's inability to locate the creditor.

Profit derived from the sale of miscellaneous investments.

Credits resulting from adjustments required to bring to par securities issued or assumed by the accounting company and reacquired at a cost less than par value.

Premiums on capital stock at the time of its reacquirement. (See "Balance Sheet Accounts—General Instructions and Definitions," section 11, page 10.)

Unreleased premiums on funded debt reacquired before maturity. (See "Balance Sheet Accounts—General Instructions and Definitions," section 12, page 11.)

NOTE.—If old accounts are collected which have been previously written off as uncollectible, the amount received should be credited to the account which was originally charged when the amount in question was written off, and not to "Profit and Loss."

504. MISCELLANEOUS DEBITS TO PROFIT AND LOSS.

This account shall include all debits affecting the accounting company's surplus or deficit and not elsewhere provided for, such as:

Adjustments or cancellation of balance sheet accounts.

Losses or deficits not properly chargeable to income and for which no reserve has been provided.

Losses resulting from the sale of miscellaneous investments, and debits resulting from adjustments required to bring to par securities issued or assumed by the accounting company and reacquired at a cost exceeding the par value.

Unextinguished discounts on funded debt reacquired before maturity.

Donations to charitable institutions and organizations for promoting social welfare.

Penalties and fines for violations of law.

OPERATING REVENUE ACCOUNTS.**SALES OF CURRENT:**

- 601. Metered sales to general consumers.
- 602. Flat-rate sales to general consumers.
- 603. Railroad corporations.
- 604. Other electrical corporations.
- 605. Municipal street lighting.
- 606. Miscellaneous municipal sales.

MISCELLANEOUS REVENUE:

- 611. Commissions on others' electric energy.
- 612. Rent from electric appliances.
- 613. Rent from property used in operation.
- 614. Merchandise and jobbing.
- 615. Miscellaneous operating revenues.

OPERATING REVENUE ACCOUNTS.

GENERAL INSTRUCTIONS AND DEFINITIONS.

1. **Operating Revenue Accounts Defined.**—Operating revenue accounts are those in which are recorded the amount which the accounting company receives or becomes lawfully entitled to recover for services rendered, for products or merchandise sold, as a return on property used in the company's own operations, and as interest on current funds, such as daily bank balances.

2. **Basis of Credits to Operating Revenue Accounts.**—Credits to the various revenue accounts shall be made upon the basis of bills rendered or of gross prices. Discounts for prompt payment, corrections of overcharges, over-collections theretofore credited and afterward corrected, authorized abatements and allowances and other corrections and deductions shall be charged to the revenue account to which they relate.

NOTE A.—If an electric corporation desires to credit its revenue accounts upon the basis of net price charged to consumers, it may be allowed to do so upon filing with the Public Utilities Commission a notice of its intention. In such case, all discounts forfeited or penalties charged for delayed payments shall be credited to the revenue accounts involved and kept in such form as to permit their being separately reported.

NOTE B.—If the accounting company sells all or part of its electric energy through an agent under contract by which the agent pays distribution and other expenses and turns over to the accounting company the amount collected from sales of current less his agent's commission, the accounting company should credit its revenue accounts with the full amount collected by its agent and charge the amount of the agent's commission to operating expense account No. 762, "Agents' Commissions." The agent should credit the amount of the commission received to operating revenue account No. 611, "Commissions on Others' Electric Energy," and credit the remainder of the revenue from electric energy sold on commission to the account of the company supplying such energy.

3. **Delayed Items.**—Delayed items are those representing transactions which occurred prior to the period for which a revenue account is stated, but which were not recorded currently. Such items may be charged or credited to the appropriate revenue account for the fiscal period in which the transactions are actually recorded. If, however, the amount of such items is relatively so large that its inclusion in the revenue accounts for a single year would result in a seriously abnormal income statement and no provision has been made through accruals to reserves or suspense accounts for anticipating such transactions, the accounting company may distribute the amount or any part thereof to Profit and Loss.

4. **No Revenue from Electric Energy Used in Operations or Supplied Without Direct Charge.**—If the accounting company desires to charge its various departmental accounts with the current used in such departments for light or heat which it has itself gen-

erated or purchased for resale, the value of such current shall not be credited to revenue, but to the appropriate operating expense account for "Duplicate Charges." Similarly, if current is supplied without direct charge in accordance with the terms of a municipal or other contract calling for limited "free" service, in accordance with franchise requirements, as compensation for the services of employees, etc., and it is desired to charge the value of the current so furnished to appropriate operating expense accounts, the concurrent credit shall be, not to a revenue account, but to "Duplicate Charges."

TEXT PERTAINING TO OPERATING REVENUE ACCOUNTS.

601. METERED SALES TO GENERAL CONSUMERS.

This account shall include all revenues received for measured electric energy supplied for residential, commercial, and industrial purposes where the total receipt is dependent upon quantity of energy supplied, except revenues from the sale of electric energy to municipal corporations and other governmental agencies at rates not available to nonmunicipal users.

NOTE.—This account may be subdivided to show the sales of electric energy for residential, commercial, and industrial purposes, by tariff schedules, or otherwise, as local conditions may require.

602. FLAT-RATE SALES TO GENERAL CONSUMERS.

This account shall include all revenues received for electric energy supplied at flat rates per year, per night, per hour, or other time unit, or on any basis independent of the quantity of current supplied, except revenues from the sales of electric energy to municipal corporations and other governmental agencies at rates not available to nonmunicipal users.

NOTE.—This account may be subdivided to show the sales of electric energy for residential, commercial, and industrial purposes, by tariff schedules, or otherwise, as local conditions may require.

603. RAILROAD CORPORATIONS.

This account shall include all revenues derived from sales of electric energy to railroad corporations for the propulsion of their cars. If such energy is incidentally used for other purposes, but the portion so used is not separately measured, the revenue therefrom shall be included in this account. Revenue from the sales of current to railroad corporations at established tariff rates for lighting or heating stations, offices, etc., or for power in shops shall not be credited to this account but to the appropriate commercial lighting or power account.

604. OTHER ELECTRICAL CORPORATIONS.

This account shall include all revenues derived from electric energy sold to other electrical corporations to be by them distributed over their own lines to consumers. If any portion of such energy is incidentally consumed by such corporations for their own benefit, whether for light, heat or power, it shall be included herein if not separately measured or if included under the same contract with that which is distributed by them to consumers.

605. MUNICIPAL STREET LIGHTING.

This account shall include all revenues derived from lighting streets for municipal corporations by means of electric energy, or from supplying electrical energy therefor at special rates not available to nonmunicipal consumers.

NOTE.—In the foregoing account the word "streets" is to be interpreted to include parks, plazas, and all other public places not classified as buildings.

606. MISCELLANEOUS MUNICIPAL SALES.

This account shall include all revenues derived from energy supplied to municipal corporations for purposes other than street lighting at special rates not available to non-municipal consumers; also all revenues from energy supplied under special contract with federal, state, or county governments.

611. COMMISSIONS ON OTHERS' ELECTRIC ENERGY.

This account shall include all revenues accruing to the accounting company for distributing current of other companies over its distribution lines and selling the same, and for all other services performed in connection therewith. (See Operating Revenue Accounts—General Instructions and Definitions, section 2, note B, page 73.)

612. RENT FROM ELECTRIC APPLIANCES.

This account shall include all revenues derived from leasing of electric motors, fans, heating appliances, batteries, lamps, meters and other electric apparatus and appliances. Where the contract of lease names only a single consideration for both the letting and the maintenance of the appliances so let, the entire revenue shall be included in this account.

613. RENT FROM PROPERTY USED IN OPERATION.

This account shall include rents received for the use by others of buildings, land, and other property devoted to electric operations by the accounting company. This covers such matters as rent from pole attachments, rent from joint use of office buildings or sub-stations, rent from land included with water rights, etc.

When any corporation engages in electric operations for the production of some of its product for the benefit of another or others under an arrangement for apportioning the expense upon the basis of the relative amounts of benefit to the several participants in the arrangement, if such arrangement provides for the receipt by the accounting company of any profit or return upon its property, such profit or return upon property shall, as it accrues, be credited to this account. Such profit or return must be over and above any provision for wear and tear and retirement expense on plant involved in said production, and the amount thereof must be as provided in the arrangement under which the joint production occurs.

614. MERCHANDISE AND JOBBING.

To this account shall be credited all revenues derived from the sale of electric merchandise and from electric jobbing. To this account shall be charged the cost to the accounting company of such merchandise sold, including transportation costs, and the cost of labor employed in merchandise and jobbing work so far as it is the practice of the accounting company to segregate such labor costs; also discounts and allowances made in connection with settlement of bills for merchandise and jobbing.

To this account shall also be credited the profit or commission accruing to the accounting company on all wiring and jobbing work performed by it as agent under agency contracts whereunder it undertakes to do jobbing work for another for a stipulated profit or commission.

NOTE A.—The accounting company should keep this account in such detail as to enable it to analyze the credits and debits in its annual reports.

NOTE B.—This account does not include receipts from the sale of superseded equipment or of junk or other scrap or salvage. Such receipts should be credited to the account to which the cost of the superseded equipment is charged or (in the case of the sale of junk, etc.) to account 781, "Undistributed General Expenses," or the appropriate subdivision thereof.

NOTE C.—If the accounting company sells merchandise or does jobbing work at or below cost for the purpose of inducing greater use of electric energy, a debit balance in this account due to such practice shall be charged to operating expense account No. 771, "New Business Expense," or the appropriate subdivision thereof.

NOTE D.—If the accounting company is engaged in merchandising or jobbing primarily for direct profit rather than for stimulating the consumption of electric energy, such merchandising and jobbing may be organized and accounted for as a distinct department of the accounting company coördinate with the electric department.

615. MISCELLANEOUS OPERATING REVENUES.

This account shall include all revenues derived from electric operations not includible in any of the foregoing accounts. This covers such items as profit on the sale of materials and supplies not ordinarily purchased for resale, sale of exhaust steam, interest on daily bank balances, etc.

NOTE.—The foregoing account is intended to be restricted to revenues incidental to electric operations. If the sale of water or steam for steam heating or the sale of power is of considerable magnitude, it should be accounted for under separate departmental accounts.

OPERATING EXPENSE ACCOUNTS.**700 PRODUCTION EXPENSES.****STEAM POWER GENERATION.***Operation:*

D C B	701	Superintendence and labor.
	A 701.1	Superintendence.
	A 701.2	Boiler labor.
	A 701.3	Engine labor.
	A 701.4	Electrical labor.
	A 701.5	Miscellaneous labor.
D	702	Power plant supplies and expenses.
C B A	702.1	Fuel.
C B A	702.2	Water.
C B	702.3	Miscellaneous supplies and expenses.
	A 702.31	Lubricants.
	A 702.32	Production supplies.
	A 702.33	Station expense.

