FILED 9/10/2018
DOCUMENT NO. 05928-2018
FPSC - COMMISSION CLERK

State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: September 10, 2018

TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk

FROM: Samantha Cibula , Office of the General Counsel SMC.

RE: Docket No. 20030712-GU

Please file the attached materials in the docket file listed above.

Thank you.

Attachment

JAMES E. "JIM" KING, JR.
President

JOHNNIE BYRD
Speaker

THE FLORIDA LEGISLATURE
JOINT ADMINISTRATIVE PROCEDURES COMMITTEE

Senator Michael S. "Mike" Bennett, Chair
Representative Juan-Carlos "J.C." Planas, Vice-Chair
Senator Nancy Argenziano
Senator Gwen Margolis
Representative Bill Galvano
Representative Yolly Roberson

F. SCOTT BOYD
ACTING EXECUTIVE DIRECTOR
AND GENERAL COUNSEL
Room 120, Holland Building
Tallahassee, Florida 32399-1300
Telephone (850) 488-9110

October 3, 2003

RECEIVED
03 OCT -6 PM 2:23
FLA PUBLIC SERVICE COMM.
OFFICE OF THE
GENERAL COUNSEL

Ms. Marlene K. Stern
Office of the General Counsel
Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Public Service Commission Rule Chapter 25-7

Dear Ms. Stern:

I have completed a review of chapter 25-7 and prepared the following comments for your consideration and response.

25-7.014(1) and 25-7.015(3)
Please send me a copy of the documents which are being incorporated by reference.

25-7.015(3)(b)
Please identify the criteria pursuant to which the Commission will or will not approve a request that documents be retained in their original form.

25-7.135(1): PSC/ECR020-G (page i)
The Uniform System of Accounts (18CFR 201) (U.S. of A.) should be incorporated by reference.

I am available at your convenience to discuss the foregoing comments.

Sincerely,

John Rosner
Chief Attorney

#13135
JR:CB:YW S:\ATTY\YVONNE\25-7.JR.DOC

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

STATE OF FLORIDA

OFFICE OF THE GENERAL COUNSEL
HAROLD A. MCLEAN
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

November 3, 2003

Mr. John Rosner
Joint Administrative Procedures Committee
Room 120 Holland Building
Tallahassee, FL 32399-1300

Re: Rule Chapter 25-7, F.A.C.

Dear Mr. Rosner:

This letter is in response to your letter dated October 3, 2003, requesting a copy of the Code of Federal Regulations, Title 18, Subchapter F, Part 201 and Part 225 as revised April 1, 2002, and inquiring about the criteria for Commission action under Rule 25-7.015(3)(b).

I am enclosing a copy of the parts of the Code of Federal Regulations that are referenced in Rules 25-7.014(1), 25-7.015(3), and Form PSC/ECR020-G. We deleted the reference to the Code of Federal Regulations in the Form, so there is no need to incorporate the Code by reference. As to the criteria for Commission approval under Rule 25-7.015(3)(b) of a request that documents be retained in their original form, the utility must show that it has a storage and retrieval system that produces clear, readable copies including handwritten notes on documents.

I hope this letter satisfactorily responds to your concerns. If you do not need to retain a copy of the documents incorporated by reference, we would appreciate your returning them so they may be included when we file the rule for adoption on Friday, November 7, 2003. If you will call Mary Diskerud at 413-6090, we will arrange for pick up.

Sincerely,

Christiana T. Moore

Christiana T. Moore
Associate General Counsel

Enclosures

cc: Marlene Stern

of this chapter and the pipeline's tariff requirements relating to Internet web sites. Access to the information must be provided using the same protocols and procedures used for the pipeline's Internet web site.

(i) It must file with the Commission procedures that will enable shippers and the Commission to determine how the pipeline is complying with the standards in this section.

(j) A pipeline must maintain its books of account and records (as prescribed under part 201) separately from those of its affiliate.

(k) A pipeline must maintain a written log of waivers that the pipeline grants with respect to tariff provisions that provide for such discretionary waivers and provide the log to any person requesting it within 24 hours of the request.

(l)(1) A pipeline must post the names and addresses of its marketing affiliates on its web site on the public Internet and update the information within three business days of any change. A pipeline must also state the date the information was last updated. Postings must conform with the requirements of §284.12 of this chapter.

