

Decision No. 30283

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation
on the Commission's own motion of
the adoption of the Uniform System
of Accounts for Electrical Corpora-
tions prescribed by the Federal
Power Commission for public utilities
and licensees.

ORIGINAL

Case No. 4230

- R. W. DuVal, for Pacific Gas and Electric Company
and San Joaquin Light and Power Corporation,
- Hugh Fullerton and Pillsbury, Madison and Sutro,
for Coast Counties Gas and Electric Company,
- T. S. Bordwell, for Nevada-California Electric Corporation,
- C. P. Staal, for Southern California Edison Company Ltd.
- E. J. Rosenauer, for California-Oregon Power Company
and San Diego Consolidated Gas and Electric Company,
- E. F. Frost, for Long Valley Electric Power Company,
John J. O'Toole and Dion R. Holm, by N. R. Ellis,
for City and County of San Francisco.

BY THE COMMISSION:

OPINION

The Commission by its order of June 28, 1937 instituted a proceeding in which it ordered that electrical corporations subject to the jurisdiction of the Railroad Commission of the State of California be given an opportunity to show cause, if any they have, why the Railroad Commission of the State of California should not adopt and prescribe for said electrical corporations, hereinafter sometimes referred to as electrical utilities, the uniform system of accounts prescribed by the Federal Power Commission for public utilities and licensees, effective January 1, 1937, or approve or adopt the same with modifications. A copy of such system of accounts is filed in this proceeding as Exhibit One.

Public hearings were had in this matter before Examiner Fankhauser on August 19th and on September 16th.

The Commission has heretofore by formal order authorized, until otherwise directed, Southern California Edison Company Ltd., Nevada-California Electric Corporation, Sierra Pacific Power Company, California Public Service Company and California-Oregon Power Company to keep their electric accounts in the manner prescribed by the Federal Power Commission, for public utilities and licensees. Other California electrical corporations have constructed and are operating hydroelectric plants or transmission lines under permits obtained from the Federal Power Commission.

The Commission by Decision No. 11353 dated December 13, 1922 in Case No. 1845, and by Decision No. 15636 dated November 13, 1925 in Case No. 2173 prescribed a uniform system of accounts for electrical corporations, which system of accounts was substantially the same as that then prescribed by the Federal Power Commission for licensees.

There are in California a number of electric^{al} corporations who are also engaged in operating gas properties, and in a minor degree furnish other utility service. The systems of accounts now prescribed for electric utilities and gas utilities are on the same general basis. The balance sheet, income and profit and loss accounts are the same in the two systems of accounts. When one turns to the operating expense accounts he finds three groups of accounts, to-wit: commercial, new business and general and miscellaneous expense accounts the same. The order herein will relieve the electric utilities engaged in operating gas properties from keeping the balance sheet, income, profit and loss accounts, commercial, new business and general and miscellaneous expense accounts prescribed by Decision No. 12691 dated October 13, 1923 and Decision No. 15636 dated November 13, 1925. Exhibit C attached hereto

and made a part hereof, contains the gas department operating expense accounts to be kept by such utilities in lieu of said commercial, new business and general and miscellaneous operating expense accounts. The balance sheet, income and profit and loss (surplus) accounts are contained in said Exhibit One.

After considering the record in this proceeding, we have concluded to modify the system of accounts filed herein as Exhibit One in the following respects;

1. We do not consider it essential that each transmission line be recorded as a plant and that separate records be kept of the cost of operating and maintaining each transmission line. We therefore will eliminate from Instruction 12 the term "Transmission line". We of course expect the utilities to record the cost of their transmission lines and the cost of operating and maintaining the same, in the manner set forth in the system of accounts prescribed herein.
2. We will not require electric utilities at this time to segregate their accounts receivable to departments nor to segregate their reserve for uncollectibles between the several utility departments. We believe however that separate records should be kept of uncollectibles arising out of merchandising and jobbing or out of activities not directly related to the furnishing of public utility service. We may from time to time call on the electric and other utilities to report their uncollectible accounts by the several departments they operate.
3. In some of the balance sheet, income and surplus accounts general terms will be substituted for specific terms in order that charges or credits arising in departments other than the electric department may be made to such accounts.

4. We have concluded to eliminate Note B in Accounts 372, 373, 374, 375 and 376.

5. For the purpose of recording operating expenses, electric utilities are divided into three classes, to-wit:

I. Class A electric utilities includes those electric utilities which for the past three years have had average annual operating revenues, properly includible in Account 501, exceeding \$250,000. Insofar as applicable, Class A electric utilities shall keep the operating expense and other accounts contained in Exhibit One, as amended herein.