Maintenance:

D	703	Maintenance of power plant.
C B A	703.1	Maintenance of station buildings.
C B	703.2	Maintenance of steam equipment.
	A 703.21	Maintenance of furnaces and boilers.
	A 703.22	Maintenance of boiler apparatus.
	A 703.23	Maintenance of steam accessories.
	A 703.24	Maintenance of steam engines.
	A 703.25	Maintenance of turbo-generator units.
C B A	703.3	Maintenance of electrical equipment.
	A 703.31	Maintenance of main generators.
	A 703.32	Maintenance of exciting apparatus.
	A 703.33	Maintenance of control and protective equipment.
	A 703.34	Maintenance of transformers and converting apparatus.
C B A	703.4	Maintenance of miscellaneous power plant equipment.
D C B A	704	Steam generated—Apportionment account.
D C B A	705	Steam from other sources.

HYDRO-ELECTRIC GENERATION.*Operation:*

D C B	706	Superintendence and labor.
	A 706.1	Superintendence.
	A 706.2	Hydro-electric labor.
	A 706.3	Station labor.
	A 706.4	Miscellaneous labor.

D	707	Power plant supplies and expenses.
C B A	707.1	Water for power.
C B	707.2	Miscellaneous supplies and expenses.
	A 707.21	Lubricants.
	A 707.22	Production supplies.
	A 707.23	Station expense.

Maintenance:

D	708	Maintenance of power plant.
C B A	708.1	Maintenance of station buildings.
C B	708.2	Maintenance of reservoirs, dams and waterways.
	A 708.21	Maintenance of reservoirs, dams and intakes.
	A 708.22	Maintenance of navigation facilities.
	A 708.23	Maintenance of waterways.
	A 708.24	Maintenance of forebays, penstocks and tail-races.
	A 708.25	Maintenance of way and cars.
	A 708.26	Maintenance of telephone system.
	A 708.27	Maintenance of production roads and trails.
C B	708.3	Maintenance of hydro-electric equipment.
	A 708.31	Maintenance of water turbines and water wheels.
	A 708.32	Maintenance of turbo-generator units.
	A 708.33	Maintenance of main generators.
	A 708.34	Maintenance of exciting apparatus.
	A 708.35	Maintenance of control and protective equipment.
	A 708.36	Maintenance of transformers and converting apparatus.
C B A	708.4	Maintenance of miscellaneous power plant equipment.

GAS OR OIL, ENGINE GENERATION.

Operation:

D C B	709	Superintendence and labor.
	A 709.1	Superintendence.
	A 709.2	Fuel labor.
	A 709.3	Engine labor.
	A 709.4	Electrical labor.
	A 709.5	Miscellaneous labor.
D	710	Power plant supplies and expenses.
C B A	710.1	Engine fuel.
C B	710.2	Miscellaneous supplies and expenses.
	A 710.21	Water.
	A 710.22	Lubricants.
	A 710.23	Production supplies.
	A 710.24	Station expense.

Maintenance:

D	711	Maintenance of power plant.
C B A	711.1	Maintenance of station buildings.
C B	711.2	Maintenance of gas or oil engine equipment.
A	711.21	Maintenance of fuel holders, producers and accessories.
A	711.22	Maintenance of engines and turbines.
C B	711.3	Maintenance of electric equipment.
A	711.31	Maintenance of main generators.
A	711.32	Maintenance of exciting apparatus.
A	711.33	Maintenance of control and protective apparatus.
A	711.34	Maintenance of transformers and converting apparatus.
C B A	711.4	Maintenance of miscellaneous power plant equipment.
D C B A	712	Power gas from other sources.

Miscellaneous Production Accounts:

D C B A	713	Electric energy from other sources.
D C B A	714	Duplicate production charges—Cr.
D C B A	715	Production expenses transferred—Cr.

720 TRANSMISSION EXPENSES.

D	721	Transmission operation and maintenance.
C B A	721.1	Superintendence.
C B A	721.2	Substation labor.
C B A	721.3	Substation supplies and expenses.
C B	721.4	Operation of transmission lines.
A	721.41	Labor and expense—underground conduits.
A	721.42	Labor and expense—poles, towers and fixtures.
A	721.43	Labor and expense—overhead conductors.
A	721.44	Labor and expense—underground conductors.
A	721.45	Miscellaneous supplies and expenses.
C B A	721.5	Maintenance of structures.
C B A	721.6	Maintenance of substation equipment.
C B A	721.7	Maintenance of underground conduits.
C B	721.8	Maintenance of transmission lines.
A	721.81	Maintenance of poles, towers, and fixtures.
A	721.82	Maintenance of overhead conductors.
A	721.83	Maintenance of underground conductors.
C B A	721.9	Maintenance of roads and trails.

	730	DISTRIBUTION EXPENSES.
D	731	Distribution operation and maintenance.
	C B A 731.1	Superintendence.
	C B 731.2	Substation expenses.
	A 731.21	Substation labor.
	A 731.22	Substation supplies and expenses.
	C B 731.3	Storage battery expenses.
	A 731.31	Storage battery labor.
	A 731.32	Storage battery supplies and expenses.
	C B 731.4	Operation of distribution lines.
	A 731.41	Labor and expense—underground conduits.
	A 731.42	Labor and expense—poles, towers, and fixtures.
	A 731.43	Labor and expense—overhead conductors.
	A 731.44	Labor and expense—underground conductors.
	A 731.45	Miscellaneous supplies and expenses.
	C B 731.5	Meter and transformer operation.
	A 731.51	Salaries and expenses—meter department.
	A 731.52	Testing meters.
	A 731.53	Miscellaneous expenses—meter department.
	A 731.54	Removing and resetting meters.
	A 731.55	Removing and resetting transformers.
	C B A 732.1	Maintenance of structures.
	C B A 732.2	Maintenance of substation equipment.
	C B A 732.3	Maintenance of storage battery equipment.
	C B A 732.4	Maintenance of underground conduits.
	C B 732.5	Maintenance of distribution lines.
	A 732.51	Maintenance of poles, towers, and fixtures.
	A 732.52	Maintenance of overhead conductors.
	A 732.53	Maintenance of underground conductors.
	C B A 732.6	Maintenance of services.
	C B 732.7	Maintenance of transformers and meters.
	A 732.71	Maintenance of line transformers.
	A 732.72	Maintenance of consumers' meters.
	750	UTILIZATION.
D	751	Utilization operation and maintenance.
	C B 751.1	Commercial lamps—operation.
	A 751.11	Commercial arc lamps.
	A 751.12	Incandescent lamps—installation.
	A 751.13	Incandescent lamps—renewals.
	C B 751.2	Consumers' installation and inspection work.
	A 751.21	Inspection—consumers' premises.
	A 751.22	Consumers' installations.

OPERATING EXPENSE ACCOUNTS.

C B	751.3	Municipal street lamps—operation.
A	751.31	Municipal street arc lamps.
A	751.32	Municipal street incandescent installation.
A	751.33	Municipal street incandescent renewals.
C B A	751.4	Maintenance of commercial lamps.
C B	751.5	Maintenance of municipal street lighting equipment.
A	751.51	Maintenance of municipal street arc lamps.
A	751.52	Maintenance of municipal street incandescent lamps.
	760	COMMERCIAL EXPENSES.
D C	761	Commercial administration.
B A	761.1	Commercial general labor.
B	761.2	Commercial books and contracts.
A	761.21	Commercial bookkeeping.
A	761.22	Commercial contracts.
B	761.3	Commercial meter reading and collecting.
A	761.31	Commercial collecting.
A	761.32	Meter reading.
B A	761.4	Commercial supplies and expenses.
D C B A	762	Agents' commissions.
	770	NEW BUSINESS EXPENSES.
D C	771	New business expenses.
B	771.1	New business salaries.
A	771.11	New business management salaries.
A	771.12	New business advertising salaries.
B	771.2	New business supplies and expenses.
A	771.21	Demonstrations.
A	771.22	Wiring and appliances.
A	771.23	Advertising supplies and expenses.
A	771.24	Canvassing and soliciting.
A	771.25	Miscellaneous new business supplies and expenses.
	780	GENERAL AND MISCELLANEOUS EXPENSES.
D	781	Undistributed general expenses.
C B	781.1	General office salaries.
A	781.11	Administrative salaries.
A	781.12	Other general office salaries.
C	781.2	Miscellaneous general expenses.
B A	781.21	General office supplies and expenses.
B A	781.22	General stationery and printing.
B A	781.23	Maintenance of general structures.
B A	781.24	Operation of communication system.
B A	781.25	Maintenance of communication system.

	B A 781.26	Law expenses.
	B A 781.27	Insurance.
	B A 781.28	Store expenses.
	B A 781.29	Transportation expenses.
	B A 781.30	Undistributed adjustments.
	B A 781.31	Rentals.
	B A 781.32	Other miscellaneous general expenses.
D C B A	782	Retirement expenses.
D C B	783	Injuries and damages.
	A 783.1	Claim department expenses.
	A 783.2	Medical expenses.
	A 783.3	Injuries to employees.
	A 783.4	Other personal injuries and property damage.
	A 783.5	Miscellaneous accident expenses.
D C B A	784	Regulatory commission expenses.
D C B	785	Relief and welfare work.
	A 785.1	Employees' welfare department.
	A 785.2	Pensions.
D C B A	786	Franchise requirements.
D C B A	787	Amortization of franchises.
D C B A	788	Electric expenses transferred—Cr.
D C B A	789	Joint operating expenses—Cr.
D C B A	790	Duplicate miscellaneous charges—Cr.

OPERATING EXPENSE ACCOUNTS.**GENERAL INSTRUCTIONS AND DEFINITIONS.**

1. **Operating Expenses Defined.**—The term operating expenses as used in this classification means such expenses as are necessary to the maintenance of the corporate organization, the rendering of service required or authorized by law, the sale of merchandise, the production (including herein capital consumed), and disposition of commodities produced, and the collection of the revenues therefor. Expenses directly incident to the collection of nonoperating revenues and the maintenance of property from which nonoperating revenues are derived are excluded from operating expenses.

2. **Definitions of Certain Terms Used in Connection with Expense Accounts.**—Except where some other meaning is clearly specified in the definitions of the accounts, the following words, wherever used hereunder have the meanings below stated.

Cost means cash or money cost, and not price based on a term of credit.

Labor means human services of whatever character.

Cost of labor includes wages, salaries, and fees paid to persons for their services.

