

Decision No. 42068

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation on the)

Commission's own motion into the matter
of adopting and prescribing the Uniform
System of Accounts for Gas Utilities re-
commended by the National Association of
Railroad and Utilities Commissioners and
of prescribing a list of units of proper-
ty.)

Case No. 4458

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LeRoy M. Edwards and Milford Springer, for
Southern California Gas Company and Southern
Counties Gas Company of California; Arthur F.
Bridge, for Southern Counties Gas Company of
California; Harry Masser, Sidney W. Binckley
and Ernest Simmons, for Southern California
Gas Company; R. W. DuVal, for Pacific Gas and
Electric Company; Hugh Fullerton, J. K. Horton,
Roy Dreiman and Charles Grunsky, for Coast
Counties Gas and Electric Company; J. M. Bourus,
for San Diego Gas and Electric Company; D. J.
Ley, for California-Pacific Utilities Company.

O P I N I O N

This is a proceeding instituted by the Commission on its own motion to consider the matter of adopting and prescribing for gas utilities in California, the uniform system of accounts recommended by the National Association of Railroad and Utilities Commissioners, hereinafter referred to as the NARUC system, or of adopting and prescribing the same with modifications, and of prescribing a list of units of property for retirement purposes.

Public hearings were held on the matter after notice thereof. A copy of the NARUC system and a copy of the list of

units of property were mailed prior to the hearings to all gas utilities in this state. A brief, with certain comments and recommendations, has been filed by counsel. A careful review of the record has been made, consideration has been given to the recommendations of the utilities and the matter now is ready for decision.

The Commission, by Decision No. 12691, dated October 13, 1923, and by Decision No. 15636, dated November 13, 1925, prescribed for gas utilities a uniform system of accounts, effective January 1, 1924, for class A utilities, and effective January 1, 1926, for class B and class C utilities.⁽¹⁾ Later, by Decision No. 30269, dated October 25, 1937, as amended, the Commission, in prescribing a new system of accounts for electric utilities, permitted gas utilities which are also engaged in the operation of public utility electric properties, to keep the balance sheet, income, surplus, customers' accounting and collecting expense, sales promotion expense, and administrative and general expense accounts which are included in the electric system of accounts. Thus, some of the gas utilities in this state are keeping their accounts in accordance with the system prescribed for such utilities in 1923 or 1925, while others are keeping their accounts in part in accordance with such system and in part in accordance with the system prescribed in 1937 for electric utilities.

(1)

Class A utilities are those having average annual operating revenues exceeding \$250,000; class B utilities are those having average annual operating revenues exceeding \$50,000 but not over \$250,000; class C utilities are those having average annual operating revenues of \$50,000 or less.

To provide for uniformity in accounting procedure and to assist the Commission in discharging its duties, it is desirable at this time to prescribe a new system of accounts for gas utilities, patterned along the lines of the electric system presently in effect, and also a list of units of property for retirement purposes. After considering the record we have concluded to prescribe for gas utilities a system of accounts in line with the system of accounts⁽²⁾ recommended by the National Association of Railroad and Utilities Commissioners. A copy of that system of accounts has, as said, heretofore been furnished to the gas utilities. A list of the modifications which we believe should be made therein is attached as Appendix "A" to this decision. A list of units of property is attached as Appendix "B". Minor changes in terminology and editorial revisions may be necessary in preparing the system of accounts for publication.

The system of accounts herein adopted and prescribed provides for the following summary plant accounts:

- 100. Utility Plant.
 - 100.1 Utility Plant in Service.
 - 100.2 Utility Plant Leased to Others.
 - 100.3 Construction Work in Progress.
 - 100.4 Utility Plant Held for Future Use.
 - 100.5 Utility Plant Acquisition Adjustments.
 - 100.6 Utility Plant in Process of Reclassification.
- 107. Utility Plant Adjustments.

The system of accounts contains, among others, the following definitions:

(2) The balance sheet, income, surplus, customers' accounting and collecting expense, sales promotion expense and administrative and general expense accounts are in line with the system of accounts prescribed for electric utilities.

"Book cost" means the amount at which property is recorded in these accounts without deduction of related reserves or other accounts. As applied to utility plant, "book cost" means the amount at which property is included in Account 100.6 or in Accounts 100.1 to 100.4.

"Cost" means the amount of money actually paid for property or services or the cash value at the time of the transaction of any consideration other than money. (See, however, utility plant instruction 3.)

"Original cost", as applied to utility plant, means the cost of such property to the person first devoting it to public utility service.

The instructions provide that the detailed plant accounts shall be stated on the basis of cost to the utility of plant constructed by it, and on the basis of original cost, as above defined, estimated if not known, of plant acquired as an operating unit or system. The difference between the original cost and the cost to the utility, after giving effect to depreciation, depletion and amortization, shall be recorded in Account 100.5, Utility Plant Acquisition Adjustments, which is a subdivision of the utility plant account. Any difference between the cost of utility plant and its book cost, when not properly includible in other accounts, shall be recorded in Account 107, Utility Plant Adjustments.

The instructions further provide for the reclassification by the utilities of the utility plant accounts, as of the effective date of the proposed system, in accordance with the accounts provided therein. They also provide that upon the

acquisition of an operating unit or system, the cost of acquisition shall be charged, temporarily, to Account 391, Utility Plant Purchased, and thereafter distributed upon the basis of "original cost" to the appropriate plant and other accounts.

It is urged, by the utilities, that "original cost" should not be the basis for entries to plant accounts but that the cost of acquisition should be so charged until extinguished by charges to operating expenses. If, however, the Commission concludes that it should prescribe a system of accounts incorporating the "original cost" theory of plant accounting, the utilities ask the Commission to indicate what interpretation it will place upon the acquired property account, that is, on Account 100.5.