II. Class B electric utilities includes those electric utilities which for the past three years have had average annual operating revenues, properly includible in Account 501, exceeding \$50,000. but not \$250,000. Insofar as applicable, Class B electric utilities shall keep the operating expense accounts contained in Exhibit A attached hereto and the other appropriate accounts contained in Exhibit One, as amended herein.

III. Class C electric utilities includes those electric utilities which for the past three years have had average annual operating revenues, properly includible in Account 501 of \$50,000. or less. Insofar as applicable, Class C electric utilities shall keep the operating expense accounts contained in Exhibit B attached hereto and the other appropriate accounts contained in Exhibit One, as amended herein.

6. Paragraph C, under electric plant account instruction 16, will be amended so as to read:

Where poles or towers support both transmission and distribution conductors, the poles, towers, and rights of way shall be classified as transmission system. The conductors, cross arms, braces, grounds, tie-wire, insulators, together with appurtenant

fixtures, etc. shall be classified as transmission or distribution facilities, according to the purpose for which used.

7. The phrase "and the use of each transformer" will be eliminated from Paragraph C under Account 358.

8. Said Exhibit One contains certain instructions to licensees of the Federal Power Commission. While some of the instructions apply to electric utilities under our jurisdiction, because they are licensees of the Federal Power Commission, the instructions are beyond our authority and therefore they will not be regarded as a part of the order herein. Other appropriate changes, such as substituting "Railroad Commission of the State of California" for "Federal Power Commission" will be made in said Exhibit One.

It is urged that electric utility property should be recorded at its cost to the present owner. The proposed system of accounts provides that such property shall be recorded at the cost to the person first devoting it to the public service. The issue raised applies only to property that has been transferred. As to such property an account, "100.5 Electric plant acquisition adjustment" is provided to carry the difference between the original cost depreciated and the price paid by a purchaser. Thus the sum of the two is the price paid for the properties. Note C under Account 100.5 reads-"The amounts recorded in this account with respect to each property acquisition shall be depreciated, amortized or otherwise disposed of, as the Commission may approve or direct". We are asked to indicate now the interpretation which we will place upon Account 100.5 and particularly Note C. We do not now know the amount which any utility may be required to record in said Account 100.5 nor are we aware of the details of the transaction that may give rise to the use of said account. To now indicate how said

amounts shall be written off is premature and deciding an issue without full knowledge of the facts.

The Federal Power Commission requires utilities subject to its jurisdiction to complete on or before January 1, 1939 their studies to reclassify their electric plant in the manner proscribed in its system of accounts. We will not now advance this date, but in the event an electric utility after exercising due diligence to reclassify its electric plant, finds it impossible to complete its studies by January 1, 1939, the Commission will entertain a request for an extension of time to complete the work.

As already indicated, a number of electric utilities are also engaged in rendering other utility service such as gas, or water, or street railway, or telephone. These utilities may have property which is used in rendering more than one class of service. This property, with the consent of the Commission, may be regarded as common utility property and so recorded on the books of the utility. It is not our thought to require a utility to obtain the approval of each item of property. They should, however, before using the common utility property accounts, obtain from the Commission specific approval of the class of property which may be classified as common utility property.

We will, until otherwise directed, require electric utilities to report the quantity of energy sold, and the charges therefor, by rate schedules.

In prescribing the system of accounts referred to herein, the Commission does not commit itself to the approval or acceptance of any item set out in any account, for the purpose of fixing rates or in determining other matters before the Commission. The said system of accounts is designed to set out the facts in connection with the financing and operation of electric utilities and therefrom

the Commission will determine, when engaged in fixing rates or passing upon other issues before it, just what consideration shall be given to the various items in the several accounts.

O R D E R

Public hearings having been held in the above entitled matter and the Commission having given due consideration to the evidence submitted at such hearings, and to other matters pertinent to this proceeding, and the Commission being of the opinion that it should adopt and prescribe for electrical corporations under its jurisdiction a uniform system of accounts and rules and regulations pertaining thereto, in form substantially the same as the uniform system of accounts, rules and regulations filed in this proceeding as Exhibit One, amended as indicated in the foregoing opinion, therefore,

IT IS HEREBY ORDERED that said uniform system of accounts and said rules and regulations contained therein be, and the same are hereby, adopted and prescribed as the system of accounts, rules and regulations of the Railroad Commission of the State of California, to be kept and observed on and after January 1, 1938, by all electrical corporations subject to its jurisdiction.

IT IS HEREBY FURTHER ORDERED that the orders in Decision No. 12691 dated October 13, 1923, and Decision No. 15636 dated November 13, 1925, be, and the same are hereby amended, so as to permit gas corporations, as defined in the Public Utilities Act, which are also engaged in the operation of public utility electric properties to keep the balance sheet, income, surplus, customer's accounting and collecting expenses, sales promotion expenses and administrative and general expense accounts, prescribed herein.