(2) A pipeline must post the following information on its Internet web site complying with §284.12 of this chapter and update the information within three business days of any change, posting the date on which the information was updated:

(i) A complete list of the names of operating personnel and facilities shared by the pipeline and its marketing affiliates; and

(ii) Comprehensive organizational charts showing:

(A) The organizational structure of the parent corporation with the relative position in the corporate structure of the pipeline and all marketing affiliates;

(B) For the pipeline, the business units, job titles and descriptions, and chain of command for all positions, including officers and directors, with the exception of clerical, maintenance, and field positions. The job titles and descriptions must include the employee's title, the employee's duties, whether the employee is involved in transportation or gas sales, and the name of supervisory employees who manage nonclerical employees involved in transportation or gas sales.

(C) For all employees shared by the pipeline and a marketing affiliate, the business unit within the marketing affiliate organizational structure in which the employee is located, the employee's name, job title and job description in the marketing affiliate, and the employees position within the chain of command of the marketing affiliate.

[Order 497, 53 FR 22161, June 14, 1988; 53 FR 25240, July 5, 1988; Order 497–A, 54 FR 52792, Dec. 22, 1989; Order 497–D, 57 FR 58982, Dec. 14, 1992; Order 497–E, 59 FR 255, Jan. 4, 1994; Order 566, 59 FR 32898, June 27, 1994; Order 566–A, 59 FR 52904, Oct. 20, 1994; 61 FR 39068, July 26, 1996; Order 599, 63 FR 43079, Aug. 12, 1998; Order 637, 65 FR 10219, Feb. 25, 2000]

SUBCHAPTER F—ACCOUNTS, NATURAL GAS ACT

PART 201—UNIFORM SYSTEM OF ACCOUNTS PRESCRIBED FOR NATURAL GAS COMPANIES SUBJECT TO THE PROVISIONS OF THE NATURAL GAS ACT

AUTHORITY: 15 U.S.C. 717–717w, 3301–3432; 42 U.S.C. 7101–7352, 7651–7651o.

SOURCE: Order 219, 25 FR 5616, June 21, 1960.

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting part 201, see the List of CFR Sections Affected, which appears in the Finding Aids section of the printed volume and on GPO Access.

EFFECTIVE DATE NOTE: At 58 FR 18006, April 7, 1993, part 201 was amended by redesignating definitions 31 through 39 as 32 through 40 and adding new definition 31; Accounts 182.3 and 254 were added under Balance Sheet Accounts; and Accounts 407.3 and 407.4 were added under Income Accounts. The information collection provisions, will not become effective until approved by the Office of Management and Budget.

NOTE: Order 141, 12 FR 8504, Dec. 19, 1947, provides in part as follows:

Prescribing a system of accounts for natural gas companies under the Natural Gas Act. The Federal Power Commission acting pursuant to authority granted by the Natural Gas Act (58) Stat. 821, as amended; 15 U.S.C. and Sup. 717 et seq.), particularly sections 8(a), 10(a) and 16 thereof, and finding such action necessary and appropriate for carrying out the provisions of said Act, ordered that:

(a) The accompanying system of accounts, entitled "Uniform System of Accounts Prescribed for Natural Gas Companies Subject to the Provisions of the Natural Gas Act," and the rules and regulations contained therein, be adopted;

(b) Said system of accounts and said rules and regulations contained therein be and the same are hereby prescribed and promulgated as the system of accounts and rules and regulations of the Commission to be kept and observed by natural gas companies subject to the jurisdiction of the Commission, to the extent and in the manner set forth therein;

(c) Said system of accounts and rules and regulations therein contained as to all natural gas companies now subject to the jurisdiction of the Commission, became effective on January 1, 1940, and as to any natural gas company which may hereafter become subject to the jurisdiction of the Commission, they shall become effective as of the date when such natural gas company becomes subject to the jurisdiction of the Commission.

Uniform System of Accounts Prescribed for Natural Gas Companies Subject to the Provisions of the Natural Gas Act

Definitions

When used in this system of accounts:

1. *Accounts* means the accounts prescribed in this system of accounts.