However, it is not clear from the record how, under the utilities' proposal, the cost of acquisition would be distributed to the primary plant and other accounts. The NARUC system, on the other hand, with its provisions for the distribution of the purchase price on the basis of the original cost theory, provides a standard, uniform method of recording property acquisitions. This theory is not new in public utility accounting procedure. In 1935, the Federal Communications Commission prescribed a system of accounts for telephone companies operating under its jurisdiction which provided for plant accounts set up on the basis of cost of property at the time it was first dedicated to the public use, whether by the accounting company or by predecessors. In 1936, the Federal Power Commission prescribed for electric companies under its jurisdiction a new system of accounts incorporating, for the plant accounts, the use of "original cost", or,

as it was there defined, the cost of property to the person first devoting it to public service. In 1937, the Public Utilities Commission (then known as the Railroad Commission) prescribed for electric utilities a new system of accounts similar to that prescribed by the Federal Power Commission. Prior to that time, the Commission, upon authorizing the transfer of public utility properties, directed some purchasers to record the properties on their books on an original cost basis.

Under the systems of accounts it appears that the telephone and electric utilities undertook the reclassification of their plant accounts upon the basis indicated. We have reviewed the record herein and do not see any reason why gas utilities cannot or should not undertake a similar reclassification of their plant accounts upon the basis of original cost. Accordingly, we believe the original cost feature should be retained in the proposed system of accounts and should be prescribed for gas utilities.

It should be said at this point that there is no disposition on the part of the Commission to restrain a utility from recording on its books the cost of acquisition of its properties. The proposed system merely requires that such costs be segregated in the sub-primary accounts. In those cases in the past, if any, where the Commission by formal orders, in authorizing transfers of properties, has authorized or directed the purchasing utilities to record in plant accounts certain figures as representative of either cost or estimated cost, where it was necessary to consider appraisals because of incomplete records, the utilities may, in the absence of any qualifying conditions in such former orders,

include such amounts in their original cost reclassifications.

As to the disposition of the amounts coming into Account 100.5, the proposed system reads as follows:

"The amounts recorded in this account with respect to each property acquisition shall be retained, depreciated, amortized, or otherwise disposed of, as the Commission may approve or direct, after a formal hearing, if such hearing is requested by the utility."

Under the provisions of Section 48 of the Public Utilities Act the Commission may, after hearing had upon its own motion or upon complaint, prescribe by order the accounts in which particular outlays and receipts shall be entered, charged or credited. The ultimate disposition, or retention, of amounts in Account 100.5 thus is not a matter to be determined arbitrarily but should follow only after a complete review and development of all the facts surrounding each particular item. There may be cases where the amounts chargeable to Account 100.5 should be retained in the account with provision being made for their amortization. On the other hand, there may be cases where the amounts should be eliminated from the account and written off at once. The disposition of amounts recorded in Account 100.5 is a matter for subsequent action by the Commission.

In adopting and prescribing this system of accounts, as modified herein, and the list of units of property, the Commission does not commit itself to approve or accept any item set out in any account for the purpose of fixing rates or of determining other matters which may come before it. The system, as modified, is designed to set out the facts in connection with the construction, operation and financing of gas utilities and therefrom the

Commission will determine, when passing on matters before it, what consideration and weight shall be given to the various items in the several accounts. Utilities are not precluded, in future rate or other proceedings, from urging the Commission to recognize any item entered in any account.

O R D E R

Public hearings having been held in the above entitled proceeding after notice to all gas utilities, and the Commission having given due consideration to the evidence submitted,

IT IS HEREBY ORDERED as follows:

1. The Public Utilities Commission of the State of California hereby adopts and prescribes for gas utilities operating in this state under its jurisdiction, a uniform system of accounts in substantially the same form as the uniform system of accounts for gas utilities recommended by the National Association of Railroad and Utilities Commissioners, modified as indicated in Appendix "A" attached hereto, and a list of units of property in substantially the same form as the list attached hereto as Appendix "B", which Appendices are made a part hereof, said system of accounts and list of units to be kept and observed by said gas utilities from and after January 1, 1949, so far as they are applicable.

2. The orders in Decision No. 12691, dated October 13, 1923, Decision No. 15636, dated November 13, 1925, and Decision No. 30269, dated October 25, 1937, as amended, are hereby vacated and set aside as of January 1, 1949, insofar as they conflict

with this order.

3. The order herein will become effective twenty (20) days from the date hereof.

Dated at San Francisco, California, this 2nd day of September, 1948.

A. Z. Indurana
Justin F. Gallen
Frank L. Lowell
Harold H. Kule
Samuel P. Potter
Commissioners

APPENDIX "A"

List of Modifications Ordered in Text of Uniform System of Accounts for Gas Utilities Recommended by the National Association of Railroad and Utilities Commissioners

1. Definitions

Commission, when used in this system of accounts, means the Public Utilities Commission of the State of California.

Public utility means a gas corporation, which includes every corporation or person, their lessees, trustees, receivers or trustees appointed by any court whatsoever, owning, controlling, operating or managing any gas plant for compensation within this state, except where gas is made or produced on and distributed by the maker or producer through private property alone solely for his own use or the use of his tenants and not for sale to others. (See Section 2 (p) of Public Utilities Act.)

Utility, or public utility, as used herein and when not otherwise indicated in the context, means any gas corporation. (See Section 2 (p) of Public Utilities Act.)

2. Instruction 1 - General-Classification of Utilities

(a) For the purpose of applying the system of accounts prescribed by Decision No. , dated gas utilities are divided into three classes, as follows:

I. Class A: Utilities having average annual operating revenues, properly includible in Account 501, exceeding \$250,000.

II. Class B: Utilities having average annual operating revenues, properly includible in Account 501, exceeding \$50,000 but not \$250,000.

III. Class C: Utilities having average annual operating revenues, properly includible in Account 501, of \$50,000 or less.

(b) The class to which a utility belongs shall be determined by the average of its annual gas operating revenues for the three years next preceding the effective date of this system of accounts. Utilities engaged in new enterprises, the annual operating revenues of which are not known in advance, shall be classed with a reasonable estimate of their prospective revenues.