IT IS HEREBY FURTHER ORDERED that the order in Decision No. 11353 dated December 13, 1922 and the order in Decision No. 15636 dated November 13, 1925 be, and the same are hereby vacated and set aside as of January 1, 1938 insofar as said orders conflict with this order.

IT IS HEREBY FURTHER ORDERED that this order shall become effective twenty(20) days after the date hereof.

DATED at San Francisco, California, this 21st day of October, 1937.

Walter W. W.
Leon White
George R. Nelson
Ray B. Wahlgren
Paul L. Riley
Commissioners.

EXHIBIT A

Proposed Operating Expense Accounts for Class "B"
Electric Utilities.

<u>Acct No.</u>	<u>Title</u>
<u>Production Expenses</u>	
<u>Electric Generation- Steam Power</u>	
<u>Operation</u>	
701	Operation supervision and engineering.
702.1 to 702.4	Station labor.
703	Fuel.
704 to 705.3	Supplies and expenses.
<u>Maintenance</u>	
706	Maintenance supervision and engineering.
707	Maintenance of structures and improvements.
708.1 to 709.3	Maintenance of steam production plant.
<u>Miscellaneous</u>	
710	Rents.
711	Steam from other sources.
<u>Electric Generation- Hydraulic Power</u>	
<u>Operation</u>	
715	Operation, supervision and engineering.
716.1 to 716.4	Station labor.
717	Water for power.
718.1 to 718.3	Supplies and expenses.
<u>Maintenance</u>	
719	Maintenance, supervision and engineering.
720	Maintenance of structures and improvements.
721 to 723	Maintenance of plant and equipment.
<u>Miscellaneous</u>	
724	Rents.

Electric Generation-Internal Combustion
Engine Power.

Operation

727 Operation, supervision and labor.
728.1 to 728.3 Station labor.
729 Engine fuel.
730.1 to 730.4 Supplies and expenses.

Maintenance

731 Maintenance, supervision and engineering.
732 Maintenance of structures and improvements.
733 to 734.4 Maintenance of equipment.

Miscellaneous

735 Rents.

Miscellaneous Production Expenses

738 Purchased power.
739-740 Other expenses.

Transmission Expenses

Operation

743 Operation, supervision and engineering.
744 to 746.2 Labor and expenses.

Maintenance

747 Maintenance, supervision and engineering.
748 Maintenance of structures and improvements.
749 to 752 Maintenance of transmission equipment.

Miscellaneous

753 Rents.

Distribution Expenses

Operation

756 Operation, supervision and engineering.
758.1 to 758.2 Distribution office expenses.

Distribution Expenses-Contd

<u>Acct No.</u>	<u>Title</u>
<u>Operation-Contd</u>	
757,759-760	Operation of stations.
761.1 to 763.2	Operation of lines.
<u>Maintenance</u>	
764	Maintenance, supervision and engineering.
765	Maintenance of structures and improvements.
766-767	Maintenance of station equipment.
768.1 to 770	Maintenance of lines.
771	Maintenance of services.
772	Maintenance of meters.
773 to 775	Maintenance of miscellaneous distribution capital.
<u>Miscellaneous</u>	
776	Rents.
	<u>Customers' Accounting and Collecting Expenses.</u>
779	Supervision.
780.1 to 782	Meter reading, accounting and collecting.
783	Uncollectible accounts.
784	Rents.
<u>Sales Promotion Expenses</u>	
785	Supervision.
786 to 787.3	Sales expenses.
788	Rents.
789	Merchandising, jobbing and contract work.
<u>Administrative and General Expenses</u>	
790 and 792.1	Salaries and expenses of general officers and executives.
791 and 792.2	Salaries and expenses of general office employees.
793.1	General office supplies and expenses.
794	Management and supervision fees and expenses.
796	Legal expenses.
798	Insurance.
799	Injuries and damages.
800.1 and 800.2	Employees welfare expenses and pensions.
797	Regulatory commission expenses.

802.1 to 802.4	Maintenance of general capital.
803	General rents.
805	Franchise requirements.
801, 804, 806, 807	Miscellaneous administrative and general expenses.
713-725-736-741- 754-777-808.	Joint expenses-Dr.
714-726-737-742- 755-778-809.	Joint expenses-Cr.

EXHIBIT B

General Operating Expense Accounts for Class "C"
Electrical Utilities.