Cost of materials and supplies includes all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the purchaser, such as packing, drayage, freight, insurance, customs duties, commissions, etc., and cost of any special tests made thereon prior to their acceptance; and in case the accounting person or corporation desires, it may include a suitable proportion of store expenses (when the materials and supplies are passed through stores) and the cost of further transportation to the place of consumption, and a suitable proportion of the expenses of the purchasing department, in which case a corresponding credit shall be made to the suitable expense account as hereinafter provided.

Cost of repairs, when made by the accounting person or corporation, includes cost of labor expended and material consumed, and incidental expenses such as carfare, permits, inspection, etc., less salvage, if any.

Current maintenance includes such expenses necessary to maintain the tangible property in a state of operating efficiency as do not result in a substantial change of identity in any particular unit of property. It includes the cost of minor replacements of small parts commonly called the cost of repairs, but it does not include the cost of replacing individual structures, facilities or units of equipment or important sections of continuous structures such as electric line. Current maintenance costs are chargeable to operating expenses and wherever the word "maintenance" is used in the definition of an

operating expense account current maintenance is to be understood. The cost of replacing the larger units is chargeable to fixed capital from which the cost of the property replaced must be deducted.

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

3. Unaudited Bills and Vouchers.—When bills covering operating expense items are not received in time for audit, and when vouchers are not made in time for inclusion in the operating accounts for the month in which the transactions occur, the items may be estimated and in such form charged or credited to operating accounts, and credited or charged to operating reserves, the necessary adjustments being made later when the bills and vouchers are taken into the accounts.

4. Delayed Items.—Delayed items are those representing transactions which occurred prior to the period covered by the income account, but which were not recorded currently. Such items may be charged or credited to the appropriate expense account for the fiscal period in which the transactions are actually recorded. If, however, the amount of such items is relatively so large that its inclusion in the expense accounts for a single year would result in a seriously abnormal income statement, and no provision has been made through accruals to reserves or suspense accounts for anticipating such transactions, the accounting company may distribute the amount or any part thereof to Profit and Loss.

5. Salvage and Insurance.—Salvage and insurance received in connection with maintenance jobs not involving deductions from fixed capital shall be credited to the appropriate maintenance account. (See "Fixed Capital Accounts—General Instructions and Definitions," section 6, page 36.)

If the insurance for damaged property 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 which the cost of the repair shall then be charged to the extent that it is covered by insurance.

Insurance recovered in connection with personal injuries shall be credited to account No. 783, "Injuries and Damages" or the appropriate subdivision thereof. Dividends distributed by mutual insurance companies shall be credited to the account to which the insurance premium is charged. Recoveries under fidelity bonds shall be credited to the account charged with the loss.

6. Retirement Expense.—An account is provided in which to include charges made in order that corporations may, through the creation of adequate reserves, equalize from year to year, as nearly as is practicable, the losses incident to important retirements of

buildings, dams, etc., or of large sections of continuous structures like electric line, or of definitely identifiable units of plant or equipment. "Losses" used above means in each case the excess of the original cost to the accounting company of the property retired plus the cost of dismantling or removing, over its salvage value at the time of its retirement. The cost of replacing minor parts, which is not recorded by any entries in the fixed capital accounts, and which is commonly called the cost of "repairs" or "maintenance" as distinguished from the cost of "replacements" of large units, need not be provided for through a retirement reserve. The amounts charged to retirement expense should be upon a basis determined to be equitable according to the accounting company's experience and best sources of information, and should in all cases be sufficient to provide during a period of years a reserve against which can be written off all losses sustained upon the retirement of property for any cause whatsoever.

A statement of the rule used by the accounting company for computing these charges shall be included in its annual report to the Public Utilities Commission. If the accounting company so desires, it may file with the Commission a verified copy of its rule for determining annual retirement charges, and refer to such rule in its annual report in place of repeating it in full each year.

7. Classification of Companies by Revenue.—For the purpose of this classification of accounts electrical companies are divided into four classes as follows:

Class A.—Companies having average annual operating revenues exceeding \$250,000.

Class B.—Companies having average annual operating revenues exceeding \$50,000, but not over \$250,000.

Class C.—Companies having average annual operating revenues exceeding \$10,000, but not over \$50,000.

Class D.—Companies having average annual operating revenues of \$10,000 or less.

In order that frequent changes in the classification may be avoided, the class to which an electrical company belongs may be determined by the average of its annual revenues for the three years next preceding the effective date of this accounting classification. If at the close of any fiscal year following, the average of its annual revenues for the three next preceding years is greater than the maximum for the class in which the company has been grouped, it shall automatically be grouped with the higher class in which it falls by virtue of such increased annual revenues. Companies engaged in new enterprises the annual revenue from which is not known in advance shall be classed in accordance with a reasonable estimate of their prospective revenue.

The classification of operating expenses which follows is adapted to companies in all four classes. The primary accounts are expanded and subdivided as will be indicated to meet the needs of each class. No separate definitions are stated for accounts which

are thus divided, but the content of such accounts is to be found in the definitions of the final subdivisions. When such subdivisions are kept as primary ledger accounts it will not be necessary to keep also the account which has been subdivided.

Each company will be expected to keep, so far as they are applicable to its business, at least the accounts provided for the class to which it belongs. Any company may, however, keep any or all of the accounts of the more extended schemes provided for those companies which are in higher revenue classes. If desired further refinements or extensions of the scheme of accounts to meet the needs of individual companies may be made by subdividing the accounts herein established, provided that the integrity of the required accounts is not impaired.

Each title in a condensed classification is to be understood to comprise the titles following it for a more expanded classification. The letter D preceding the title denotes that at least the accounts so indicated must be kept by companies in class D so far as they are applicable to its business. The letter C indicates the accounts that must be kept by Class C companies, and so on. Accounts that are to be kept as primary accounts by more than one class of companies are indicated by prefixing the letters of all the classes which are required to keep such accounts.

TEXT PERTAINING TO OPERATING EXPENSE ACCOUNTS.

GENERAL ACCOUNTS.

- 700. Production Expenses
- 720. Transmission Expenses
- 730. Distribution Expenses
- 750. Utilization Expenses
- 760. Commercial Expenses
- 770. New Business Expenses
- 780. General and Miscellaneous Expenses

700 PRODUCTION EXPENSES.

NOTE.—If the accounting company operates two or more generating stations or if it generates energy by two or more different methods, such as by a steam power plant and a hydraulic power plant, it should keep (with the detail herein prescribed) separate accounts covering production at the several plants and so far as practicable for each process or method. Where two or more methods or processes are used, separate sub-accounts should be kept for expenses common to two or more methods. Electric energy obtained from another company should be separately accounted for as in the case of that produced by a separate process or method.

STEAM POWER GENERATION.

Operation.

D C B 701 SUPERINTENDENCE AND LABOR.

A 701.1 SUPERINTENDENCE.

This account shall include the salaries of superintendents and assistants, chemists, day and night foremen, and station clerks; and also that portion of the salaries of the engineering staff chargeable to steam generating plant operations.

A 701.2 BOILER LABOR.

This account shall include labor in boiler room and elsewhere in and about the premises having to do with making steam.

Principal items: Fire room engineer and assistants; water tenders, firemen, coal handlers, boiler cleaners, and feed pumpmen.

A 701.3 ENGINE LABOR.

This account shall include labor on prime movers.

Principal items: Chief engineer and assistants, engineers, oilers, wipers and machinists.

A 701.4 ELECTRICAL LABOR.

This account shall include all labor in connection with the electrical apparatus and devices, beginning with the dynamos direct connected or belted to the prime movers and including the switchboard, feeder terminal board, and to the point where the electric current leaves the station for the transmission or distribution system.

Principal items: System operators or load dispatchers; foremen regulators, regulators and assistants, switchboard men, brushmen, wipers, wiremen.

A 701.5 MISCELLANEOUS LABOR.

This account shall include salaries and wages of all employees in and about the steam power generating plant engaged in operating the plant, whose time is not chargeable to any of the foregoing steam power plant labor accounts. This covers such labor as that of watchmen, janitors, elevator men, and messengers; employees engaged in cleaning buildings and yards; and other general labor, excluding maintenance labor.

D 702 POWER PLANT SUPPLIES AND EXPENSES.**C B A 702.1 FUEL.**

This account shall include the cost of all fuel used for steam; whether coal, oil, gas or other fuel, f. o. b. station or storage pile. This will include the invoice cost of fuel, freight, switching, rent of railroad sidings, demurrage, cost of unloading from cars or boats to wagons, and cartage to point of delivery at plant for storage, or unloading from scows or cars and conveying to place of storage. In case coal is transferred from one place to another, this cost should also be included, and any discrepancy between the actual amount of coal on hand and that recorded on the books of the company should likewise be taken care of in this account.

C B A 702.2 WATER.

This account shall include the cost of water for boilers, for condensers, and for cooling engines; also boiler compound. Water used for general station purposes should not be included.

If water is purchased, charge at the contract price or the meter rate.

If water is pumped by the company, charge here the cost of pumping.

This account should include all labor cost in connection with the handling of water, such as operating the pumping station, and expense such as cost of chemicals used in purification and filtration.

C B 702.3 MISCELLANEOUS SUPPLIES AND EXPENSES.

A 702.31 LUBRICANTS.

This account shall include the cost of lubricants for machinery in the steam generating plant. This does not include oil for transformers, grease for wagons, or oil for lanterns, etc.

Oil used in pumping station should be charged against account No. 702.2, "Water."

A 702.32 PRODUCTION SUPPLIES.

This account shall include the cost of all supplies, tools, etc., used in the steam generating plant which are consumed in the operating process, the replacement of which does not constitute a repair or renewal.

Principal items: Waste, packing, wipers, gauge glasses, gauge, washers, manhole gaskets, handhole gaskets, fire room tools, steam and air hose, boilers, screws, nails, tools, dynamo brushes.

A 702.33 STATION EXPENSE.

This account shall include the general and miscellaneous expenses in the steam generating plant not specifically chargeable to other accounts.

Principal items: Lighting, heating and cleaning system, fire protection system, janitors supplies, ice water, meals and car fares, stationery, telephone and toilet service, care of streets, yards and sidings. Minor rents may be included. (See General Expense Account 781.31, "Rentals.")

This does not include miscellaneous labor, which is cared for under account No. 701.5, "Miscellaneous labor."

Maintenance.

D 703 MAINTENANCE OF POWER PLANT.

C B A 703.1 MAINTENANCE OF STATION BUILDINGS.

This account shall include the cost of maintaining steam power plant buildings and permanent fixtures therein, including furniture, as follows:

a. SUNDRIES.—Repairs to furniture, fixtures, and other such property in and about the steam generating plant not specifically provided for elsewhere. Alterations, if not provided for by a reserve, should be charged under this classification.

b. STATION STRUCTURES.—Repairs to buildings and permanent fixtures therein.