(c) If a Class B utility desires to keep its accounts and records as prescribed for Class A, or a Class C utility desires to keep its accounts and records as prescribed for Class A or B, it is permitted to do so, provided that having elected to enter a senior class it can not later, except by permission of the commission, change to the class to which it belongs.

(d) Class A utilities shall keep all the accounts prescribed herein so far as they may be applicable to their affairs. Class B utilities shall keep all the accounts prescribed herein so far as they may be applicable to their affairs, except in regard to operating expenses which are condensed, as shown on pages and . Class C utilities shall keep all the accounts prescribed herein so far as they may be applicable to their affairs, except in regard to operating expenses which are condensed, as shown on page .

(e) This system of accounts is applicable in principle to all gas utilities.

3. Instruction 5 E - Balance Sheet Accounts

In connection with the disposition of discount, expense and premium on capital stock reacquired or retired, the instruction will be enlarged by the addition of the following proviso to instruction 5 E:

provided, however, that the utility may, with the approval of the Commission, delay the charge to surplus accounts for any discount and expense on capital stock associated with the issuance or retirement of the previous issue.

4. Account 100.3. Construction Work in Progress

Add Note B reading as follows:

NOTE B.--Where both new construction and reconstruction work are covered by the same work order and the reconstruction is in connection with or incidental to the new construction, the expenditures made under such work order may, pending their disposition in the accounts, be carried in this account.

5. Account 100.5. Utility Plant Acquisition Adjustments

Paragraph C of Account 100.5 will be changed to read as follows:

The amounts recorded in this account with respect to each property acquisition shall be retained, depreciated, amortized or otherwise disposed of, as the Commission may approve or direct after a hearing, if such hearing is requested by the utility.

6. Account 107. Utility Plant Adjustments

Paragraph B of Account 107 will be changed to read as follows:

The amounts included in this account shall be classified in such manner as to show the nature of each amount included herein and shall be disposed of as the Commission may approve or direct after a hearing, if such hearing is requested by the utility.

7. Account 121. Special Deposits. Sub-accounts
121.1, 121.2 and 121.3

To sub-account 121.3 will be added the following note:

NOTE C.--At its option, the utility may consolidate these three sub-accounts into one account.

8. Account 142.2. Other Preliminary Survey and
Investigation Charges

The last sentence in paragraph A of this account will be changed to read as follows:

If the work is abandoned, the charge shall be to the appropriate operating expense or other account.

The following note will be added to the account:

NOTE B.--It is not intended that there should be charged to this account those expenditures in connection with proposed line extensions to the utility's existing system made in the ordinary course of business.

9. Account 144. Retirement Work in Progress

The following notes will be added to this account:

NOTE A.--When facilities are retired from service but not removed until a subsequent date, the Plant Account may be credited and the Reserve for Depreciation or other appropriate reserve may be charged at the time of retirement from service.

NOTE B.--Where both new construction and reconstruction work are covered by the same work order and the reconstruction is in connection with or incidental to the new construction, the expenditures made under such work order may, pending their disposition in the accounts, be carried in Account 100.3, Construction Work in Progress.

10. Account 250.1. Reserve for Depreciation of
Utility Plant

Paragraph C of this account will be changed to read as follows:

C. For balance sheet purposes, this account shall be regarded and treated as a single composite reserve. For purposes of analysis, however, each utility shall maintain records in which the depreciation reserve shall be segregated according to the following functional classification: (1) Manufactured Gas Production Plant, (2) Natural Gas Production Plant, (3) Transmission Plant, (4) Distribution Plant, and (5) General Plant. The credits and debits to the reserve shall be made to show separately (1) the amount of the accrual for depreciation, segregated as to annuity and

interest where depreciation is accumulated on the sinking fund method, (2) the book cost of the property retired, (3) cost of removal, (4) salvage, and (5) other items, including recoveries from insurance.

11. Account 255. Insurance Reserve

The following note will be added to this account:

NOTE B. --At the option of the utility the credits to this account may be carried in a sub-account under Account 256, Injuries and Damages Reserve.

12. Account 265. Contributions in Aid of Construction

To this account will be added paragraph D reading as follows:

D. This account shall be subdivided according to departments of the utility.

13. Instructions - Utility Plant Accounts

Paragraph D of instruction 4, Utility Plant Purchased, will be deleted.

Paragraph (2) of instruction 5, Components of Construction Cost, will be changed to read as follows:

(2) "Labor" includes the pay of employees of the utility directly engaged in construction work. Expenses of employees, workmen's compensation insurance, payroll taxes and similar items, when charged to plant accounts, should be shown as indirect costs of labor.

In paragraph (3) of instruction 5, the words "related stores expenses" will be deleted.

Paragraph I of instruction 9, Land and Land Rights, will be changed to read as follows:

I. The cost of land and land rights acquired in excess of that used in gas operations shall be included in Account 110, Other Physical Property, or Account 100.4, Utility Plant Held for Future Use, as appropriate. Regarding land and land rights held for the production of natural gas, Account 100.1, Utility Plant in Service, shall include the cost of all natural gas bearing lands owned in fee and first cost of natural gas bearing lands under lease upon which the utility pays or will pay royalties for the natural gas obtained therefrom.

Instruction 14, Transfers of Property, will be changed to read as follows:

When property is transferred from one utility department to another, such as from gas to electric, gas to street railway, from or to Account 110, Other Physical

Property, from or to Account 100.1, Utility Plant in Service, Account 100.2, Utility Plant Leased to Others, or Account 100.4, Utility Plant Held for Future Use, the transfer shall be recorded by transferring the book cost thereof from the one account to the other, and any related amounts carried in Account 100.5, Utility Plant Acquisition Adjustments, in the depreciation reserve and other accounts shall be likewise transferred.