<u>Acct No.</u>	<u>Title</u>
701-737-739- 742	Production expenses and maintenance of production capital.
738	Purchased power.
743-755	Transmission expenses and maintenance of transmission capital.
756-778	Distribution expenses and maintenance of distribution capital.
779-782,784 783	Customers' accounting and collecting expenses. Uncollectible accounts.
785-789	Sales promotion expenses.
790 to 793	Salaries and expenses of general officers and general office employees and general office expenses.
794	Management and supervision fees and expenses.
796	Legal services.
798	Insurance.
799	Injuries and damages.
8001-8002	Employees welfare and pensions.
805	Franchise requirements.
795-801-804 797-802-803- 806-807.	Miscellaneous general expenses and maintenance of general capital

EXHIBIT "C".

List of gas department operating expense accounts which electric utilities engaged in operating gas properties may keep in lieu of the commercial, new business and general and miscellaneous operating expense accounts prescribed by Decision No. 12691 dated October 13, 1923 and by Decision No. 15636 dated November 13, 1925.

CUSTOMERS' ACCOUNTING AND COLLECTING EXPENSES

B A 779. Supervision

This account shall include the cost of supervising and directing work on customers' contracts, orders, inquiries and accounts, and in meter reading and collecting. (See operation and maintenance instruction 4.)

B 780 Customers' Contracts, Orders, Meter Reading and Collecting

A 780.1 Customers' Contracts and Orders

This account shall include the pay and expenses of employees engaged in work on customers' applications, contracts, orders, complaints and inquiries, and supplies used and expenses incurred in connection therewith.

Items

1. Books
2. Building service (not including rent)
3. Office supplies
4. Postage
5. Salaries and wages
6. Stationery
7. Transportation

A 780.2 Credit Investigations and Records

This account shall include the pay and expenses of employees engaged in investigations of customers' credit and the keeping of records pertaining thereto, including supplies used and expenses incurred in connection therewith.

Items

1. Books
2. Building service (not including rent)
3. Office supplies
4. Postage
5. Salaries and wages
6. Stationery
7. Transportation

*NOTE.--The keeping of this account is optional. If not used, charges provided for herein shall be included in account 780.1, Customers' Contracts and Orders.

A 780.3 Meter Reading

This account shall include the pay and expenses of employees engaged in reading customers' meters, and supplies used and expenses incurred in connection therewith.

Items

1. Badges
2. Building service (not including rent)
3. Forms for recording readings
4. Lamps
5. Meter readers, pay of
6. Transportation
7. Uniforms

A 780.4 Collecting

This account shall include the pay and expenses of employees engaged in collecting customers' bills, and supplies used and expenses incurred in connection therewith.

Items

1. Building service (not including rent)
2. Commissions, fees, or salaries of collectors
3. Disconnection for non-payment of bills
4. Office supplies
5. Postage
6. Stationery and printing
7. Transportation

B A 781 Customers' Billing and Accounting

This account shall include the pay and expenses of employees engaged in customers' billing and accounting work, and supplies used and expenses incurred in connection therewith.

Items

1. Accounts, customers', keeping of
2. Address plates
3. Billing
4. Bookkeeping
5. Books
6. Building service (not including rent)
7. Delivery of bills
8. Office supplies
9. Postage
10. Stationery and printing
11. Statistical work on customers' accounts
12. Tabulating sales
13. Transportation

B A 782 Miscellaneous Expenses

This account shall include the labor, materials and expenses, which are not chargeable to the foregoing accounts, and which were used or incurred in customers' accounting and collecting.

~~B A 783 (Accounting)~~

B A 783 Uncollectible Accounts

This account shall be charged each month with amounts sufficient to provide for losses from uncollectible gas revenues. (See also accounts 731 and 789.2.) Concurrent credits shall be made to account 254, Reserve for Uncollectible Accounts. Losses from uncollectible accounts shall be charged to such reserve.

B A 784 Rents

This account shall include rents of property of others used in connection with customers' accounting and collecting. (See operation and maintenance instruction 5.)

SALES PROMOTION EXPENSES

B A 785 Supervision

This account shall include the cost of supervising and directing the sales department and the solicitation of new business, including assistants, stenographers, and clerical help on records. (See operation and maintenance instruction 4.)

B A 786 Salaries and Commissions

This account shall include the salaries and commissions paid salesmen for canvassing and soliciting new business, including the cost of preparing estimates for industrial and other customers.

B 787 Demonstration, Advertising and Other Sales Expenses

A 787.1 Demonstration

This account shall include the cost of labor and materials used and expenses incurred in demonstrating the use of appliances or other equipment.

Items

1. Employees:
 - (a) Demonstrators
 - (b) Instructors
 - (c) Typists and clerks
2. Expenses:
 - (a) Building service (not including rent)
 - (b) Communication service
 - (c) Demonstration supplies
 - (d) Electric or gas service
 - (e) Transportation

A 787.2 Advertising

This account shall include the cost of labor and materials used and expenses incurred in connection with advertising for the purpose of promoting the sales of gas.