2. *Actually issued*, as applied to securities issued or assumed by the utility, means those which have been sold to bona fide purchasers for a valuable consideration, those issued as dividends on stock, and those which have been issued in accordance with contractual requirements direct to trustees of sinking funds.

3. *Actually outstanding*, as applied to securities issued or assumed by the utility, means those which have been actually issued and are neither retired nor held by or for the utility; provided, however, that securities held by trustees shall be considered as actually outstanding.

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

5. A. *Associated (affiliated) companies* means companies or persons that directly or indirectly, through one or more intermediaries, control, or are controlled by, or are under common control with the accounting company.

B. *Control* (including the terms "controlling," "controlled by," and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority

ownership or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, associated companies, contract or any other direct or indirect means.

6. *Book cost* means the amount at which property is recorded in these accounts without deduction of related provisions for accrued depreciation, depletion, amortization, or for other purposes.

7. *Commission*, means the Federal Energy Regulatory Commission.

8. *Continuing plant inventory record* means company plant records for retirement units and mass property that provide, as either a single record, or in separate records readily obtainable by references made in a single record, the following information:

A. For each retirement unit;

(1) The name or description of the unit, or both;

(2) The location of the unit;

(3) The date the unit was placed in service;

(4) The cost of the unit as set forth in Plant Instructions 2 and 3 of this part; and

(5) The plant control account to which the cost of the units is charged; and

B. For each category of mass property;

(1) A general description of the property and quantity;

(2) The quantity placed in service by vintage year;

(3) The average cost as set forth in Plant Instructions 2 and 3 of this part; and

(4) The plant control account to which the costs are charged.

9. *Cost* means the amount of money actually paid for property or services. When the consideration given is other than cash in a purchase and sale transaction, as distinguished from a transaction involving the issuance of common stock in a merger or a pooling of interest, the value of such consideration shall be determined on a cash basis.

10. *Cost of removal* means the cost of demolishing, dismantling, tearing down or otherwise removing gas plant, including the cost of transportation and handling incidental thereto.

11. *Debt expense* means all expenses in connection with the issuance and initial sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing bonds and certificates of indebtedness; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen for marketing such evidences of debt; fees and expenses of listing on exchanges; and other like costs.

12. A. *Depletion*, as applied to natural gas producing land and land rights, means the loss in service value incurred in connection with the exhaustion of the natural resource in the course of service.

B. *Depreciation*, as applied to depreciable gas plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of gas plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities, and, in the case of natural gas companies, the exhaustion of natural resources.

13. *Development costs*, when used with respect to hydrocarbons, include all costs incurred in the readying of hydrocarbon deposits for commercial production including developmental well drilling costs.

14. *Discount*, as applied to the securities, issued or assumed by the utility, means the excess of the par (stated value of no-par stocks) or fact value of the securities plus interest or dividends accrued at the date of the sale over the cash value of the consideration received from their sale.

15. *Exploration costs*, include all costs incurred in proving the existence of hydrocarbon deposits including geological, geophysical, lease acquisition (including delay rentals), administrative and general, and exploratory well drilling costs.

16. *Full-cost accounting for exploration and development costs*, means the capitalization of all exploration and development costs incurred on or related to hydrocarbon leases, on properties in the contiguous 48 States and the State of Alaska, acquired after October 7, 1969.

17. *Investment advances* means advances, represented by notes or by book accounts only, with respect to which it is mutually agreed or intended between the creditor and debtor that they shall be settled by the issuance of securities or shall not be subject to current settlement.

18. *Lease, capital* means a lease of property used in utility or non-utility operations, which meets one or more of the criteria stated in General Instruction 19.

19. *Lease, operating* means a lease of property used in utility or non-utility operations, which does not meet any of the criteria stated in General Instruction 19.

20. *Minor items of property* means the associated parts or items of which retirement units are composed.

21. *Natural gas* means either natural gas unmixed, or any mixture of natural and artificial gas.

22. *Natural gas company* means a person engaged in the transportation of natural gas in interstate commerce, or the sale in interstate commerce of such gas for resale.

23. *Net salvage value* means the salvage value of property retired less the cost of removal.