Instruction 16, Transmission and Distribution Plant, will be changed to read as follows:

For the purpose of this system of accounts:

A. Transmission System means the land, structures, holders, mains, valves, meters, boosters, regulators, tanks, compressors, and their driving units and appurtenances and other equipment used primarily for transmitting gas to a particular municipality or distribution system. The transmission system begins at the outlet side of the valve at the connection between the gathering lines or other source of supply and the inlet to the transmission compressor station or other gathering terminals, and includes the equipment at such connection that is used to bring the gas to transmission pressure, and ends at the outlet side of the equipment which meters or regulates the entry of gas into the distribution system.

B. Distribution System means the mains which are provided primarily for distributing gas within a distribution area or for connecting two or more districts within a distribution area, together with land, structures, holders, compression equipment, valves, regulators, services, and measuring devices. The distribution system begins at the outlet side of the equipment which meters or regulates the entry of gas into the distribution system, and ends with, and includes, property on the customers' premises.

14. Account 303. Miscellaneous Intangible Capital

Amend paragraph A to read as follows:

This account shall include the cost of patent rights, licenses, privileges, and other intangible property necessary or valuable in the conduct of the utility's gas operations and not specifically chargeable to any other intangible plant account.

15. Account 311. Land and Land Rights

Amend paragraph B, 311.1, to read as follows:

Land owned in fee.

16. Account 330.5. Other Land and Land Rights

Add Paragraph B as follows:

B. This account shall also include the cost of sub-surface storage land.

17. Account 337. Other Production Equipment

Add Paragraph B as follows:

B. This account shall also include the cost of sub-surface storage equipment.

18. Account 342. Structures and Improvements

Add Paragraph B as follows:

B. This account shall be subdivided to include the following:

342.1 Transmission Storage Equipment.

This sub-account shall include the cost installed of gas storage holders, and their appurtenances, required in the operation of the transmission system.

342.2 Distribution Storage Equipment.

This sub-account shall include the cost installed of gas storage facilities used or useful in the operation of the distribution system.

342.3 Other.

This sub-account shall include the cost in place of structures and improvements used and useful in connection with gas storage not included in sub-accounts 342.1 and 342.2.

19. Account 354. Pumping and Regulating Equipment
(Transmission)

Add Paragraph B as follows:

B. This account shall be subdivided as follows:

354.1 Compressor Station Equipment.

This account shall include the cost installed of equipment and equipment piping required for the compression, purification, dehydrating, or odorization of gas after it is conveyed from the terminus of the field collecting system and before it is conveyed to the terminus of the transmission system.

354.2 Measuring and Regulating Equipment.

This account shall include the cost installed of all meters, regulators and other governing devices installed on transmission mains or at transmission system terminals.

354.3 Roads and Trails.

This account shall include the cost of all permanent roads and trails and bridges used in connection with the operation of the natural gas transmission system.

354.4 Other Transmission Equipment.

This account shall include the cost of transmission equipment not includible in other transmission accounts.

20. Account 360. Pumping and Regulating Equipment
(Distribution)

Add Paragraph B as follows:

B. This account shall be subdivided as follows:

360.1 Compressor Station Equipment.

This account shall include the cost installed of equipment required for the compression of gas received from the transmission system, manufacturing plants or distribution holders to distribution system pressure.

360.2 Measuring and Regulating Equipment.

This account shall include the cost installed of equipment, other than equipment at booster stations, used and useful in measuring and/or regulating the flow of gas from one part of the distribution system to another. Regulators installed on customers' services shall not be included in this account.

21. Account 361. Services

Delete Paragraphs B and C.

22. Account 362. Meters

Add to this account Note B reading as follows:

NOTE B.--At its option the utility may include in this account the expenditures provided for in Accounts 363, 364 and 365.

23. Accounts 370 to 376, inclusive. General Plant

Paragraph B of each of these accounts will be deleted.

24. Account 602. Commercial and Industrial Sales

Paragraph C will be changed to read as follows:

C. This account shall be subdivided as follows:

602.1 Commercial sales.

Note: The utility may, at its option, include the revenues from such sales in Account 600.

602.2 Commercial building heating sales.

602.3 Gas engine sales.

602.4 Firm industrial sales.

602.5 Interruptible industrial sales.

25. Account 609. Liquefied Petroleum Gas

A new revenue account is added as follows:

609. Liquefied Petroleum Gas.

This account shall include all revenues from the sale of liquefied petroleum gas.

26. Account 754. Gas Purchased

Change Paragraph B to read as follows:

When the contract is a reciprocal one, i.e., when either party thereto may take gas from the other, the amount payable for the quantity of gas received (receipts in excess of deliveries) shall be charged hereto in each accounting period; and the amount receivable for the quantity of gas delivered (deliveries in excess of receipts) shall be credited in each accounting period to the appropriate revenue account. If, however, the contract contemplates the settlement of net balances by the exchange of gas in future accounting periods, the net balance relating to the current period shall be recorded in the appropriate balance sheet accounts.

27. Account 755. Purchased Gas Expense

Delete Paragraph B.

28. Accounts 759.1, 759.2 and 767

Delete Paragraph B.

29. Account 778. Odorizing Material

A new account will be provided to reflect the cost of odorizing material.

30. Account 786. Salaries and Commissions

This account will be changed to include the expenses of salesmen.

31. Account 800.2. Pensions

Delete the last sentence of Paragraph B reading as follows:

The amounts so charged shall be credited concurrently to Account 257, Employees' Provident Reserve.