Items

1. Advertising in newspapers, periodicals, etc.
2. Advertising manager and assistants
3. Clerks
4. Materials and expenses in preparing:
 - (a) Advertisements
 - (b) Booklets
 - (c) Bulletins
 - (d) Dodgers
 - (e) Posters
5. Stenographers and typists

A 787.3 Miscellaneous Sales Expenses

This account shall include the cost of labor and materials used and expenses incurred in soliciting new business, except amounts chargeable to the foregoing accounts.

B A 788 Rents

This account shall include rents properly includible in operation and maintenance for property of others used by the sales promotion organization. (See operation and maintenance instruction 5.)

B A 789 Merchandising, Jobbing and Contract Work

A. This account shall include expenses of merchandising, jobbing and contract work; also all revenues derived from the sale of gas merchandise, and jobbing or contract work, including any profit or commissions accruing to the utility from jobbing work performed by it as agent under agency contracts, whereby it undertakes to do jobbing work for another for a stipulated profit or commission.

B. This account shall be subdivided as follows:

789.1 Revenues from Merchandising, Jobbing and Contract work.

789.2 Cost of Merchandising, Jobbing and Contract Work

Account 789.2 shall be subdivided so as to show the major items of costs and expenses.

Items of Expense

1. Cost of merchandise sold, and of materials used for jobbing work including transportation, storage, handling
2. Direct taxes
3. Discounts and allowances made in settlement of bills for merchandise and jobbing work
4. Insurance on merchandise
5. Inventory adjustments, merchandise
6. Losses from uncollectible merchandise accounts
7. Pay and expenses of all employees engaged in selling delivery, installation, etc.
8. Reconditioning repossessed appliances

ADMINISTRATIVE AND GENERAL EXPENSES

B A 790 Salaries of General Officers and Executives

A. This account shall include the compensation (salaries, bonuses and other consideration for services) of officers and

executives of the utility, properly chargeable to gas operations and not chargeable directly to a particular gas function.

B. This account shall be kept so that there will be available subdivisions thereof in accordance with the utility's administrative organization, such as executive, accounting, treasury, legal, etc.

NOTE.-- This account shall not include directors' fees paid to officers and executives.

B A 791 Other General Office Salaries

A. This account shall include the compensation of employees engaged in the general or divisional offices properly chargeable to gas operations and not chargeable directly to a particular gas function.

B. This account shall be kept so that there will be available subdivisions thereof in accordance with the utility's administrative organization, such as executive, accounting, treasury, legal, etc.

~~Expenses of General Officers and General Office Employees~~

~~Expenses of General Officers~~

~~This account shall include the expenses incurred for the benefit of the utility in its gas operations by officers and executives whose salaries are included in account 790 and which are not chargeable directly to a particular gas function.~~

~~This account shall be kept so that there will be available subdivisions thereof in accordance with the utility's administrative organization, such as executive, accounting, treasury, legal, etc.~~

B 792 Expenses of General Officers and General Office Employees

A 792.1 Expenses of General Officers

A. This account shall include the expenses incurred for the benefit of the utility in its gas operations by officers and executives whose salaries are included in account 790 and which are not chargeable directly to a particular gas function.

B. This account shall be kept so that there will be available subdivisions thereof in accordance with the utility's administrative organization such as executive, accounting, treasury, legal, etc.

Items

1. Hotel
2. Meals, including payment therefor on account of overtime work.
3. Membership fees and dues in trade, technical and professional associations
4. Traveling expenses.

A 792.2 Expenses of General Office Employees

A. This account shall include the expenses incurred for the benefit of the utility in its gas operations by employees whose salaries are included in account 791 and which are not chargeable directly to a particular gas function.

B. This account shall be kept so that there will be available subdivisions thereof in accordance with the utility's administrative organization such as executive, accounting, treasury, legal, etc.

Items

1. Hotel
2. Meals, including payment therefor on account of overtime work.
3. Membership fees and dues in trade, technical and professional associations
4. Traveling expenses

B A 793 General Office Supplies and Expenses

A. This account shall include the cost of office supplies and office expenses in connection with the general administrative functions of the utility's gas operations.

B. This account shall be kept so that there will be available subdivisions thereof in accordance with the utility's administrative organization such as executive, accounting, treasury, legal, etc.

Items

1. Automobile service, including charges through clearing account 903, Transportation Expenses--Clearing
2. Books and periodicals for office use
3. Building service (not including rent)
4. Communication service
5. Office supplies
6. Postage
7. Printing
8. Stationery

NOTE:-- Office expenses which are clearly applicable to any group of operating expenses other than administrative and general shall not be included in this account.