Principal items: Plumbing, windows, sashes, roof, doors and

walls; heating and lighting systems; grounds and streets, vaults, sheds, pits, sidewalks, elevators; lockers, fire protection system, painting.

C B 703.2 MAINTENANCE OF STEAM EQUIPMENT.

A 703.21 MAINTENANCE OF FURNACES AND BOILERS.

This account shall include the cost of maintaining boilers and furnaces and their specially provided foundations and settings.

Principal items: Brick work, metal smoke-stacks, bridge, wall arches, jambs, grate bars, stoker bars and webbs, furnaces, valves, superheaters, damper regulators, tubes.

A 703.22 MAINTENANCE OF BOILER APPARATUS.

This account shall include the cost of maintaining feed water, coal, and ash handling systems, and auxiliary apparatus in the fireroom.

Principal items: Feed pumps, blower engines, coal conveyors, diggers, trolley and cable towers, crusher and belt lines, brackets, wheels, chutes and gates; ash conveyor cars, winches, motors, buckets, shaft, chain and wheels; filters, boiler compound injector and pump; heaters, primary and secondary; economizers and water meters.

A 703.23 MAINTENANCE OF STEAM ACCESSORIES.

This account shall include the cost of maintaining the piping system in connection with the making of steam and delivery thereof to the prime movers. This covers those steam accessories included in fixed capital account No. 313, "Boiler Plant Equipment," i. e., those not considered a part of the steam engine.

Principal items: Water feed piping, cold main, hot main, water suction, valves, joints, jackets, ash pit drains and ash pocket siphons, oil drains from engine crank pits, receiving tanks, filter pumps to engine valve, steam and exhaust line systems, sewer connections and air line.

NOTE.—When the system for supplying boiler or condenser water is elaborate as when it includes a dam, reservoir, canal and pipe line, the cost of maintaining it shall be charged to a special sub-account under account No. 703.1, "Maintenance of Station Buildings," with the title, "Maintenance of Water Supply Structures—Steam."

A 703.24 MAINTENANCE OF STEAM ENGINES.

This account shall include the cost of maintaining steam engines, whether reciprocating or rotary, used in the power plant. This covers the cost of maintaining apparatus auxiliary to the prime mover, such as condensers, tubes, heads, doors, etc., pumps, air and circu-

lating, wet vacuum, dry vacuum, and oil systems but not the power conveying apparatus.

NOTE.—This account may be subdivided between the expense of maintaining the prime mover and the expense of maintaining the auxiliary apparatus.

A 703.25 MAINTENANCE OF TURBO—GENERATOR UNITS.

This account shall include the cost of maintaining steam turbine-driven generating units. This covers the cost of maintaining condensers air and circulating pumps, lubricating systems and similar appurtenant apparatus, but not the cost of maintaining the steam pipe leading from the boiler nor the exhaust pipe.

NOTE.—This account may be subdivided to show separately the cost of maintaining the prime mover and appurtenant apparatus.

C B A 703.3 MAINTENANCE OF ELECTRICAL EQUIPMENT.

A 703.31 MAINTENANCE OF MAIN GENERATORS.

This account shall include the cost of maintaining dynamos, alternators and other electric generating apparatus driven by steam.

A 703.32 MAINTENANCE OF EXCITING APPARATUS.

This account shall include the cost of maintaining exciters, motors, motor generators, boosters, regulators and exciting batteries used in the steam generating plant.

A 703.33 MAINTENANCE OF CONTROL AND PROTECTIVE EQUIPMENT.

This account shall include the cost of maintaining switches, circuit breakers, busses, current and potential transformers, relays, indicating and recording instruments and switchboard panels, lightning arresters, reactances and ground resistances used in steam generating plant, and wires and cables used in conjunction with the foregoing.

A 703.34 MAINTENANCE OF TRANSFORMERS AND CONVERTING APPARATUS.

This account shall include the cost of maintaining transformers and converting apparatus in the steam generating plant other than that used primarily for transmission and distribution purposes.

C B A 703.4 MAINTENANCE OF MISCELLANEOUS POWER PLANT EQUIPMENT.

This account shall include the cost of maintaining miscellaneous equipment, such as belts, pulleys, hangers, countershafts, machine tools, cars, locomotives, locomotive cranes for power plant pur-

poses, and all other equipment properly includible in fixed capital account No. 317, "Miscellaneous Power Plant Equipment—Steam."

This account shall also include the cost of maintaining tools and implements assigned to the steam power plant, such as blacksmiths', machinists' and pipe fitters' tools; pump room tools, engine tools and cutting tools.

D C B A 704 STEAM GENERATED—APPORTIONMENT ACCOUNT.

This account will be raised only by companies operating in connection with electric utilities, other utilities or departments which make demand upon the same boiler plant.

Where a demand of this character is made upon a boiler plant, the expenses incident to generating steam shall be transferred from the foregoing accounts to this account at the close of the period. The total cost of generating steam as then shown shall be apportioned to the utilities or departments using the steam, by credits to this account. The balances remaining in this account will represent the cost of steam for generating electric energy.

The details of the cost of generating steam, and the amounts apportioned to the different utilities or departments using the steam, and the basis used for the apportionment may be called for in the annual report to the Public Utilities Commission.

D C B A 705 STEAM FROM OTHER SOURCES.

This account shall include the cost of all purchased or jointly produced steam consumed in the generating plant.

HYDRO-ELECTRIC GENERATION.

Operation.

D C B 706 SUPERINTENDENCE AND LABOR.

A 706.1 SUPERINTENDENCE.

This account shall include the salaries of superintendents and assistants, chemists, day and night foremen, and station clerks; and also that portion of the salaries of the engineering staff chargeable to hydro-electric generating plant operations.

A 706.2 HYDRO-ELECTRIC LABOR.

This account shall include the wages of all employees operating the hydraulic works, including foremen, intake operators, flume patrolmen, cleaners at reservoirs and screens and all other employees whose duties concern the operation of the hydro-electric development outside of the generating station.

A 706.3 STATION LABOR.

This account shall include the wages of station operators, helpers and oilers engaged in operating the station equipment, beginning at end of penstock and ending where the electric current leaves the generating station.

The wages of employees engaged in operating conversion equipment used primarily for transforming electric energy in voltage or frequency for the purpose of transmitting or distributing it more efficiently shall not be charged to this account but to the appropriate account under transmission or distribution expenses.

A 706.4 MISCELLANEOUS LABOR.

This account shall include salaries and wages of all other employees in and about the hydro-electric generating plant engaged in operating the plant. This covers such labor as that of watchmen, janitors, elevator men, and messengers; employees engaged in cleaning buildings and yards; and general labor not chargeable to any of the foregoing hydro-electric power plant labor accounts, excluding maintenance labor.

D 707 POWER PLANT SUPPLIES AND EXPENSES.

C B A 707.1 WATER FOR POWER.

This account shall include the cost of water purchased for water power generation.

C B 707.2 MISCELLANEOUS SUPPLIES AND EXPENSES.

A 707.21 LUBRICANTS.

This account shall include the cost of lubricants for hydro-electric prime movers, machinery connected therewith and auxiliary pumping and exciting machinery. This does not include transformer oil, wagon grease, or oil for lanterns.

This account also includes the cost of recovering oil from waste and the cost of filtering and handling.

A 707.22 PRODUCTION SUPPLIES.

This account shall include the cost of all supplies, tools, etc., used in the water power generating plant which are consumed in the operating process, the replacement of which does not constitute a repair or renewal.

Principal items: Waste, packing, wipers, gauge glasses, gaskets, bolts, screws, nails, dynamo and motor brushes, cans for containing rags and waste transformer oil and hand oil cans.

A 707.23 STATION EXPENSE.

This account shall include the general and miscellaneous expenditures in water power generating plant not specifically chargeable to other accounts.

Principal items: Lighting, heating, and cleaning systems, fire protection systems, janitor's supplies, ice water, meals and carfares, stationery, telephone and toilet service, care of streets, yards and sidings. Minor rents may be included. (See General Expense Account 781.31, "Rentals.")

This does not include miscellaneous labor, which is cared for under account No. 706.4, "Miscellaneous Labor."

Maintenance.

D 708 MAINTENANCE OF POWER PLANT.

C B A 708.1 MAINTENANCE OF STATION BUILDINGS.

This account shall include the cost of maintaining hydro-electric power plant buildings and permanent fixtures therein, including furniture as follows:

a. SUNDRIES.—Repairs to furniture, fixtures and other such property in and about the generating plant not specifically provided for elsewhere. Alterations, if not provided for by a reserve, should be charged under this classification.

b. STATION STRUCTURES.—Repairs to buildings and permanent fixtures therein.

Principal items: Plumbing, windows, sashes, roof, doors and walls; heating and lighting systems; grounds and streets, vaults, sheds, pits, sidewalks, elevators; lockers, fire protection system and painting.

C B 708.2 MAINTENANCE OF RESERVOIRS,
DAMS AND WATERWAYS.A 708.21 MAINTENANCE OF RESERVOIRS,
DAMS AND INTAKES.

This account shall include the cost of maintaining reservoirs, dams and intakes with their appurtenant structures and facilities such as gates, raising and lowering apparatus, wasteways, spillways, fish ladders, etc.

A 708.22 MAINTENANCE OF NAVIGATION
FACILITIES.

This account shall include the cost of maintaining locks, booms, sluices, regulating gates and other appurtenant structures and facilities for navigation purposes.

A 708.23 MAINTENANCE OF WATERWAYS.

This account shall include the cost of maintaining canals, ditches, flumes, tunnels, pipe lines, and other appurtenant structures and facilities.

A 708.24 MAINTENANCE OF FOREBAYS, PEN-STOCKS AND TAILRACES.

This account shall include the cost of maintaining forebays, pen-stocks, tailraces and other appurtenant structures and facilities.

A 708.25 MAINTENANCE OF WAY AND CARS.

This account shall include the cost of maintaining rolling stock, roadbed and steel in connection with spur tracks, tramways, inclines, freight cars, barges, etc., which are a part of the hydro-electric development.

A 708.26 MAINTENANCE OF TELEPHONE SYSTEM.

This account shall include the cost of maintaining telephone lines, telephone apparatus and switchboards of the telephone system in the water power generating station and between the station and the headworks.

A 708.27 MAINTENANCE OF PRODUCTION ROADS AND TRAILS.

This account shall include the cost of maintaining roads, trails, bridges, tramways, and railways used primarily in connection with hydro-electric production of electricity; also the cost to the accounting company of maintaining roads dedicated to public use.

