

Decision No. 30,269

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. )

Case No. 4230

**ORIGINAL**

FIRST SUPPLEMENTAL ORDER

BY THE COMMISSION:

Good cause appearing therefor:

IT IS HEREBY ORDERED, that Decision No. 30,269 dated October 25, 1937 be, and the same is hereby, amended by substituting the gas department operating expense accounts and instructions attached hereto and marked "Exhibit C" for "Exhibit C" appearing in said Decision No. 30,269 dated October 25, 1937.

IT IS HEREBY FURTHER ORDERED, that Decision No. 30,269 dated October 25, 1937 shall remain in full force and effect, except as amended by this First Supplemental Order.

DATED at San Francisco, California, this 15<sup>th</sup> day of November, 1937.

*Walter J. ...*

*Walter J. ...*  
*Raymond ...*  
*Ray & ...*  
Commissioners.

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.

In the following accounts where reference is made to instructions the reference applies to instructions contained in Exhibit One filed in this proceeding.

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 operating expense 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 nonpayment 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 and 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. Uncollectible Accounts

This account shall be charged each month with amounts sufficient to provide for losses from uncollectible gas revenues. 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 operating expense 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 operating expense instruction 4.)

NOTE.--Do not include in this account sales supervision in connection with merchandise or appliance sales.

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.

NOTE.--Do not include in this account demonstration expense incurred in connection with merchandise or appliance sales.

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.

NOTE.--Do not include in this account advertising in connection with merchandise or appliance sales.

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.

NOTE.--Do not include in this account expenses incurred in connection with merchandise or appliance sales.

B A 788. Rents

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

B A 789. Merchandising, Jobbing, and Contract Work

A. This account shall include all 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 Costs and Expenses of Merchandising, Jobbing and Contract Work.

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

Items

1. Advertising in connection with the sale of merchandise.
2. Cost of merchandise sold, and of materials used for jobbing work including transportation, storage, handling.
3. Depreciation.
4. Direct taxes.
5. Discounts and allowances made in settlement of bills for merchandise and jobbing work.
6. General administrative expense.
7. Insurance.
8. Inventory adjustments, merchandise.
9. Light, heat, and power.
10. Losses from uncollectible accounts.
11. Miscellaneous.
12. Pay and expenses of employees engaged in clerical work and bookkeeping in connection with merchandising.
13. Pay and expenses of all employees engaged in selling, delivery, installation, etc., as well as supervision of such employees.
14. Reconditioning repossessed appliances.
15. Rent of general quarters.
16. Revenue from the sale of merchandise and from jobbing and contract work.
17. Stores expense on merchandise stocks.

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 may be subdivided 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 (salaries, bonuses, and other consideration for services) 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 may be subdivided 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 whose salaries are included in Account 790 and which are not chargeable directly to a particular gas function.

B. This account may be subdivided 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 may be subdivided 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 may be subdivided 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.

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

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.

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 Account 797, Regulatory Commission Expenses, or to other gas operating expense accounts or to clearing or plant accounts.

NOTE.--Pay and expenses of the legal staff of the utility shall not be included herein, but in such other accounts as may be appropriate.

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 by approval or direction of the Commission are to be spread over future periods shall be charged to Account 146, Other Deferred Debits, and amortized by charges of this account.

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

#### Items

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

2. 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 amounts includible in Account 302, Franchises and Consents, Account 140, Unamortized Debt Discount and Expenses, or Account 151, Capital Stock Expense.

#### 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 the 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 of 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, to Account 904, Laboratory Expenses - Clearing.
2. Materials and supplies and stores equipment, to Account 902, Stores Expenses - Clearing.
3. Transportation and garage equipment, to Account 903, Transportation Expenses - Clearing.

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

B A 799. 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 nonperformance 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 of 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 Expenses and Pensions.

A 800.1 Employees' Welfare Expenses

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 where the utility is not the beneficiary.

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

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.

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 notice 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; 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 802.2 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 appropriate maintenance, construction, or clearing account.

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 Property

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. Rents

This account shall include rent properly includible in gas operating expenses (see operating expense 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 distribution lines 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.

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.A-Taxes shall not be charged to this account. (See Account 507, Taxes.)

NOTE.B- The cost of plant, supplies, etc., given as an initial consideration for a franchise running for more than one year, shall be charged to Account 302, Franchises and Consents.

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 heating for which there is not direct money outlay. (See operating revenue instruction 5.)

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 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 operating expense 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 operating expense 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