32. Omissions of Accounts

Because of not being applicable to the operation of gas properties in California, the following accounts are omitted:

A. Utility plant accounts.

- 315 Benches and retorts
- 316 Coke ovens
- 317 Producer gas equipment
- 318 Water gas generating equipment
- 321 Coal, coke and ash handling equipment
- 322 Gas reforming equipment
- 324 Residual refining equipment

B. Operating revenue accounts.

612 Customers' forfeited discounts and penalties
616 Revenue from incidental gasoline sales
617 Revenue from processing natural gas
618 Revenue from incidental oil sales

C. Operating expense accounts.

E 703 Coal, gas and producer gas labor
A 703-1 Retort labor
A 703-2 Coke oven labor
A 703-3 Producer gas labor
A 704-1 Water gas generating labor
A 704-4 Gas reforming labor
BA 711 Fuel under coke ovens
BA 712 Producer gas fuel
BA 713 Coal carbonized in retorts
BA 714 Coal carbonized in coke ovens
BA 715 Water gas generator fuel
BA 716 Oil for water gas
BA 720 Raw materials for other gas processes
A 726-1 Maintenance of benches and retorts
A 726-2 Maintenance of coke ovens
A 726-3 Maintenance of producer gas equipment
A 726-4 Maintenance of water gas generating
equipment
A 726-7 Maintenance of coal, coke and ash
handling equipment
A 727-1 Maintenance of gas reforming equipment
BA 732 Duplicate charges

33. Delete Appendix A of NARUC system.

Class B utilities are required to keep the following appropriate operating expense accounts:

A. Manufactured Gas Production Expenses

Operation

701 Operation supervision and engineering
702-707 Labor
708-717)
719-722) Fuel, water and purification supplies
718 Liquefied petroleum gas

Maintenance

723 Maintenance supervision and engineering
724 Maintenance of structures and improvements
725-727.3 Maintenance of production plant

Miscellaneous

728-731.2 Rents and miscellaneous expenses

B. Natural Gas Production Expenses

Operation

733 Operation supervision and engineering
734-734.4 Labor
735-737 Supplies and expenses
738 Miscellaneous production expenses

Maintenance

739 Maintenance supervision and engineering
740 Maintenance of structures and improvements
740.1-744 Maintenance of gas wells, field lines and
other natural gas properties

Miscellaneous

745-749 Rents and miscellaneous expenses

C. Other Production Expenses

750-751 Operation of storage facilities
752-753.2 Maintenance of storage facilities
754-757.2 Gas purchased

D. Transmission Expenses

Operation

758 Operation supervision and engineering
759-759.3 Labor and expenses

Maintenance

760 Maintenance supervision and engineering
761 Maintenance of structures and improvements
762-762.2 Maintenance of transmission mains

Miscellaneous

763-764.2 Rents

E. Distribution Expenses

Operation

765 Operation supervision and engineering
766-766.2 Distribution office expense
767 Operation of distribution lines
768-770 Operation of meters and regulators

Maintenance

771 Maintenance supervision and engineering
772 Maintenance of structures and improvements
773-773.3 Maintenance of mains and services
773.4-775 Maintenance of meters and regulators

Miscellaneous

776-777.2 Rents

F. Customers' Accounting and Collecting Expenses

779 Supervision
780-782 Meter reading accounting and collecting
783 Uncollectible accounts
784 Rents

G. Sales Promotion Expense

785 Supervision
786-787.3 Sales expenses
788 Rents
789 Merchandising, jobbing and contract work

H. Administrative and General Expenses

790 and 792.1 Salaries and expenses of general officers
and executives
791 and 792.2 Salaries and expenses of general office
employees
793 General office supplies and expenses
794 and 795 Management and supervision fees and
expenses
796 Legal services
797 Regulatory commission expenses
798 Insurance
799 Injuries and damages
800.1 and
800.2 Employees' welfare expenses and pensions
802.1-802.4 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.

Operating Expense Accounts for Class "C" Gas Utilities

701-717)
719-753)
756-757)
718 Liquefied petroleum gas
754, 755 Gas purchased
758-764 Transmission expenses and maintenance of
production capital

765,766	Distribution supervision, engineering and expenses
767,769, } 770-773.3 } 773.6-775 }	Operation and maintenance of distribution capital
768,773.4 } 773.5-777 }	Operation and maintenance of meters and regulators
779-789	Customers' accounting and sales promotion
790-797	Salaries and expenses, general officers and general office employees
798,799	Insurance, injuries and damages
800	Employees' welfare and pensions
805	Franchise requirements
801-804, } 806-809 }	Miscellaneous

APPENDIX B

UNITS OF PROPERTY

INSTRUCTIONS

1. The units of property listed herein are prescribed and are to be accounted for in accordance with Gas Plant Instruction 12, Additions and Retirements of Gas Plant, contained in the main body of this system of accounts. The list of units may be expanded by any gas utility without authorization from the Commission, but the list shall not be condensed. Thus, the units listed herein are of maximum size and while subdivision thereof, or the addition of other units, is permitted, the combination or the increase in size of such units is enjoined.

2. Wherever appropriate, the retirement of any unit of property in the structures or equipment accounts shall include all costs of associated items which pertain solely to that unit, such as the cost of foundations; supports, ladders, runways, enclosures, guards; driving mechanisms; indicating, recording and measuring devices with their mountings; starting, control, regulating, protective and safety devices; switchboards; special lighting conduits and wiring; pipes, ducts; spouts, chutes; hoppers.

3. If, because of a contract previously entered into, adherence to the list of units contained herein would cause an undue hardship, such as the loss of revenue to a particular utility, a petition for relief, giving therein a full disclosure of the facts and a suggested modification of the list necessary to avoid the hardship during the period of the contract, should be submitted to the Commission.

4. It is contemplated that the list of units contained herein will be revised and amended from time to time as experience and conditions warrant.

LIST OF PROPERTY UNITS

(The article a, an, or the, as appropriate, should be read in connection with each retirement listed.)

In all accounts, items of relatively high cost shall be classified as units where not an integral part of an item elsewhere classified as a retirement unit.

I. MANUFACTURED GAS PRODUCTION PLANT

312. STRUCTURES AND IMPROVEMENTS - Manufactured Gas

1. Air conditioning or ventilating system.
 2. Boiler, furnace, hot-water heater, or automatic stoker.
 3. Burner system, gas or oil.
 4. Equipment item, such as a motor, generator, engine, turbine, pump, compressor, ventilating fan, air washer, elevator drum or similar item of equipment includible in structures, with or without associated wiring and control equipment.
 5. Fire escape system.
 6. Fire protection system.
 7. Foundation, when includible in structures.
 8. House-lighting or power board.
 9. Lighting fixtures, with or without associated wiring and conduit.
 10. Roof, with or without supporting members.
- Note: A structure of irregular shape having more than one roof level may have several isolated roofs, each of which shall be considered an entire roof. In the case of structures to which lateral extensions have been made, even though having but one roof level, that part of the roof covering an entire section built at one time shall be considered an entire roof.
11. Structure, complete.
 12. Stack, brick, concrete, or other masonry.
 13. Bridges and trestles.