C B 708.3 MAINTENANCE OF HYDRO-ELECTRIC EQUIPMENT.**A 708.31 MAINTENANCE OF WATER TURBINES AND WATER WHEELS.**

This account shall include the cost of maintaining water wheels and governors and their accessories. This covers all equipment from pen stocks to tail-races, such as gates, valves, pumps, piping, etc., used in connection with water wheels and governors.

Principal items: Water wheels and housing, needle valves, nozzles, deflecting hoods, relief valves, air compressors for surge tanks, pumps for governors and necessary piping in connection therewith.

A 708.32 MAINTENANCE OF TURBO-GENERATOR UNITS.

This account shall include the cost of maintaining hydraulic turbine-driven generator units and all appurtenant apparatus. This covers the cost of maintaining air and circulating pumps, lubricating systems, valves, governors, draft tubes, etc.

NOTE.—This account may be subdivided to show separately the cost of maintaining the prime mover and the cost of maintaining the electric generator.

A 708.33 MAINTENANCE OF MAIN GENERATORS.

This account shall include the cost of maintaining dynamos, alternators and other electric generating apparatus driven by hydraulic power.

A 708.34 MAINTENANCE OF EXCITING APPARATUS.

This account shall include the cost of maintaining exciters, motors, motor generators, boosters, regulators and exciting batteries used in the water power generating plant.

A 708.35 MAINTENANCE OF CONTROL AND PROTECTIVE EQUIPMENT.

This account shall include the cost of maintaining switches, circuit breakers, busses, current and potential transformers, relays, indicating and recording instruments and switchboard panels, lightning arresters, reactances and ground resistances used in the water power generating plant and wires and cables used in conjunction with the foregoing.

A 708.36 MAINTENANCE OF TRANSFORMERS AND CONVERTING APPARATUS.

This account shall include the cost of maintaining transformers and converting apparatus in the water power generating plant other than that used primarily for transmission and distribution purposes.

C B A 708.4 MAINTENANCE OF MISCELLANEOUS POWER PLANT EQUIPMENT.

This account shall include the cost of maintaining miscellaneous equipment, such as belts, pulleys, hangers, countershafts, machine tools, cars, locomotives, locomotive cranes for power plant purposes, and all other equipment properly includible in fixed capital account No. 323, "Miscellaneous Power Plant Equipment—Hydro."

This account shall also include the cost of maintaining tools and implements assigned to the hydro-electric plant, such as blacksmiths', machinists', and pipe-fitters' tools, cutting tools, etc.

GAS OR OIL ENGINE GENERATION.

Operation.

D C B 709 SUPERINTENDENCE AND LABOR.

A 709.1 SUPERINTENDENCE.

This account shall include the salaries of superintendents and assistants, chemists, day and night foremen, and station clerks; and also that portion of the salaries of the engineering staff chargeable to gas or oil engine generating plant operations.

A 709.2 FUEL LABOR.

This account shall include the cost of all labor engaged in the handling of fuel from storage to the point of use whether such fuel is to be used in a producer gas process or directly in internal combustion engines. It shall include also all other operating labor in the production of producer gas and the handling of residuals from the building to the point where such residuals are placed when removed from the building. It does not include maintenance labor.

A 709.3 ENGINE LABOR.

This account shall include the cost of all labor on prime movers. Principal items: Chief engineer and assistants, engineers, oilers, wipers, and machinists.

A 709.4 ELECTRICAL LABOR.

This account shall include the cost of all labor in connection with electrical apparatus and devices beginning with the dynamos direct connected or belted to the prime movers and including the switchboard, feeder terminal board and to where the electric current leaves the station for the transmission or distribution system.

Principal items: System operators or load dispatchers, foremen regulators, regulators and assistant switchboard men, brushmen, wipers and wiremen.

A 709.5 MISCELLANEOUS LABOR.

This account shall include salaries and wages of all employees in and about the gas or oil engine generating plant engaged in operating the plant, whose time is not chargeable to any of the foregoing gas or oil engine power plant labor accounts. This covers such labor as that of watchmen, janitors, elevator men and messengers; employees engaged in cleaning buildings and yards; and all other general labor, excluding maintenance labor.

D 710 POWER PLANT SUPPLIES AND
EXPENSES.

C B A 710.1 ENGINE FUEL.

This account shall include the cost of all fuel such as kerosene, gasoline, and oil used in internal combustion engines. Where the producer gas process is used it should include the cost of fuel used for producing gas. The cost should be f. o. b. power station and should cover the invoice cost of fuel, freight, switching, demurrage, cost of transfer from cars or boats to wagons, cartage to point of delivery at plant for storage and cost of transfer to storage. In case fuel is transferred from one place of storage to another, such cost should also be included. Any discrepancy between the actual amount of fuel on hand and that recorded in the books of the accounting company should likewise be taken care of in this account.

C B 710.2 MISCELLANEOUS SUPPLIES AND
EXPENSES.

A 710.21 WATER.

This account should include the cost of water used in the production of gas for power purposes and water used for cooling gas prime movers or other internal combustion engines.

If water is purchased, charge at the contract price or the meter rate.

If water is pumped by the company, charge here the cost of pumping.

This account should include all labor cost and expenses in connection with the handling of water, such as operating the pumping station, and chemicals used in purification and filtration.

A 710.22 LUBRICANTS.

This account shall include the cost of lubricants for the moving of machinery in the gas or oil engine generating plant. This does not include oil for transformers, grease for wagons, or oil for lanterns, etc.

Oil used in pumping station should be charged against account No. 710.21, "Water."

A 710.23 PRODUCTION SUPPLIES.

This account shall include the cost of all supplies, tools, etc., used in the gas or oil engine generating plant which are consumed in the operating process, the replacement of which does not constitute a repair or renewal.

Principal items: Waste, packing, wipers, gauge glasses, gauge washers, manhole gaskets, handhole gaskets, fuel room tools, steam and air hose, boilers, screws, nails, tools, dynamo brushes.

A 710.24 STATION EXPENSE.

This account shall include the general and miscellaneous expenditures in the gas or oil engine generating plant not specifically chargeable to other accounts.

Principal items: Lighting, heating and cleaning system, fire protection system, janitors' supplies, ice water, meals and carfares, stationery, telephone and toilet service, care of streets, yards, sidings, etc. Minor rents may be included. (See General Expense Account 781.31, "Rents.") This does not include miscellaneous labor, which is carried under account No. 709.5, "Miscellaneous labor."

Maintenance.

D 711 MAINTENANCE OF POWER PLANT.

C B A 711.1 MAINTENANCE OF STATION BUILDINGS.

This account shall include the cost of maintaining gas or oil engine power plant buildings and permanent fixtures therein including furniture as follows:

a. **SUNDRIES.**—Repairs to furniture, fixtures, and other such property in and about the gas or oil engine generating plant not specifically provided for elsewhere. Alterations if not provided for by a reserve should be charged under this classification.

b. **STATION STRUCTURES.**—Repairs to buildings and permanent fixtures therein.

Principal items: Plumbing, windows, sashes, roof, doors and walls; heating and lighting systems; grounds and streets, walks, sheds, pits, sidewalks, elevators, lockers, fire protection system, painting.

C B 711.2 MAINTENANCE OF GAS OR OIL ENGINE EQUIPMENT.

A 711.21 MAINTENANCE OF FUEL HOLDERS, PRODUCERS AND ACCESSORIES.

This account shall include the cost of maintaining all apparatus used for the production of gas to be used for power purposes in the generation of electric energy. This covers the cost of repairing gas conductor, exhaust pipe, and other auxiliary gas producing apparatus; and also producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhauster outfit, as well as specially provided boilers, pumps, flues and pipes, coal and ash conveyors and accessory equipment, blower engines, holders, and all similar auxiliary equipment.

This account shall also include the cost of maintaining all fuel oil storage and handling equipment.

A 711.22 MAINTENANCE OF ENGINES AND
TURBINES.

This account shall include the cost of maintaining gas or oil engines and turbines devoted to the production of electric energy, including valves, governors, and ignition and starting apparatus. The maintenance of power apparatus, such as shafts, belts, etc., should not be charged to this account.

C B 711.3 MAINTENANCE OF ELECTRIC
EQUIPMENT.

A 711.31 MAINTENANCE OF MAIN GENERA-
TORS.

This account shall include the cost of maintaining dynamos, alternators, and other electric generating apparatus driven by gas or oil engines.

A 711.32 MAINTENANCE OF EXCITING APPA-
RATUS.

This account shall include the cost of maintaining exciters, motors, motor generators, boosters, regulators and exciting batteries used in the gas or oil engine generating plant.

A 711.33 MAINTENANCE OF CONTROL AND
PROTECTIVE APPARATUS.

This account shall include the cost of maintaining switches, circuit breakers, busses, current and potential transformers, relays, indicating and recording instruments and switchboard panels, lightning arresters, reactances and ground resistances used in the gas or oil engine generation plant, and wires and cables used in conjunction with the foregoing.

A 711.34 MAINTENANCE OF TRANSFORMERS
AND CONVERTING APPARATUS.

This account shall include the cost of maintaining transformers and converting apparatus in the gas or oil power generating plant other than that used primarily for transmission and distribution purposes.

C B A 711.4 MAINTENANCE OF MISCELLANEOUS
POWER PLANT EQUIPMENT.

This account shall include the cost of maintaining miscellaneous equipment, such as belts, pulleys, hangers, countershafts, machine tools, cars, locomotives, locomotive cranes for power plant purposes, and all other equipment properly includible in fixed capital account No. 327, "Miscellaneous Power Plant Equipment—Gas or Oil Engine."

This account shall include the cost of maintaining tools and implements assigned to the gas or oil engine power plant, such as blacksmiths', machinists', and pipe fitters' tools; engine tools and cutting tools.

D C B A 712 POWER GAS FROM OTHER SOURCES.

This account shall include the cost of all purchased or jointly produced power gas consumed in the gas power generating plant.

MISCELLANEOUS PRODUCTION ACCOUNTS.

D C B A 713 ELECTRIC ENERGY FROM OTHER SOURCES.

This account shall include the cost at the point of delivery to the accounting company of all electric energy purchased for re-sale or jointly produced.

NOTE A.—If the accounting company actually exchanges power with another company, i. e., if the agreement between them provides that the receiving company shall pay the producing company a price barely sufficient to cover the average production expense per unit of energy delivered, then the accounting company shall charge to this account the amount that it pays the other company which is a party to such agreement and credit this account with the amount which it receives. If the agreement provides for the payment by the receiving company of more than the bare production expense per unit, the amount received shall be credited by the producing company, not to this account, but to the appropriate operating revenue account.

NOTE B.—Current purchased at established tariff rates from other companies for lighting offices, stations, etc., or other similar purposes connected with the operations of the accounting company shall not be charged to this account but to the appropriate departmental expense account.