B A 794 Management and Supervision Fees and Expenses

A. This account shall include amounts payable by the gas department to any corporation, firm, or individual, for general supervision and management services and expenses. (See also account 901 and general instruction 8.)

B. Records supporting this account shall be so kept as to show (1) the basis of each fee, (2) the amount of the fee, (3) the person to whom the fee is paid or payable, and (4) credits.

B A 795 Special Services

This account shall include amounts payable to any corporation, firm or individual, other than officers and employees of the utility, for special services to the gas department if the amounts are not includible in account 794, Management and Supervision Fees and Expenses, or account 796, Legal Services, or are not chargeable directly to other gas operating expense accounts or clearing or plant accounts. (See also account 901 and general instruction 8.)

Items

1. Services:
 - (a) Auditing and accounting
 - (b) Budget
 - (c) Personnel
 - (d) Publication
 - (e) Rates
 - (f) Secretarial
 - (g) Statistical
 - (h) Supervisory

2. Expenses:

- (a) Hotel
- (b) Meals
- (c) Printing
- (d) Stationery
- (e) Traveling

B A 796 Legal Services

This account shall include amounts payable to any corporation, firm, or individual, other than officers and employees of the utility for legal services and related expenses of the gas department which are not chargeable directly to other gas operating expense accounts or to clearing or plant accounts.

NOTE A.-- Legal services in connection with formal cases before regulatory commissions, or in cases in which such a commission is a party, or when specifically applicable to injury or damage cases shall be charged to account 797, Regulatory Commission Expenses, account 799, Injuries and Damages, or other appropriate account.

NOTE B.-- Legal services incident to the construction of gas property shall be charged to the appropriate utility plant accounts. (For legal services in connection with property purchased, see Paragraph A of gas plant instruction 4.) Legal services incident to the issuance of long-term debt or capital stock shall be charged to account 140, Unamortized Debt Discount and Expense, account 240, Unamortized Premium on Debt, or account 151, Capital Stock Expense, as appropriate. (See also account 142.)

B.A. 797 Regulatory Commission Expenses

A. This account shall include all expenses (except pay of regular employees only incidentally engaged in such work), properly includible in gas operating expenses, incurred by the utility in connection with formal cases before regulatory commissions, or other regulatory bodies, or cases in which such a body is a party, including payments made to a regulatory commission for fees assessed against the accounting utility for pay and expenses of such commission, its officers, agents, and employees.

B. Amounts of regulatory commission expenses which are spread over future periods shall be charged to account 146, Other Deferred Debits, and amortized by charges to this account. (See General Instruction 14.)

C. The utility shall be prepared to report the cost of each formal case.

D. The cost of work which may be partly chargeable to this account and partly to the other accounts enumerated in notes A and B of account 796 shall be equitably apportioned, and the basis of allocation to the several accounts shall be submitted to the Commission.

Items

1. Salaries, fees, retainers, and expenses of counsel, solicitors, attorneys, accountants, engineers, clerks, attendants, witnesses, and others engaged in the prosecution of, or defense against, petitions or complaints presented to regulatory bodies, or in the valuation of property owned or used by the utility in connection with such cases.

2. Expenses: Engineering supplies, office expenses, payments to public service or other regulatory commissions, stationery and printing, traveling expenses, and other expenses incurred directly in connection with formal cases before regulatory commissions.

NOTE A.--Exclude from this account and include in other appropriate operating expense accounts, expenses incurred in the improvement of service, additional inspection, or rendering reports, which are made necessary by the rules and regulations, or orders, of regulatory bodies.

NOTE B.--Do not include in this account costs incident to construction or acquisition of gas property, which are chargeable to the gas plant accounts. Costs incurred in connection with property purchases shall be accounted for as provided in gas plant instruction 4. Costs incurred incident to the issuance of long-term debt or capital stock shall be charged to account 140, Unamortized Debt Discount and Expense, account 240, Unamortized Premium on Debt, or account 151, Capital Stock Expense, as applicable. (See also account 142.)

NOTE C.--Do not include in this account expenses in connection with investigations by legislative bodies or cases to which the utility is not a party.

B A 798 Insurance

This account shall include the cost of insurance to protect the utility against losses and damages to owned or leased property used in its gas operations, except as provided in note C hereunder. There shall be included in this account the premiums payable to insurance companies or amounts credited to account 255, Insurance Reserve, for fire, storm, burglary, boiler, explosion, lightning, and other insurance; and special costs incurred in procuring insurance, such as insurance inspection service, and the pay, traveling, and office expenses of officers, clerks, and other employees of an insurance department.

NOTE A.--Recoveries from insurance companies or others for property damages shall be credited to the account charged with the cost of damage. If the damaged property has been retired, the credit shall be to account 250, Reserve for Depreciation of Gas Plant, or other appropriate reserve account.