313. BOILER PLANT EQUIPMENT

A. Steam Boiler Installation:

1. Boiler.
2. Foundation, boiler, when independent of structure.
3. Fuel burning equipment for one boiler (grates, stokers, stoker drive, burners.)
4. Furnace.
5. Furnace walls or arches, air or water cooled, for one boiler.
6. Reheater.
7. Setting, boiler.
8. Soot blower system for one boiler.
9. Superheater, when separate from boiler.

B. Draft Equipment:

1. Air duct system.
2. Air heater.
3. Breeching system.
4. Cinder catching equipment.
5. Fan, draft.
6. Stack, with or without foundation.

C. Feed Water System:

1. Deaerator.
2. Economizer, when separate from boiler.
3. Heat exchanger.
4. Heater, feed water (main or stage).
5. Measuring and recording device.
6. Pump (main or stage).
7. Regulator, feed water.
8. Tank.

D. Oil Fuel Equipment:

1. Heater.
2. Meter.
3. Pump.
4. Tank.

E. Gas Fuel Equipment:

1. Holder or tank.
2. Meter.
3. Pressure regulator or control device.

F. Water Supply and Purification System:

1. Meter.
2. Pump.
3. Tank.
4. Water softener or purification system.
5. Well.

G. Ventilating Equipment:

1. Air duct system.
2. Blower.
3. Cooler or heater.
4. Washer.

H. Instruments and Meters:

1. Automatic control installation.
2. Master controller installation.
3. Panel section or a switch or instrument board.
4. Recording or indicating devices.

I. Boiler Plant Piping:

1. Desuperheater.
2. Header of any class of piping such as each pressure or temperature class of live steam; each pressure class of exhaust steam; raw water; treated water; feed water; drip and drain piping; boiler blowdown; compressed air; hot or cold service water; lubricating oil; fuel oil; gas; fire protection.
3. Piping, branch run of any class, 2 inches or over in size, between two or more units of property.
4. Piping, run of any class, 2 inches or over in size, between two or more units of property.
5. Separator or purifier, steam.

6. Trap, high-pressure.
7. Valve, motor operator, pressure reducing, boiler non-return or other relatively costly valve.

Note: Wherever appropriate, the "piping" costs of additions and retirements shall include all costs for pipes, valves, fittings, specials, covering, hangers, supports, pertaining to the run or header in question.

J. Process Steam Equipment:

1. Purifier or separator.
2. Accumulator.
3. Automatic control for accumulator.

314. OTHER POWER EQUIPMENT

A. Steam Power Equipment:

a. Engine-Driven Generating Installation:

1. Drive or connection between engine and generator.
2. Engine.
3. Exciter, direct, connected or belt-driven.
4. Foundation, independent of structure.
5. Generator.
6. Governor control system.

b. Turbo-Generator Installation:

1. Equipment, starting and turning.
2. Exciter, direct connected or belt-driven.
3. Foundation, independent of structure.
4. Generator.
5. Governor control system.
6. Remote control rheostat and field switch.
7. Turbine.

c. Condensing and Cooling Water System:

1. Air ejector apparatus for one condenser.
2. Condenser.
3. Condenser tube protective system (chemical, electric, electrolytic.)

4. Cooling Tower.
 5. Fan.
 6. Intake screen and mechanism.
 7. Pump, circulating, condensate, vacuum.
 8. Spraying system.
 9. Valve, atmospheric relief.
- d. Central Generator Cooling System:
1. Air duct system.
 2. Air washer.
 3. Blower.
 4. Cooler.
- e. Central Lubricating System:
1. Accumulator.
 2. Cooler.
 3. Purifier or filter.
- f. Instrument and Meters:
1. Panel section of a switch or instrument board.
 2. Recording or indicating device.
- g. Engine and Turbine Plant Piping:
1. Header of any class of piping, such as each pressure or temperature class of live steam; each pressure class of exhaust steam; raw water; treated water; feed; stage and condensate water; cooling water; gland piping; lubricating oil, insulating oil; gas; free exhaust piping; vent piping; drip and drain piping; condensing water; compressed air; hot or cold service water; oil and lubricating.
 2. Piping, branch run of any class, 2 inches or over in size, between two or more units of property and a header.
 3. Piping, run of any class, 2 inches or over in size, between two or more units of property.
 4. Separator or purifier, steam.

5. Trap, high-pressure.
6. Valve, motor operated, pressure reducing, or other relatively costly valve.

Note: Wherever appropriate, the "piping" costs of additions and retirements shall include all costs for pipes, valves, fittings, specials, covering, hangers, supports, pertaining to the run or header in question.

B. Gas and Oil Power Equipment:

a. Internal Combustion Engine:

1. Air intake equipment for one engine.
2. Drive or connection between engine and generator.
3. Engine, with or without foundation.
4. Governor control system.
5. Heat exchanger.
6. Meters and instruments for one engine.
7. Muffler.
8. Stack.
9. Starting and turning equipment.

b. Central Lubricating System:

1. Cooler.
2. Piping system, oil.
3. Purifier or filter.

c. Central Cooling Water System:

1. Heat Exchanger.
2. Piping system, cooling water.
3. Purification system, water.
4. Spraying system.
5. Tank, storage, surge or hot-well.
6. Tower, cooling.

d. Central Starting System:

1. Compressor.
2. Piping System, starting.
3. Tank, storage or compressed air.

- e. Central Intake Air Supply:
 - 1. Air duct system.
 - 2. Air filter or screen.
 - 3. Blower.
 - 4. Silencer.
- f. Central Exhaust Gas System:
 - 1. Heat exchanger (or waste heat boiler).
 - 2. Muffler.
 - 3. Piping system, exhaust.
 - 4. Stack.
- g. Fuel Holders, Producers and Accessories:
 - 1. Boiler, heating.
 - 2. Heater, not a part of tank.
 - 3. Holder.
 - 4. Meter.
 - 5. Piping system.
 - 6. Piping system, fuel oil.
 - 7. Pump, compressor, booster.
 - 8. Purifier.
 - 9. Recording or indicating device.
 - 10. Regenerator.
 - 11. Scrubber or washer.
 - 12. Tank, including foundations, supports and fire protection.
 - 13. Vaporizing unit for butane gas.
- C. Generators:
 - 1. Exciter, direct connected or belt-driven.
 - 2. Generator.
 - 3. Panel section of a switch or instrument board.
 - 4. Recording or indicating device.
 - 5. Remote control rheostat and field switch.
- D. Accessory Electric Equipment:
 - 1. Air duct system.
 - 2. Auxiliary generator set.

3. Battery charging set.
4. Choke coils, set of.
5. Condenser, synchronous.
6. Control installation, system operator's.
7. Converter, synchronous or rotary.
8. Exciter, separately driven.
9. Fan or blower.
10. Foundation equipment.
11. Frequency changer.
12. Frequency control system.
13. Fuse equipment, set of high tension.
14. Generator voltage regulator system.
15. Induction regulator.
16. Lightning arrester.
17. Oil circuit breaker.
18. Panel or panels, devoted to a single purpose, with electric equipment accessory thereto.
19. Reactor or resistor.
20. Rectifier.
21. Static condensers, set or bank of.
22. Storage battery (station control).
23. Switches, set of disconnecting.
24. Testing equipment, set of.
25. Transformer, not accessory to a panel.
26. Truck switch with wiring and instruments.
27. Wiring, power:
 - (a) Bus compartment, including integral cubicles for equipment.
 - (b) Bus--wires, cables and insulators.
 - (c) Cable or conductor, each continuous circuit run.
 - (d) Circuit of generator leads to a bus including supports and protective barriers.

(e) Multiple conduit run between two or more units of property.

(f) Outgoing feeder or auxiliary power feeder including its individual conduit, supports and barriers.

E. Miscellaneous Power Plant Equipment:

1. Air Compressor.
2. Air conditioning or ventilating system.
3. Barge, boat or similar item of marine equipment.
4. Car, railway.
5. Communication system, station signal or call.
6. Compressed air system.
7. Crane, hoist or derrick.
8. Fire protection system.
9. Laboratory equipment, principal item, such as drying oven, calorimeter.
10. Locomotive.
11. Oil-reclaiming installation.
12. Pump (sump, drain).
13. Tool, principal item, such as forge, lathe, drill press, steam hammer, welding equipment.
14. Vacuum cleaning system.

Note: If any of the units of property listed above are a part of a structure and includible in account 312, Structures and Improvements, they shall be accounted for through that account.

319. PETROLEUM GAS EQUIPMENT

1. Bottling apparatus installation.
2. Compressor.
3. Heater.
4. Heat exchanger.
5. Mixing valve.
6. Vaporizer.

320. OTHER GAS GENERATING EQUIPMENT.

(Insofar as applicable use units shown in other accounts).

1. Lamp black remover.
2. Oil burner.
3. Refractory screen.

323. PURIFICATION EQUIPMENT

1. Absorber
2. Actifyer.
3. Blower.
4. Compressor.
5. Condensor.
6. Cooling coil.
7. Decanter.
8. Filter.
9. Oxide conditioner.
10. Tar extractor.
11. Purifying box.
12. Purifying box cover.
13. Precipitator.
14. Rectifier for precipitator.
15. Scrubber.
16. Spray pond.
17. Stack.
18. Thionizer.
19. Transformer.
20. Wash box.
21. Washer cooler.
22. Well.

325. OTHER PRODUCTION EQUIPMENT

1. Calorimeter.
2. Control installation.
3. Exhauster.

4. Gas mixing chamber.
5. Odorizing unit.
6. Oil fogger.
7. Station meter.
8. Office furniture and equipment.

(See account 372 for units)

II. NATURAL GAS PRODUCTION PLANT

331-1. GAS WELL STRUCTURES

(Use units for account 312)

331-2. FIELD MEASURING AND REGULATING STATION STRUCTURES

(Use units for account 312)

331-3. OTHER PRODUCTION SYSTEM STRUCTURES

(Use units for account 312)

332-1. PRODUCING GAS WELLS - WELL CONSTRUCTION

1. Well.

332-2. PRODUCING GAS WELLS - WELL EQUIPMENT

1. Casing head valve.
2. Casing string.
3. Derrick.
4. Pump.

333-1. FIELD LINES

(Use units for account 359, Mains, where applicable)

333-2. FIELD MEASURING AND REGULATING STATION EQUIPMENT

1. Boosters.
2. Driving units.
3. Meters.
4. Pressure gauges.
5. Pressure regulators.
6. Pumps.

334. DRILLING AND CLEANING EQUIPMENT

1. Bailer.
2. Boiler.
3. Derrick.
4. Drilling cable.
5. Drilling shaft.
6. Drilling machine.
7. Engine.
8. Motor.
9. Pulling Machine.
10. Rig.

335. PURIFICATION EQUIPMENT

1. Absorber.
2. Actifyer.
3. Blower.
4. Compressor.
5. Condenser.
6. Cooling coil.
7. Decanter.
8. Filter.
9. Oxide conditioner.
10. Tar extractor.
11. Purifying box.
12. Purifying box cover.
13. Precipitator.
14. Rectifier for precipitator.
15. Scrubber.
16. Spray pond.
17. Stack.
18. Thionizer.
19. Transformer.
20. Wash box.