**D C B A 714 DUPLICATE PRODUCTION CHARGES—
CR.**

This account shall be credited with all charges made to production accounts for electric energy consumed at works and generating stations and not otherwise provided for.

**D C B A 715 PRODUCTION EXPENSES TRANSFERRED
—CR.**

This account shall include such part of the accounting company's expense of producing electric energy as is properly chargeable to another coordinate department, as, for example, an electric railroad or a gas department.

720. TRANSMISSION EXPENSES.

NOTE.—Transmission and distribution expense accounts may be combined where the same poles and subways carry transmission and distribution lines and it is impracticable to assign accurately the cost of operation and maintenance as between the two functions.

A 721.43 LABOR AND EXPENSE—OVERHEAD
CONDUCTORS.

This account shall include the wages and expenses of patrolmen, testers, etc., employed on overhead transmission lines.

A 721.44 LABOR AND EXPENSE—UNDER-
GROUND CONDUCTORS.

This account shall include the wages and expenses of patrolmen, testers, etc., employed on underground transmission lines.

A 721.45 MISCELLANEOUS SUPPLIES AND
EXPENSES.

This account shall include miscellaneous items of transmission expenses not provided for in the foregoing transmission operating accounts. Minor rents may be included. See General Expense Account No. 781.31, "Rentals.")

C B A 721.5 MAINTENANCE OF STRUCTURES.

This account shall include the cost of maintaining transmission sub-station buildings and other structures. The principal items to be included in this account are repairs to buildings and all permanent fixtures therein and appurtenant thereto and the cost of maintaining grounds, streets, drives, sidewalks, vaults, pits, sheds and permanent foundations of apparatus, which are included as a part of the cost of the structures in which located.

C B A 721.6 MAINTENANCE OF SUBSTATION
EQUIPMENT.

This account shall include the cost of maintaining transformers, transmission switches, switchboards and connected equipment, cooling systems, etc. Include also in this account the cost of maintaining outdoor transmission substation equipment and appurtenances.

C B A 721.7 MAINTENANCE OF UNDERGROUND
CONDUITS.

This account shall include the cost of maintaining subways and underground conduits carrying transmission conductors. This covers repairs of ducts, manholes, sewer connections and traps, and paving over such subways, but not any repairs of conductors or the installation thereof.

NOTE.—The cost of maintaining conduits which carry both transmission and distribution conductors should be apportioned between this account and account No. 732.4, unless transmission and distribution expense accounts are combined.

C B 721.8 MAINTENANCE OF TRANSMISSION
LINES.

**A 721.81 MAINTENANCE OF POLES, TOWERS,
AND FIXTURES.**

This account shall include the cost of maintaining poles and cross arms, braces, guys, and other pole supports, fixtures, and towers used in the transmission system. This account also covers such matters as painting poles, repairing streets and repairing sidewalks after pole renewals, etc.

**A 721.82 MAINTENANCE OF OVERHEAD CON-
DUCTORS.**

This account shall include the cost of maintaining all conductors, feeders, cable, wire, insulators, and insulating material used in the overhead transmission system.

**A 721.83 MAINTENANCE OF UNDERGROUND
CONDUCTORS.**

This account shall include the cost of maintaining all conductors, feeders, cable, wire, insulators, and insulating material used in the underground transmission system.

**C B A 721.9 MAINTENANCE OF ROADS AND
TRAILS.**

This account shall include the cost of maintaining permanent roads, trails and bridges used in connection with the transmission system.

730 DISTRIBUTION EXPENSES.

NOTE.—Transmission and distribution expense accounts may be combined where the same poles and subways carry transmission and distribution lines and it is impracticable to assign accurately the cost of operation and maintenance as between the two functions.

**D 731 DISTRIBUTION OPERATION AND
MAINTENANCE.**

C B A 731.1 SUPERINTENDENCE.

This account shall include the pay, traveling and incidental expenses of the superintendent, his assistants and clerks employed in supervising the operation and maintenance of the distribution system, also the cost of making maps and records, the cost of stationery and printing and other miscellaneous office supplies, telephone rental and tolls, janitor service, water, heat and other expenses of the distribution superintendent's office.

NOTE.—The accounting company may set up sub-accounts under this general heading, if it so desires.

C B 731.2 SUBSTATION EXPENSES.

A 731.21 SUBSTATION LABOR.

This account shall include the pay of substation operators and of clerks, janitors and watchmen and of other employees in substations devoted to distribution purposes.

A 731.22 SUBSTATION SUPPLIES AND EXPENSES.

This account shall include the cost of supplies for and expenses incurred in connection with the operation of distribution substations, such as carfares, meals, telephone rentals and tolls, stationery and printing, oil and waste, water, heat, janitor supplies, etc., which are not specifically provided for elsewhere.

C B 731.3 STORAGE BATTERY EXPENSES.

A 731.31 STORAGE BATTERY LABOR.

This account shall include the wages of battery men, including inspectors and testers.

A 731.32 STORAGE BATTERY SUPPLIES AND EXPENSES.

This account shall include the cost of acid and distilled water in cells, soda, sponges, brooms, mops, waste, rags, hydrometers, thermometers, automatic cell fillers, rubber hose, gloves, shoes, paint, etc., and brushes for boosters and compensators.

C B 731.4 OPERATION OF DISTRIBUTION LINES.

A 731.41 LABOR AND EXPENSE—UNDERGROUND CONDUITS.

This account shall include wages and expenses in connection with the inspection and cleaning of subway ducts, manholes, and sewer connections for distribution lines.

A 731.42 LABOR AND EXPENSES, POLES, TOWERS AND FIXTURES.

This account shall include the pay and expenses of patrolmen, testers, etc., employed on overhead distribution lines, and the cost of trimming trees along and of clearing brush and other refuse from the distribution right of way after distribution line has been placed in operation.

A 731.43 LABOR AND EXPENSE—OVERHEAD CONDUCTORS.

This account shall include the wages and expenses of patrolmen, testers, etc., employed on overhead distribution lines.

A 731.44 LABOR AND EXPENSE—UNDER-
GROUND CONDUCTORS.

This account shall include the wages and expenses of patrolmen, testers, etc., employed on underground distribution lines.

A 731.45 MISCELLANEOUS SUPPLIES AND
EXPENSES.

This account shall include all expenses incurred in connection with the operation of the distribution system not specifically chargeable to other accounts. Minor rents may be included. (See General Expense Account No. 781.31, "Rentals.")

C B 731.5 METER AND TRANSFORMER
OPERATION.

A 731.51 SALARIES AND EXPENSES, METER
DEPARTMENT.

This account shall include the salaries and expenses of superintendents and clerks in meter department; and also that portion of the salaries of the engineering staff chargeable to that department.

A 731.52 TESTING METERS.

This account shall include the cost of testing and inspecting meters on consumers' premises or in meter shops.

A 731.53 MISCELLANEOUS EXPENSES,
METER DEPARTMENT.

This account shall include such expenses as stationery, postage, telephone service, light, fuel, testers' tools and supplies, etc. Minor rents may be included. (See General Expense Account No. 781.31, "Rentals.")

A 731.54 REMOVING AND RESETTING
METERS.

This account shall include the cost of resetting, changing, and removing meters on consumers' premises; also the cost of connecting and disconnecting services.

NOTE.—The cost of the first setting of a meter should not be charged to this account but to fixed capital account No. 339, "Meter Installation," which see.

A 731.55 REMOVING AND RESETTING TRANS-
FORMERS.

This account shall include the cost of resetting, changing, inspecting, testing, and removing transformers on consumers' premises, or on poles or in manholes adjacent, when such transformers are installed for the purpose of stepping down current from transmission

or distribution voltages to the voltage at which it is used by the consumer.

NOTE.—The cost of the first setting of a transformer should not be charged to this account but to fixed capital account No. 337, "Line Transformer Installation," which see.

C B A 732.1 MAINTENANCE OF STRUCTURES.

This account shall include the cost of maintaining distribution substation buildings and other structures. The principal items to be included in this account are repairs to buildings and all permanent fixtures therein and appurtenant thereto, and the cost of maintaining grounds, streets, drives, sidewalks, vaults, pits, sheds and permanent foundations and apparatus which are included as a part of the cost of the structure in which located.

C B A 732.2 MAINTENANCE OF SUBSTATION EQUIPMENT.

This account shall include the cost of maintaining distribution substation transformers, bus-bar structures, switchboards, switches and connected equipment and other distribution equipment, whether located in distribution substation buildings, in generating stations, on consumers' premises or outdoors.

C B A 732.3 MAINTENANCE OF STORAGE BATTERY EQUIPMENT.

This account shall include the cost of maintaining storage battery equipment, such as storage battery tanks, switches, regulating apparatus, boosters, and compensators, renewal of worn out cells, including diaphragms, negative and positive plates, lead in strip, spelter, dry boards, tin bands, lamp black, and items of a similar nature.

C B A 732.4 MAINTENANCE OF UNDERGROUND CONDUITS.

This account shall include the cost of maintaining subways and underground conduits carrying distribution conductors. This covers repairs of ducts, manholes, sewer connections and traps, and paving over such subways and all ducts and conduits, but not any repairs of conductors or the installation thereof.

NOTE.—The cost of maintaining conduits which carry both transmission and distribution conductors should be apportioned between this account and account No. 721.7, unless transmission and distribution expense accounts are combined.

C B 732.5 MAINTENANCE OF DISTRIBUTION
LINES.

A 732.51 MAINTENANCE OF POLES, TOWERS,
AND FIXTURES.

This account shall include the cost of maintaining poles and cross-arms, braces, guys, and other pole supports, fixtures, and towers used in the distribution system. This account also covers such matters as painting poles, repairing streets, and repairing sidewalks after pole renewals, etc.

A 732.52 MAINTENANCE OF OVERHEAD CON-
DUCTORS.

This account shall include the cost of maintaining all conductors, feeders, cable, wire, insulators, and insulating materials used in the overhead distribution system.

A 732.53 MAINTENANCE OF UNDERGROUND
CONDUCTORS.

This account shall include the cost of maintaining all conductors, feeders, cable, wire, insulators, and insulating material used in the underground distribution system.

C B A 732.6 MAINTENANCE OF SERVICES.

This account shall include the cost of maintaining services, both underground and overhead, leading from the mains to the consumers' premises.

C B 732.7 MAINTENANCE OF TRANSFORMERS
AND METERS.

A 732.71 MAINTENANCE OF LINE TRANS-
FORMERS.