24. *Nominally issued*, as applied to securities issued or assumed by the utility, means those which have been signed, certified, or otherwise executed, and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the utility, but which have not been sold, or issued direct to trustees of sinking funds in accordance with contractual requirements.

25. *Nominally outstanding*, as applied to securities issued or assumed by the utility, means those which, after being actually issued, have been reacquired by or for the utility under circumstances which require them to be considered as held alive and not retired, provided, however, that securities held by trustees shall be considered as actually outstanding.

26. *Original cost*, as applied to gas plant, means the cost of such property to the person first devoting it to public service.

27. *Person* means an individual, a corporation, a partnership, an association, a joint stock company, a business trust, or any organized group of persons, whether incorporated or not, or any receiver or trustee.

28. *Premium*, as applied to securities issued or assumed by the utility, means the excess of the cash value of the consideration received from their sale over the sum of their par (stated value of no-par stocks) or face value and interest or dividends accrued at the date of sale.

29. *Production, transmission, and distribution plant.* For the purposes of this system of accounts:

A. *Production system* shall consist of plant and equipment used in the production of gas. It shall include producing lands and leaseholds, gas rights, other land rights, structures, drilling and clearing equipment, gas wells, well head equipment, separation and other facilities used in the production of natural gas. The production system ends where the gas enters a gathering system, transmission system or distribution system, as applicable, in accordance with the practices in the pricing area where such system is located.

B. *Transmission system* means the land, structures, mains, valves, meters, boosters, regulators, tanks, compressors, and their driving units and appurtenances, and other equipment used primarily for transmitting gas from a production plant, delivery point of purchased gas, gathering system, storage area, or other wholesale source of gas, to one or more distribution areas. The transmission system begins at the outlet side of the valve at the connection to the last equipment in a manufactured gas plant, the connection to gathering lines or delivery point of purchased gas, 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 or into a storage area. It does

not include storage land, structures or equipment. Pipeline companies, including those companies which measure deliveries of gas to their own distribution systems, shall include city gate and main line industrial measuring and regulating stations in the transmission function.

C. *Distribution system* means the mains which are provided primarily for distributing gas within a distribution area, together with land, structures, valves, regulators, services and measuring devices, including the mains for transportation of gas from production plants or points of receipt located within such distribution area to other points therein. The distribution system owned by companies having no transmission facilities connected to such distribution system begins at the inlet side of the distribution system equipment which meters or regulates the entry of gas into the distribution system and ends with and includes property on the customer's premises. For companies which own both transmission and distribution facilities on a continuous line, 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 customer's premises. The distribution system does not include storage land, structures, or equipment.

D. *Distribution area* means a metropolitan area or other urban area comprising one or more adjacent or nearby cities, villages or unincorporated areas, including developed areas contiguous to main highways.

30. *Property retired*, as applied to gas plant, means property which has been removed, sold, abandoned, destroyed, or which for any cause has been withdrawn from service.

31. *Regulatory Assets and Liabilities* are assets and liabilities that result from rate actions of regulatory agencies. Regulatory assets and liabilities arise from specific revenues, expenses, gains, or losses that would have been included in net income determinations in one period under the general requirements of the Uniform System of Accounts but for it being probable: 1) that such items will be included in a different period(s) for purposes of developing the rates the utility is authorized to charge for its utility services; or 2) in the case of regulatory liabilities, that refunds to customers, not provided for in other accounts, will be required.

32. A. *Replacing* or *replacement*, when not otherwise indicated in the context, means the construction or installation of gas plant in place of property retired, together with the removal of the property retired.

B. *Research, Development, and Demonstration* (RD&D), means expenditures incurred by natural gas companies either directly or through another person or organization (such as research institute, industry association, foundation, university, engineering company, or similar contractor) in pursuing research, development, and demonstration activities including experiment, design, installation, construction, or operation. This definition includes expenditures for the implementation or development of new and/or existing concepts until technically feasible and commercially feasible operations are verified. Such research, development, and demonstration costs should be reasonably related to the existing or future utility business, broadly defined, of the public utility or licensee or in the environment in which it operates or expects to operate. The term includes, but is not limited to: All such costs incidental to the design, development or implementation of an experimental facility, a plant process, a product, a formula, an invention, a system or similar items, and the improvement of already existing items of a like nature; amounts expended in connection with the proposed development and/or proposed delivery of substitute or synthetic gas supplies (alternate fuel sources for example, an experimental coal gasification plant or an experimental plant synthetically producing gas from liquid hydrocarbons); and the costs of obtaining its own patent, such as attorney's fees expended in making and perfecting a patent application. The term includes preliminary investigations and detailed planning of specific projects for securing for customers non-conventional pipeline gas supplies that rely on technology that has not been verified previously to be feasible. The term does not include expenditures for efficiency surveys; studies of management, management techniques and organization; consumer surveys, advertising, promotions, or items of a like nature.