21. Washer cooler.

22. Well.

336. RESIDUAL REFINING EQUIPMENT

A. Gasoline Refining Apparatus:

B. Light Oil Refining Apparatus:

1. Condenser.

2. Decanter.

3. Dephlegmator.

4. Fractionating column.

5. Heat exchanger.

6. Mixer.

7. Sludge burner.

8. Still pot.

C. Other Refining Equipment:

(Follow same scheme as in other accounts with one piece of apparatus constituting a unit.)

D. Sulphur Recovery Apparatus:

1. Autoclave.

2. Bin.

3. Filter.

4. Scale.

5. Washer.

E. Tar Refining Apparatus:

1. Centrifuge.

2. Condenser.

3. Cooler.

4. Dehydrator.

5. Heater.

6. Still pot.

7. Well.

337. OTHER PRODUCTION EQUIPMENT

(Use units for account 325, where applicable)

III. STORAGE PLANT

342. STORAGE STRUCTURES AND IMPROVEMENTS

(Use units for account 312)

1. Holder crown.
2. Holder crown support.
3. Holder cup.
4. Holder guide frame.
5. Holder lift.
6. Holder piston.
7. Holder tank.
8. Pressure tank.
9. Walk.
10. Elevator.

IV. TRANSMISSION PLANT

352. STRUCTURES AND IMPROVEMENTS

(Use units for accounts 312)

353. MAINS (Transmission)

1. Pipe, 50 feet of pipe including valves and fittings.

Note: In the case of a retirement involving more than 50 feet but less than 100 feet, the footage in excess of 50 feet shall be considered an additional unit when such excess is more than 24 feet. For example, a retirement of 80 feet shall be considered a retirement of two units: a retirement of 70 feet shall be considered a retirement of one unit.

354. PUMPING REGULATING AND MISCELLANEOUS EQUIPMENT

(Use units for account 360, Distribution Pumping and Regulating Equipment, and account 368, Other Distribution System Equipment, as appropriate.)

V. DISTRIBUTION PLANT

358. STRUCTURES AND IMPROVEMENTS

(Use units for account 312)

359. MAINS (Distribution)

1. Pipe, 100 feet of pipe including valves and fittings.

Note: In the case of a retirement involving more than 100 feet but less than 200 feet, the footage in excess of 100 feet shall be considered an additional unit when such excess is more than 49 feet. For example, a retirement of 160 feet shall be considered a retirement of two units; a retirement of 140 feet shall be considered a retirement of one unit.

2. District governor.
3. Dust catcher.
4. Oil fogger.
5. Railroad crossing, special structure for.
6. Resaturator.
7. Tunnel.
8. Tunnel shaft.
9. Vault or manhole.

Note: "Mains" shall include pipe, valves, fittings, specials, drips, joints, and blocking.

360. PUMPING AND REGULATING EQUIPMENT

1. After cooler.
2. Booster.
3. Compressor.
4. District meter.
5. Governor.
6. Separator.
7. Vault or manhole.

361. SERVICES

1. Services (Inlet of service to point of delivery)
2. Service stubs (Inlet of service to cap or plug)

362. METERS

1. Meter installed with or without house regulators.

366. OTHER PROPERTY ON CUSTOMERS' PREMISES

367. STREET LIGHTING EQUIPMENT

1. Lamp.
2. Lamp standard.
3. Regulator.

368. OTHER DISTRIBUTION SYSTEM EQUIPMENT

1. Office furniture and equipment.

(See account 372 for units).

VI. GENERAL PLANT

371. STRUCTURES AND IMPROVEMENTS

(Use units for account 312).

372. OFFICE FURNITURE AND EQUIPMENT

Each principal item of equipment such as:

1. Adding or calculating machine (including coin counters).
2. Bookcase (complete).
3. Blue print machine.
4. Cabinet.
5. Chair.
6. Desk.
7. Dictating machine (recording or reproducing).
8. Duplicating machine (including letter press).
9. Photostat machine.
10. Safe.
11. Sofa or lounge.
12. Table.
13. Typewriter.
14. Wardrobe.

373. TRANSPORTATION EQUIPMENT

Each principal item of equipment such as:

1. Air compressor.
2. Gasoline or oil pump.
3. Gasoline or oil storage tank.
4. Horse, mule or ox.
5. Motor.
6. Power-driven greasing machine.
7. Tractor.
8. Vehicle.

374. STORES EQUIPMENT

Each principal item of equipment such as:

1. Crane, hoist or chainfall.
2. Motor.
3. Portable or elevating and stacking equipment.
4. Shelving or bins, section of.
5. Truck.

375. SHOP EQUIPMENT

Each principal item of equipment such as:

1. Air compressor.
2. Boiler.
3. Crane, hoist or chainfall.
4. Drilling machine.
5. Drill press.
6. Electric welding machine.
7. Engine.
8. Forge.
9. Furnace.
10. Lathe.
11. Motor.
12. Planer.
13. Shaper.

376. LABORATORY EQUIPMENT

Each principal item of equipment such as:

1. Centrifuge.
2. Drying oven.
3. Calorimeter.
4. Test meter.

377. TOOLS AND WORK EQUIPMENT

Each principal item of equipment such as:

1. Air compressor.

2. Boiler.
3. Cable pulling power equipment.
4. Concrete mixer.
5. Derrick, crane, hoist or chainfall.
6. Engine.
7. Forge.
8. Furnace.
9. Motor.
10. File driving machine.
11. Pipe threading and cutting machine.
12. Portable crane.
13. Portable conveyor.
14. Pump.
15. Trenching machine.
16. Backfilling machine.

378. COMMUNICATION EQUIPMENT

Each principal item of equipment such as:

1. Carrier current coupling capacitor.
2. Carrier current transmitting and receiving set.
3. Intercommunicating telephone system.
4. Radio receiver.
5. Radio transmitter.
6. Storage battery installation.

Note: Units of conductors, supports and duct lines shall be identical with those prescribed by this Commission for accounts 344, 345, 346, 347, 348, 354, 355, 356, and 357, for the System of Accounts for Electric Utilities.

379. MISCELLANEOUS EQUIPMENT

Each principal item of equipment.