This account shall include the cost of maintaining line transformers, *i. e.*, transformers installed for stepping down current from transmission or distribution voltages to the voltage at which it is used by the consumer. This covers renewing oil, repainting, re-winding, removing and replacing, and repairs to such switches and cutouts on the consumers' premises as are the property of the accounting company.

A 732.72 MAINTENANCE OF CONSUMERS'
METERS.

This account shall include the cost of maintaining consumers' meters, such as replacing parts, putting in new jewels, cleaning and painting.

750 UTILIZATION.

D 751 UTILIZATION OPERATION AND MAINTENANCE.

C B 751.1 COMMERCIAL LAMPS—OPERATION.

A 751.11 COMMERCIAL ARC LAMPS.

This account shall include the cost of trimming and inspecting arc lamps on consumers' premises.

Principal items: Trimming, inspecting, installing and removing lamps.

A 751.12 INCANDESCENT LAMPS—INSTALLATION.

This account shall include the cost of the first installation of lamps on consumers' premises unless such cost is charged to the consumer or it is the policy of the company to capitalize such cost through charges to fixed capital account No. 341, "Commercial Lamps."

A 751.13 INCANDESCENT LAMPS—RENEWALS.

This account shall include the cost of renewing incandescent lamps on consumers' premises. This covers cartage and delivery expense, and cost of photometering lamps. This account should be credited with any rebate received for the return of stubs or allowances relating thereto.

C B 751.2 CONSUMERS' INSTALLATION AND INSPECTION WORK.

A 751.21 INSPECTION—CONSUMERS' PREMISES.

This account shall include the cost of inspection of consumers' premises. This covers such matters as the charge for municipal certificates, charges for Board of Fire Underwriters' inspection certificates, and that portion of the salaries and expense of the engineering staff, or of any other department than distribution department, engaged in technical work properly assignable to this account.

A 751.22 CONSUMERS' INSTALLATIONS.

This account shall include the cost of all labor and material furnished without charge to consumers for inside work.

Principal items: Attention to complaints or to improving the character of service, replacing or repairing wiring fixtures or electrical appliances, moving appliances from place to place in house, reconnecting appliances.

C B 751.3 MUNICIPAL STREET LAMPS—OPERATION.

A 751.31 MUNICIPAL STREET ARC LAMPS.

This account shall include the cost of trimming, inspecting and operating municipal street arc lamps.

A 751.32 MUNICIPAL STREET INCANDESCENT INSTALLATION.

This account shall include the cost of the first installation of municipal street incandescent lamps, unless such cost is charged to the municipality or it is the policy of the accounting company to capitalize such cost through charges to fixed capital account No. 342, "Street Lighting Equipment."

A 751.33 MUNICIPAL STREET INCANDESCENT RENEWALS.

This account shall include the cost of renewing incandescent lamps. This covers cartage and delivery expense, and cost of photometering incandescent lamps. This account shall be credited with any rebate received for the return of stubs or allowances relating thereto.

C B A 751.4 MAINTENANCE OF COMMERCIAL LAMPS.

This account shall include the cost of maintaining commercial lamps on consumers' premises. This covers such matters as setting and removing lamps for repairs and adjustment, repair parts, testing during the adjustment and after repairs; also that portion of the arc lamp shop expense chargeable thereto.

C B 751.5 MAINTENANCE OF MUNICIPAL STREET LIGHTING EQUIPMENT.

A 751.51 MAINTENANCE OF MUNICIPAL STREET ARC LAMPS.

This account shall include the cost of changing municipal street arc lamps for repairs and adjustments, renewals, repairs of mast arms, hangers, poles, ropes, etc., and painting poles; also that proportion of arc lamp shop expense chargeable thereto.

A 751.52 MAINTENANCE OF MUNICIPAL STREET INCANDESCENT LAMPS.

This account shall include the cost of maintaining municipal incandescent street lamps and fixtures, including especially provided poles if such poles are properly chargeable to fixed capital account No. 342, "Street Lighting Equipment," which see. It does not include the cost of maintaining subways or conductors.

760 COMMERCIAL EXPENSES.**D C 761 COMMERCIAL ADMINISTRATION.****B A 761.1 COMMERCIAL GENERAL LABOR.**

This account shall include the cost of labor of superintendents and assistants, chief clerks, cashiers and assistants, stenographers, general clerks, high bill clerks, switchboard operators, messengers, janitors, and watchmen employed in the commercial department.

B 761.2 COMMERCIAL BOOKS AND CONTRACTS.**A 761.21 COMMERCIAL BOOKKEEPING.**

This account shall include the cost of labor of bookkeepers and clerks employed on consumers' accounts.

A 761.22 COMMERCIAL CONTRACTS.

This account shall include the cost of labor of clerks and other employees in the application or contract bureau.

B 761.3 COMMERCIAL METER READING AND COLLECTING.**A 761.31 COMMERCIAL COLLECTING.**

This account shall include the cost of labor of regular and prepayment collectors. This covers cost of delivering bills and proportion of time of meter readers collecting from prepayment meters.

A 761.32 METER READING.

This account shall include the cost of labor of meter readers.

B A 761.4 COMMERCIAL SUPPLIES AND EXPENSES.

This account shall include the cost of supplies and the incidental expenses of the commercial office. This covers meter readers' lamps and carfare of employees in the commercial department. Minor rents may be included. (See General Expense Account 731.31, "Rentals.")

D C B A 762 AGENTS' COMMISSIONS.

This account shall include the amount paid by the accounting company to agents as commission for distributing its electric energy over the agent's distribution lines and selling the same, and for all services performed in connection therewith (see Operating Revenue Account No. 611, "Commissions on Others' Electric Energy," also "Operating Revenue Accounts—General Instructions and Definitions," section 2, Note B, page 73.)

770 NEW BUSINESS EXPENSES.

NOTE.—General Account 770, "New Business Expenses," is not intended to include any expense connected with merchandising and jobbing carried on as a separate department of the accounting company's business and not primarily for the purpose of obtaining new business for the electric department. If the accounting company sells merchandise or does jobbing work at or below cost for the purpose of inducing greater use of electric energy, a debit balance in the jobbing account due to such practice may be charged to "New Business Expenses," or sub-account 771.25, "Miscellaneous new business supplies and expenses."

- D C 771 NEW BUSINESS EXPENSES.
- B 771.1 NEW BUSINESS SALARIES.
- A 771.11 NEW BUSINESS MANAGEMENT SALARIES.

This account shall include the cost of administration of the department maintained for the promotion or development of consumption of electric energy including that portion of the salaries of management and clerks in agencies and contract departments assignable to new business.

- A 771.12 NEW BUSINESS ADVERTISING SALARIES.

This account shall include the salaries of the advertising manager and clerks.

- B 771.2 NEW BUSINESS SUPPLIES AND EXPENSES.
- A 771.21 DEMONSTRATIONS.

This account shall include the cost of labor and the expense incurred in demonstrating the use of electric appliances for the purpose of obtaining new business.

- A 771.22 WIRING AND APPLIANCES.

• This account shall include the cost of wiring consumers' premises, and of electric appliances, including delivery and connection charges and expense in connection therewith, supplied to consumers without charge in order to induce new business.

- A 771.23 ADVERTISING SUPPLIES AND EXPENSES.

This account shall include the cost of supplies, stationery, and the incidental expenses of the advertising department. This covers such items as booklets, dodgers, newspaper advertising, posters, bulletins, and all related expenses.

A 771.24 CANVASSING AND SOLICITING.

This account shall include all expenses incurred in soliciting new business, such as wages, commissions, and personal expenses of canvassers, cost of preparing estimates, engineering advice on electric installation, etc., and office sundries in connection therewith.

A 771.25 MISCELLANEOUS NEW BUSINESS SUPPLIES AND EXPENSES.

This account shall include office and personal and incidental expenses of the promotion or new business department, such as stationery, and other office supplies, etc. Minor rents may be included. (See General Expense Account No. 781.31, "Rentals.")

780 GENERAL AND MISCELLANEOUS EXPENSES.

D 781 UNDISTRIBUTED GENERAL EXPENSES.

C B 781.1 GENERAL OFFICE SALARIES.

A 781.11 ADMINISTRATIVE SALARIES.

This account shall include the salaries of the chairman of the board, president, vice president, treasurer, secretary, comptroller, general auditor, general manager, assistant general manager, chief engineer, general superintendent, purchasing agent, and all other employees whose jurisdiction extends to the entire system and whose services can not be allocated to the several departments.

A 781.12 OTHER GENERAL OFFICE SALARIES.

This account shall include the salaries of auditors, bookkeepers, cashiers, paymasters, stenographers and clerks employed in counting cash, janitors, porters, messengers, and other clerks and employees whose time is devoted to the work of the general office.

NOTE.—The cost of labor of clerks and other employees in the commercial department shall not be included in this account, but in account No. 761, "Commercial Administration," or the appropriate subdivision thereof.

C 781.2 MISCELLANEOUS GENERAL EXPENSES.

B A 781.21 GENERAL OFFICE SUPPLIES AND EXPENSES.

This account shall include the cost of office supplies, stationery, telegrams, telephone service, and the maintenance of office furniture; rental of office equipment such as statistical machines, and all other miscellaneous expenses of general offices. Minor rents may be included. (See General Expense Account No. 781.31, "Rentals.")

Expenses of departmental employees should be charged to the appropriate departmental accounts.

B A 781.22 GENERAL STATIONERY AND PRINTING.

This account shall include the cost of stationery, stationery supplies and postage not elsewhere provided for.

NOTE A.—The cost of printing briefs and other legal papers should be charged to account No. 781.26, "Law Expenses."

NOTE B.—The cost of printing signs, posters and other advertising matter should be charged to account No. 771.23, "Advertising Supplies and Expenses."

NOTE C.—The cost of such mechanical calculators, typewriters, duplicating machines, and other office appliances as are not properly capitalized, should, if for use in general office, be charged to account No. 781.21, "General Office Supplies and Expenses," or, if for the use of department offices, to the proper departmental accounts.

B A 781.23 MAINTENANCE OF GENERAL STRUCTURES.

This account shall include the cost of maintaining general office buildings or other structures used for general purposes. This covers maintenance of walks, driveways, and grounds connected therewith and all incidental expenses connected with the maintenance of such buildings or structures.

B A 781.24 OPERATION OF COMMUNICATION SYSTEM.

This account shall include the pay and expenses of superintendent and assistants, and of clerks, patrolmen, testers and inspectors, the cost of all supplies for and other expenses incurred in connection with the operation of the accounting company's communication system. This will include salaries and wages of employees at the main exchange, also the salaries and wages of employees in general offices operating switchboards on main line telephone systems not owned by the accounting company.

NOTE.—Salaries and wages of telephone and telegraph operators in power plants, sub-stations, stores, commercial offices and at other points in the accounting company's system shall be charged to the appropriate operating account at the location involved and not to this account.