33. *Retained earnings* (formerly earned surplus) means the accumulated net income of the utility less distribution to stockholders and transfers to other capital accounts.

34. *Retirement units* means those items of gas plant which, when retired, with or without replacement, are accounted for by crediting the book cost thereof to the gas plant account in which included.

35. *Salvage value* means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale; or, if retained, the amount at which the material recoverable is chargeable to Materials and Supplies, or other appropriate account.

36. *Service life* means the time between the date gas plant is includible in gas plant in service, or gas plant leased to others, and the date of its retirement. If depreciation is accounted for on a production basis rather than on a time basis, then service life should be measured in terms of the appropriate unit of production.

37. *Service value* means the difference between original cost and net salvage value of gas plant.

38. *Unsuccessful exploration and development costs*, means exploration and development costs related to efforts which do not directly result in the discovery of commercially recoverable hydrocarbon reserves.

39. *Subsidiary company*, means a company which is controlled by the utility through ownership of voting stock. (See "Definitions"—item 5B "Control"). A corporate joint venture in which a corporation is owned by a small group of businesses as a separate and specific business or project for the mutual benefit of the members of the group is a subsidiary company for the purposes of this system of accounts.

40. *Utility*, as used herein and when not otherwise indicated in the context, means any natural gas company to which this system of accounts is applicable.

General Instructions

1. *Applicability*. Each natural gas company must apply the system of accounts prescribed by the Commission.

Major —Each natural gas company as defined in the Natural Gas Act, whose combined gas sold for resale and gas transported or stored for a fee exceeds 50 million Mcf at 14.73 psi (60° F) in each of the three previous calendar years.

Nonmajor—Natural gas companies that are not classified as a "major company" (as defined above), and had total gas sales or volume transactions exceeding 200,000 Mcf at 14.73 psi (60 °F) in each of the three previous calendar years.

B. This system applies to both Major and Nonmajor natural gas companies. Provisions have been incorporated into this system for those entities which prior to January 1, 1984, were applying the Commission's Uniform System of Accounts Prescribed for Class C and Class D (part 104 of this chapter) now revoked. The notations "(Nonmajor)" and "(Major)" have been used to indicate those instructions and accounts from the previous systems and classifications, which by definition, are not interchangeable without causing a loss of detail for the *Major* (previous Class A and Class B) or an increase in detail burden for the *Nonmajor* (previous Class C and Class D).

C. The class to which any natural gas company belongs shall originally be determined by its annual gas volume in each of the last three consecutive years, or, in the case of a newly established entity, the projected data shall be the basis. Subsequent changes in classification shall be made when the volume for each of the three immediately preceding years exceeds the upper limit, or is less than the lower limit of the classification previously applicable to the natural gas company.

D. Any utility may, at its option, adopt the system of accounts prescribed by the Commission for any larger class of utilities.

2. *Records*. A. Each utility shall keep its books of account, and all other books, records, and memoranda which

support the entries in such books of account so as to be able to furnish readily full information as to any item included in any account. Each entry shall be supported by such detailed information as will permit ready identification, analysis, and verification of all facts relevant thereto.

B. The books and records referred to herein include not only accounting records in a limited technical sense, but all other records, such as minute books, stock books, reports, correspondence, memoranda, etc., which may be useful in developing the history of or facts regarding any transaction.

C. No utility shall destroy any such books or records unless the destruction thereof is permitted by rules and regulations of the Commission.

D. In addition to prescribed accounts, clearing accounts, temporary or experimental accounts, and subdivisions of any accounts, may be kept, provided the integrity of the prescribed accounts is not impaired.