NOTE B.--The utility shall so keep its records as to show the amount of coverage for each class of insurance carried, the property covered, the applicable premiums, and the distribution of the costs to specific operations or functions.

NOTE C.--The cost of insurance to protect the utility against losses and damages to the following classes of owned or leased property used in gas operations shall be charged as indicated:

1. Laboratory equipment and supplies, to account 904, Laboratory Expenses--Clearing
2. Materials and supplies and stores equipment, to account 902, Stores Expenses--Clearing
3. Transportation and garage equipment and supplies, to account 903, Transportation Expenses--Clearing
4. Shop equipment and supplies, to account 905, Shop Expenses--Clearing
5. Tools and work equipment, to account 906, Tools and Work Equipment Expenses--Clearing

NOTE D.--Exclude from this account insurance on officers and employees. (See account 800.1.)

INJURIES AND DAMAGES

A. This account shall include losses not covered by insurance on account of injuries or deaths to employees or others, which occur in connection with gas operations, and payments and expenses on account of damages to the property of others or for non-performance of contractual obligations, whether the loss be occasioned by fire, flood, storm, or other cause. Amounts may be accrued monthly sufficient to meet the probable liability, for such losses, concurrent credits being made to account 256, Injuries and Damages Reserve, in which case losses sustained shall be charged to the reserve.

B. This account shall also include:

1. Pay and expenses of officers and employees regularly engaged in or specifically assigned to work in connection with injuries to employees or others, damages to property of others, etc.
2. Payments to attorneys, investigators and adjusters, court costs, etc.
3. Insurance premiums for protection against claims from injuries and damages, including public liability, property damages, boiler, casualty, employees' liability, etc., except as provided in Note C hereunder.

C. Reimbursements from insurance companies or others for expenses charged hereto on account of injuries and damages, and insurance dividends or refunds, shall be credited to this account.

NOTE A.--Payments to or in behalf of employees, including accident and death benefits, salaries, hospital expenses, medical supplies; also salaries, fees, and expenses of surgeons, doctors, nurses, etc., or amounts reserved for such payments, when provided for through a plan for employees' benefits, shall be charged to account 800, Employees' Welfare Expenses and Pensions.

NOTE B.--No part of the salaries of officers or employees of the law department shall be included in this account for merely incidental services in connection with injury and damage claims.

NOTE C.--Losses or insurance premiums paid in connection with transportation and garage equipment shall be charged to account 903, Transportation Expenses--Clearing

NOTE D.--Exclude from this account insurance on officers and employees and the cost of injuries and damages chargeable directly to gas plant accounts, clearing accounts or to other appropriate accounts.

B 800 Employees' Welfare Expense and Pensions

A 800.1 Employees' Welfare Expenses

A. This account shall include the expenses incurred in conducting employees' accident prevention, educational and recreational activities, the cost of employees' relief and benefits (other than pensions, and injuries and damages chargeable to account 799, Injuries and Damages) and the cost of life insurance for employees when the utility is not the beneficiary.

B. This account shall not include any charges representing amounts used or to be used for the purchase of securities of the accounting company or any associated company, whether contributed by the accounting company or deducted from salaries and wages of employees, unless and until such amounts have actually been realized and paid to the

employees in cash or its equivalent subject to their free disposition. To the extent that the securities thus purchased have an actual market value, the amounts paid for them may be carried meanwhile in account 114.3, Miscellaneous Special Funds; otherwise such amounts shall be charged to account 538, Miscellaneous Income Deductions. (See general instruction 6.)

NOTE A.--When the utility is the beneficiary of insurance on officers or employees, the cash surrender value shall be included in account 133, Other Current and Accrued Assets, and the excess of cost of the insurance over such cash surrender value shall be charged to account 538, Miscellaneous Income Deductions.

NOTE B.--See note to account 800.2.

A 800.2 Pensions

A. This account shall include pensions paid to retired employees or to their heirs.

B. If the utility has definitely undertaken by contract to pay pensions to employees of its gas department when retired, it shall charge to this account monthly amounts to provide for the payment of such pensions or for the purchase of annuities for that purpose.

C. The utility shall maintain a complete record of the computations of the accruals of its pension liabilities.

D. The utility shall inform the Commission of the details of its pension plan, giving a full statement of the facts thereof, together with the actuarial formula, if any, under which it has created or proposes to create its pension fund, and shall furnish a copy of the declaration of trust or resolution under which the pension plan is established.

NOTE.--Social security and unemployment benefit taxes shall be included in account 507, Operating Taxes, or other appropriate account. (See notes C, E, and H to account 507.)