B A 781.25 MAINTENANCE OF COMMUNICATION SYSTEM.

This account shall include the cost of maintaining all telephone, telegraph and wireless buildings and other structures and equipment, the investment in which is carried in or classified under fixed capital accounts Nos. 312g-4, "Communication System Structures," and 344e, "Telephone, Telegraph and Wireless System."

NOTE.—Include in this account only such charges in connection with hydroelectric production as are not included in account No. 708.26, "Maintenance of Telephone System."

B A 781.26 LAW EXPENSES.

This account shall include all law expenses such as salaries and expenses of counsel, solicitors and attorneys, their clerks and attendants and expenses of their offices; cost of law books, printing briefs, legal forms, testimony, reports, etc.; fees and retainers for services of attorneys not regular employees; court costs and payments of special notarial and witness fees not provided for elsewhere, expenses connected with taking depositions, and all law and court expenses not provided for elsewhere.

B A 781.27 INSURANCE.

This account shall include premiums paid for fire, fidelity, boiler, casualty, burglar, lightning, and all other insurance; also charges by which self-insurance is provided.

This account shall be credited with dividends paid or surplus returned to the accounting company in any other form by mutual insurance companies.

NOTE.—That portion of the premium for liability insurance based on the payroll expended on construction accounts may be charged to the construction accounts affected.

B A 781.28 STORE EXPENSES.

This account shall include all salaries and expenses in connection with storerooms. This covers the cost of sending materials and supplies from general storerooms to branch storerooms and the collection of scrap material.

To this account shall be credited all discounts recovered through the prompt payment of bills for materials and supplies consumed in operation, unless such discounts are applied to the particular bills.

NOTE.—Expenses charged to this account may be distributed over materials passed through the store department on the basis of a percentage of invoice cost of such materials or other bases deemed appropriate by the management of the accounting company. Amounts so distributed should be credited to this account and charged to the accounts to which the cost of such materials is charged as they are issued or used. Credits should be made in such detail as to permit the accounting company to analyze them.

B A 781.29 TRANSPORTATION EXPENSES.

This account shall include the cost of feed, keep and shoeing of horses, wages of stablemen, hostlers, veterinary expenses, and all other expenses of stabling horses; also wages of garage men, cost of gasoline, lubricants, and other garage supplies, and the cost of repairing harness and vehicles.

NOTE A.—The cost of horses purchased to replace others should be charged to account No. 344, "General Equipment."

NOTE B.—Charges to this account may be distributed to the work done by the stable and garage equipment on the basis of hourly rates, rates per ton per mile hauled, or other bases deemed appropriate by the management of the

accounting company. Amounts so distributed should be credited to this account and charged to the account representing the construction or operation benefited. Credits should be made in such detail as to permit the accounting company to analyze them.

B A 781.30 UNDISTRIBUTED ADJUSTMENTS.

At least once a year an inventory of materials and supplies should be taken and the difference in respect of any particular class of materials and supplies between the ledger and inventory balances should be debited or credited to this account in case it cannot be assigned to a specific account.

This account shall also be charged or credited with miscellaneous minor operating items of such a nature that an exact distribution among the accounts to which they are applicable cannot be determined. This covers such transactions as receipts from sale of junk.

NOTE.—Where materials and supplies have been used in construction as well as in operation a suitable proportion of the shortages or overages disclosed by the inventory may be debited or credited to account No. 356, "Miscellaneous Construction Expenditures."

B A 781.31 RENTALS.

Charge to this account all rentals paid and expenses incurred for buildings or space used for the purposes of the business, unless the premises are used solely for construction purposes or in connection with a clearing or apportionment account, in which latter events the rentals should be charged accordingly.

NOTE.—If the accounting company so desires, these rentals may be charged to the departmental account interested, such as production, transmission, distribution, commercial, new business, or miscellaneous general expenses.

B A 781.32 OTHER MISCELLANEOUS GENERAL EXPENSES.

This account shall include the cost of publishing and distributing annual reports to stockholders, advertising notices of stockholders' meetings, dividend notices and other corporate and financial notices of a general character, association dues, contributions for conventions and meetings of the industry, cost of experimental work conducted for the benefit of the industry or the improvement of service, traveling and incidental expenses of general officers and other general office employees, fees of transfer agents, registrars of stock, and fiscal agents, directors' fees, compensation to management corporations, and other miscellaneous expenses connected with the general management not otherwise provided for.

D C B A 782 RETIREMENT EXPENSE.

This account shall include such amounts as the accounting company may determine to be necessary (or as it may be required by law or by order of the Public Utilities Commission to charge) to provide a reserve against which may be charged the original cost of all property retired from service, plus the cost of dismantling, less sal-

vage. The amounts charged to this account and credited to the "Retirement Reserve" shall be in addition to the necessary costs of keeping the plant and equipment in a high state of efficiency through charges to the regular maintenance accounts.

NOTE.—It is the intent of the classification that a reserve shall be provided sufficient to cover all retirement losses that may reasonably be expected. If the accounting company does not do this and later finds that retirement losses are incurred in excess of the amount that has been provided, the charging of such losses to operating expenses either directly or through the suspense accounts "Property Abandoned" does not bind the Public Utilities Commission to the acceptance of such charges as part of the necessary current cost of maintenance.

D C B 783 INJURIES AND DAMAGES.

A 783.1 CLAIM DEPARTMENT EXPENSES.

This account shall include salaries and expenses of claim agents, investigators, adjusters, and others engaged in the investigation of accidents and adjustment claims.

A 783.2 MEDICAL EXPENSES.

This account shall include salaries, fees, and expenses of surgeons and doctors, nursing, hospital attendants, medical and surgical supplies; fees and expenses of coroners and undertakers; and contributions to hospitals.

A 783.3 INJURIES TO EMPLOYEES.

This account shall include amounts paid in settlement of claims of employees for injuries arising in their employment; also wages paid to disabled employees while off duty.

A 783.4 OTHER PERSONAL INJURIES AND PROPERTY DAMAGE.

This account shall include amounts paid in settlement of claims of persons other than employees for personal injuries sustained in connection with the operation of the plant and amounts paid in settlement of claims for damage to property not owned by the accounting company.

A 783.5 MISCELLANEOUS ACCIDENT EXPENSES.

This account shall include all expenses in connection with accidents and damages not provided for in the foregoing accounts.

NOTE.—If it so desires, the accounting company may charge each month to "Injuries and Damages" (or to the appropriate sub-accounts) and credit to account No. 252, "Casualty and Insurance Reserve," a proportion of the total amount estimated to be necessary to expend during the year for injury and damage claims, and the actual disbursements above designated shall then be charged against said reserve account. The charges to this account shall be adjusted at the close of the fiscal year to actual expenses unless a balance remains representing liability for unsettled claims.

D C B A 784 REGULATORY COMMISSION EXPENSES.

This account shall include the expenses incurred by the accounting company in its transactions with governmental regulative commissions. This covers fees and retainers and expenses of counsel, solicitors, attorneys, clerks, attendants, witnesses, and others whose services are secured especially for the defense or prosecution of those petitions presented to the Public Utilities Commission that affect the accounting company; the pay, traveling, and other expenses of those specially employed or assigned to ascertain the value of property owned or used by the accounting company; the cost of stationery and printing and engineering supplies consumed; and other necessary expenses of a similar character.

This account does not include expenses for improvement of service, for additional inspection, etc., which are made necessary by the rules, regulations, or orders of the Public Utilities Commission. Such expenses should be charged to the appropriate specific operating expense account.

NOTE.—Expenses incident to the sale or issue of securities should not be charged to this account but to the appropriate discount account. (See "Balance Sheet Accounts—General Instructions and Definitions," section 12, page 11.)

D C B 785 RELIEF AND WELFARE WORK.**A 785.1 EMPLOYEES' WELFARE DEPARTMENT.**

This account shall include all salaries and expenses incurred in conducting accident prevention, relief, and welfare departments; also contributions made to such departments.

A 785.2 PENSIONS.

This account shall include all pensions paid to retired employees and all expenses in connection therewith.

D C B A 786 FRANCHISE REQUIREMENTS.

This account shall include the value at the normal selling price of all current and materials and supplies furnished municipal corporations in compliance with franchise requirements and for which no payment is received by the accounting company; also all direct expenses incurred in compliance with such requirements for which no reimbursement is received by the accounting company.

Amounts charged to this account for which there is no direct money outlay shall be credited to account No. 790, "Duplicate Miscellaneous Charges—Cr."

D C B A 787 AMORTIZATION OF FRANCHISES.

This account shall include for each accounting period the amount charged to distribute the cost of limited franchises equitably over the life of the franchise. Amounts charged to this account shall be concurrently credited to fixed capital account No. 302, "Franchises."

D C B A 788 ELECTRIC EXPENSES TRANSFERRED—
CR.

This account shall include such part of the operating costs (other than production expenses, for which see Production Account No. 715, "Production Expenses Transferred—Cr.") borne in the first instance by the accounting company's electric department as are properly chargeable to another coordinate department, such as an electric railway or gas department.

This is not intended to prohibit the apportioning of primary accounts between departments, and so far as practicable departmental costs should be determined in that way. There may, however, be cases where it is desirable to assign to other operations a flat percentage of total electric operating expenses or of some group of electric operating expenses or some similar arbitrary amount, and when this is so, the credit should be made to this account.

D C B A 789 JOINT OPERATING EXPENSES—CR.

When any plant or equipment is maintained or operated by the accounting company for the joint benefit of itself and others under an arrangement for apportioning the operating expenses, the portion of such expenses chargeable to others under the arrangement may be credited to this account if it is based on a percentage of the total operating expenses or a percentage of the total of some group of primary operating expense accounts or determined in some similar fashion. So far as practicable, joint operating costs should be apportioned by primary accounts and that part of such cost borne in the first instance by the accounting company, but chargeable to the other party or parties to the joint agreement, should be credited directly to the primary accounts involved.

D C B A 790 DUPLICATE MISCELLANEOUS CHARGES
—CR.

This account shall include the concurrent credits for all charges which may be made to any operating expense account, except as provided for in account No. 714, "Duplicate Production Charges—Cr.," in respect of the consumption of electric energy produced or purchased primarily for resale by the accounting company; also all similar charges in respect of any services rendered for which there is no direct money outlay. This covers such items as current supplied to a municipality without charge in accordance with franchise requirements; current furnished to employees in lieu of wages; housing of employees as part compensation for their services, etc.

This account is optional to the extent that charges of the sort described, not involving any direct money outlay, are not required to be made. If the accounting company desires to make such charges, however, the concurrent credit must be to this account.