E. All amounts included in the accounts prescribed herein for gas plant and operating expenses shall be just and reasonable and any payments or accruals by the utility in excess of just and reasonable charges shall be included in account 426.5, Other Deductions.

F. The arrangement or sequence of the accounts prescribed herein shall not be controlling as to the arrangement or sequence in report forms which may be prescribed by the Commission.

3. *Numbering system.* A. The account numbering plan used herein consists of a system of three-digit whole numbers as follows:

100–199 Assets and Other Debits.
200–299 Liabilities and Other Credits.
300–399 Plant Accounts.
400–432, 434–435 Income Accounts.
433, 436–439 Retained Earnings Accounts.
480–499 Revenue Accounts.
700–899 Production, Transmission and Distribution Expenses.
900–949 Customer Accounts, Customer Service and Informational, Sales and General and Administrative Expenses.

B. In certain instances, numbers have been skipped in order to allow for possible later expansion or to permit better coordination with the numbering system for other utility departments.

C. The numbers prefixed to account titles are to be considered as part of the titles. Each utility, however, may adopt for its own purposes a different system of account numbers (See also general instruction 2D) provided that the numbers herein prescribed shall appear in the descriptive headings of the ledger accounts and in the various sources of original entry; however, if a utility uses a different group of account numbers and it is not practicable to show the prescribed account numbers in the various sources of original entry, such reference to the prescribed account numbers may be omitted from the various sources of original entry. Moreover, each utility using different account numbers for its own purposes shall keep readily available a list of such account numbers which it uses and a reconciliation of such account numbers with the account numbers provided herein. It is intended that the utility's records shall be so kept as to permit ready analysis by prescribed accounts (by direct reference to sources of original entry to the extent practicable) and to permit preparation of financial and operating statements directly from such records at the end of each accounting period according to the prescribed accounts.

4. *Accounting period.* Each utility shall keep its books on a monthly basis so that for each month all transactions applicable thereto, as nearly as may be ascertained, shall be entered in the books of the utility. Amounts applicable or assignable to specific utility departments shall be so segregated monthly. Each utility shall close its books at the end of each calendar year unless otherwise authorized by the Commission.

5. *Submittal of questions.* To maintain uniformity of accounting, utilities shall submit questions of doubtful interpretation to the Commission for consideration and decision.

6. *Item lists.* Lists of "items" appearing in the texts of the accounts or elsewhere herein are for the purpose of more clearly indicating the application of the prescribed accounting. The lists are intended to be representative, but not exhaustive. The appearance of an item in a list warrants the inclusion of the item in the account mentioned only when the text of the account also indicates inclusion inasmuch as the same item frequently appears in more than one list. The proper entry in each instance must be determined by the texts of the accounts.

7. *Extraordinary items.* It is the intent that net income shall reflect all items of profit and loss during the period with the exception of prior period adjustments as described in paragraph 7.1 and long-term debt as described in paragraph 17 below. Those items related to the effects of events and transactions which have occurred during the current period and which are of unusual nature and infrequent occurrence shall be considered extraordinary items. Accordingly, they will be events and transactions of significant effect which are abnormal and significantly different from the ordinary and typical activities of the company, and which would not reasonably be expected to recur in the foreseeable future. (In determining significance, items should be considered individually and not in the aggregate. However, the effects of a series of related transactions arising from a single specific and identifiable event or plan of action should be considered in the aggregate.) To be considered as extraordinary under the above guidelines, an item should be more than approximately 5 percent of income, computed before extraordinary items. Commission approval must be obtained to treat an item of less than 5 percent, as extraordinary. (See accounts 434 and 435.)

7.1 Prior period items. A. Items of profit and loss related to the following shall be accounted for as prior period adjustments and excluded from the determination of net income for the current year.

(1) Correction of an error in the financial statements of a prior year.

(2) Adjustments that result from realization of income tax benefits of preacquisition operating loss carryforwards of purchased subsidiaries.

B. All other items of profit and loss recognized during the year shall be included in the determination of net income for that year.

8. *Unaudited items.* Whenever a financial statement is required by the Commission, if it is known that a transaction has occurred which affects the accounts but the amount involved in the transaction and its effect upon the accounts cannot be determined with absolute accuracy, the amount shall be estimated and such estimated amount included in the proper accounts. The utility is not required to anticipate minor items which would not appreciably affect the accounts.