B A 801 Miscellaneous General Expenses

This account shall include such items of expense applicable to the gas department as the cost of publishing and distributing annual reports to stockholders; advertising notices of stockholders' meetings; dividend and other corporate and financial notices of a general character; association dues; contributions for conventions and meetings of the industry; cost of research and experimental work conducted for the benefit of the gas department or the industry or for the improvement of gas service (except such amounts as may be properly chargeable to other accounts); fees of transfer agents, registrars of stock and fiscal agents; director's fees; fees for filing annual reports and tariff schedules; and any other miscellaneous expenses connected with the general management and not otherwise provided for.

B 802 Maintenance of General Property

A 802.1 Maintenance of Structures and Improvements

This account shall include the cost of maintenance of general buildings, the book cost of which is included in account 371, Structures and Improvements.

A 802.1

A 802.2 Maintenance of Office Furniture and Equipment

This account shall include the cost of maintenance of office furniture and equipment used by the administrative divisions of the gas department.

NOTE.--The cost of maintenance of office furniture and equipment used elsewhere than in the administrative departments shall be charged to the maintenance, construction or clearing account appropriate to the use thereof.

A 802.3 Maintenance of Communication Equipment

This account shall include the cost of maintenance of communication equipment for general use in connection with the utility's operations, the book cost of which is included in account 378, Communication Equipment.

A 802.4 Maintenance of Miscellaneous Equipment

This account shall include the cost of maintenance of miscellaneous property not provided for elsewhere including miscellaneous general equipment, the book cost of which is included in account 379, Miscellaneous Equipment, and tools and work equipment included in account 377, Tools and Work Equipment.

NOTE.--Maintenance of tools and work equipment may be charged to a clearing account and distributed to appropriate accounts based on the use of the equipment.

B A 803. General Rents

This account shall include rent properly includible in gas operating expenses (see operation and maintenance instruction 5) covering the property of others used, occupied or operated in connection with the general and administrative functions of the utility.

B A 804 Commissions Paid Under Agency Sales Contracts

This account shall include the amount paid or payable by the utility to agents as commission for distributing gas through the agent's mains and selling the same, and for all services performed in connection therewith.

NOTE A.--This account shall be used only when sales are made under rate schedules filed by the accounting utility and when the gross receipts therefrom are credited to it; otherwise the transactions shall be accounted for as sales of gas.

NOTE B.--Records pertaining to each agency sales contract shall be so kept by the utility as to show full particulars as to amounts paid for each kind of service rendered thereunder.

B A 805 Franchise Requirements

A. This account shall include payments to municipal or other governmental authorities, and the cost of materials, supplies and services furnished such authorities without reimbursement in compliance with franchise, ordinance, or similar requirements, provided, however, that the utility may charge to this account at regular tariff rates, instead of cost, gas furnished without charge under provisions of franchises. (See also account 302, Franchises and Consents.)

B. When no direct outlay is involved concurrent credit for such charges shall be to account 806, Duplicate Miscellaneous Charges--Credit.

C. This account shall be subdivided as follows:

- 805.1 Cash Outlays
- 805.2 Gas Supplied Without Charge--Debit
- 805.3 Other Items Furnished Without Charge--Debit

NOTE.--Taxes shall not be charged to this account. (See account 507, Operating Taxes.)

B A 806 Duplicate Miscellaneous Charges--Credit

A. This account shall include concurrent credits for charges which are made to account 805, Franchise Requirements, to the extent that such charges do not represent direct outlays. It shall also include concurrent credits for charges made to operating expense or other accounts of the gas department for gas or steam for heating for which there is no direct money outlay (see operating revenue instruction 5); and also refunds by associated companies and mutual service companies provided for in paragraph B of general instruction 8.

B. This account shall be kept in such manner as to disclose the nature and amount of each item included herein.

B A 807 Administrative and General Expenses Transferred--Credit

A. This account shall be credited with amounts recorded in the administrative and general expenses which are properly includible in construction costs.

B. The records supporting this account shall be so kept as to show the basis of determining the amounts transferred to construction.

NOTE.--See gas plant instruction 6.

B A 808 Joint Expenses--Debit.

A. This account shall include amounts payable by the gas department to others or to a coordinate department for joint facilities used, occupied or operated in connection with administrative and general functions of the utility. (See operation and maintenance instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the debits to this account, including the following:

1. Charges from others
2. Charges from coordinate departments

B A 809 Joint Expenses--Credit

A. This account shall include such portion of the cost of operating and maintaining joint facilities operated by the gas department in connection with its administrative and general functions as is chargeable to others, or to a coordinate department. (See operation and maintenance instruction 6.)

B. The records supporting the entries to this account shall be so kept that the utility can furnish a complete explanation of the credits to this account, including the following:

1. Charges to others
2. Charges to coordinate departments