9. *Distribution of pay and expenses of employees.* The charges to gas plant, operating expense and other accounts for services and expenses of employees engaged in activities chargeable to various accounts, such as construction, maintenance, and operations, shall be based upon the actual time engaged in the respective classes of work, or in case that method is impracticable, upon the basis of a study of the time actually engaged during a representative period.

10. *Payroll distribution.* Underlying accounting data shall be maintained so that the distribution of the cost of labor charged direct to the various accounts will be readily available. Such underlying data shall permit a reasonably accurate distribution to be made of the cost of labor charged initially to clearing accounts so that the total labor cost may be classified among construction, cost of removal, gas operating functions (manufactured gas production, natural gas production and gathering, products extraction, underground storage, transmission, distribution, etc.), and nonutility operations.

11. *Accounting to be on accrual basis.* A. The utility is required to keep its accounts on the accrual basis. This requires the inclusion in its accounts of all known transactions of appreciable amount which affect the accounts. If bills covering such transactions have not been received or rendered, the amounts shall be estimated and appropriate adjustments made when the bills are received.

B. When payments are made in advance for items such as insurance, rents, taxes or interest, the amount applicable to future periods shall be charged to account 165, Prepayments, and spread over the periods to which applicable by credits to account 165,

and charges to the accounts appropriate for the expenditure.

12. *Records for each plant.* A. Separate records shall be maintained by gas plant accounts of the book cost of each plant owned, including additions by the utility to plant leased from others, and of the cost of operating and maintaining each plant owned or operated. The term "plant," as here used, means each manufactured gas production plant, the wells and gathering lines of each distinct production area, each system of interconnected transmission mains, each system of wells and lines of an underground storage project, each large purification or dehydration plant, each compressor station, other than a distribution compressor station, and each products extraction plant.

B. A natural gas company may, with the approval of the Commission, group certain of its systems of gathering lines and wells, small compressor stations, systems of underground storage lines and wells, and systems of interconnected transmission mains for the purpose of complying with the portion of this instruction requiring a segregation of the cost of operating and maintaining each plant.

NOTE A: Where manufactured gas is produced by two or more processes at one location, each process shall be accounted for separately.

NOTE B: Each natural gas company shall maintain operating or accounting records for each well showing (a) acreage on which drilled, (b) dates of drilling period, (c) cost of drilling, (d) depth of well, (e) particulars and depth of each stratum drilled through, (f) geological formation from which gas is obtained, (g) initial rock pressure and open flow capacity, (h) sizes of casing used and the lengths of each size, (i) total cost of well as recorded in gas plant accounts, (j) date well abandoned, for wells once productive, (k) date transferred to underground storage plant, for wells converted to storage use, and (l) date drilling discontinued, for wells determined to be nonproductive. The foregoing data, as appropriate, shall also be maintained for each subsequent change in the depth of each well.

13. *Accounting for other departments.* If the utility also operates other utility departments, such as electric, water, etc., it shall keep such accounts for the other departments as may be prescribed by proper authority and in the absence of prescribed accounts, it shall keep such accounts as are proper or necessary to reflect the results of operating each such department. It is not intended that proprietary and similar accounts which apply to the utility as a whole shall be departmentalized.

14. *Transactions with associated companies.* Each utility shall keep its accounts and records so as to be able to furnish accurately and expeditiously statements of all transactions with associated companies. The statements may be required to show the general nature of the transactions, the amounts involved therein and the amounts included in each account prescribed herein with respect to such transactions. Transactions with associated companies shall be recorded in the appropriate accounts for transactions of the same nature. Nothing herein contained, however, shall be construed as restraining the utility from subdividing accounts for the purpose of recording separately transactions with associated companies.

15. *Contingent assets and liabilities.* Contingent assets represent a possible source of value to the utility contingent upon the fulfillment of conditions regarded as uncertain. Contingent liabilities include items which may under certain conditions become obligations of the utility but which are neither direct nor assumed liabilities at the date of the balance sheet. The utility shall be prepared to give a complete statement of significant contingent assets and liabilities (including cumulative dividends on preference stock) in its annual report and at such other times as may be requested by the Commission.

16. [Reserved]

17. *Long-term debt: Premium, discount and expense, and gain or loss on reacquisition—* A. *Premium, discount and expense.* A separate premium, discount and expense account shall be maintained for each class and series of long-term debt (including receivers' certificates) issued or assumed by the utility. The premium will be recorded in account 225, Unamortized Premium on Long-Term Debt, the discount will be recorded in account 226, Unamortized Discount on Long-Term Debt—Debit, and the expense of issuance shall be recorded in account 181, Unamortized Debt Expense.

The premium, discount and expense shall be amortized over the life of the respective issues under a plan which will distribute the amounts equitably over the life of the securities. The amortization shall be on a monthly basis, and amounts thereof relating to discount and expense shall be charged to account 428, Amortization of Debt Discount and Expense. The amounts relating to premium shall be credited to account 429, Amortization of Premium on Debt—Credit.

B. *Reacquisition, without refunding.* When long-term debt is reacquired or redeemed without being converted into another form of long-term debt and when the transaction is not in connection with a refunding operation (primarily redemptions for sinking fund purposes), the difference between the amount paid upon reacquisition and the face value; plus any un- amortized premium less any related unamortized debt expense and reacquisition costs; or less any unamortized discount, related debt expense and reacquisition costs applicable to the debt redeemed, retired and canceled, shall be included in account 189, Unamortized Loss on Reacquired Debt, or account 257, Unamortized Gain on Reacquired Debt, as appropriate. The utility shall amortize the recorded amounts equally on a monthly basis over the remaining life of the respective security issues (old original debt). The amounts so amortized shall be charged to account 428.1, Amortization of Loss on Reacquired Debt, or credited to account 429.1, Amortization of Gain on Reacquired Debt—Credit, as appropriate.

C. *Reacquisition, with refunding.* When the redemption of one issue or series of bonds or other long-term obligations is financed by another issue or series before the maturity date of the first issue, the difference between the amount paid upon refunding and the face value; plus any unamortized premium less related debt expense or less any unamortized discount and related debt expense, applicable to the debt refunded, shall be included in account 189, Unamortized Loss on Reacquired Debt, or account 257, Unamortized Gain on Reacquired Debt, as appropriate. The utility may elect to account for such amounts as follows:

(1) Write them off immediately when the amounts are insignificant.

(2) Amortize them by equal monthly amounts over the remainder of the original life of the issue retired, or

(3) Amortize them by equal monthly amounts over the life of the new issue.

Once an election is made, it shall be applied on a consistent basis. The amounts in (1), (2), or (3) above shall be charged to account 428.1, Amortization of Loss on Reacquired Debt, or credited to account 429.1, Amortization of Gain on Reacquired Debt—Credit, as appropriate.

D. Under methods (2) and (3) above, the increase or reduction in current income taxes resulting from the reacquisition should be apportioned over the remainder of the original life of the issue retired or over the life of the new issue, as appropriate, as directed more specifically in paragraphs E and F below.

E. When the utility recognizes the loss in the year of reacquisition as a tax deduction, account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, shall be debited and account 283, Accumulated Deferred Income Taxes—Other, shall be credited with the amount of the related tax effect, such amount to be allocated to the periods affected in accordance with the provisions of account 283.

F. When the utility chooses to recognize the gain in the year of reacquisition as a taxable gain, account 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, shall be credited and account 190, Accumulated Deferred Income Taxes, shall be debited with the amount of the related tax effect, such amount to be allocated to the periods affected in accordance with the provisions of account 190.

G. When the utility chooses to use the optional privilege of deferring the tax on the gain attributable to the reacquisition of debt by reducing the depreciable basis of utility property for tax purposes, pursuant to Section 108 of the Internal Revenue Code, the related tax effects shall be deferred as the income is recognized for accounting purposes, and the deferred amounts

shall be amortized over the life of the associated property on a vintage year basis. Account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, shall be debited, and account 282, Accumulated Deferred Income Taxes—Other Property, shall be credited with an amount equal to the estimated income tax effect applicable to the portion of the income, attributable to reacquired debt, recognized for accounting purposes during the period. Account 282 shall be debited and account 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, shall be credited with an amount equal to the estimated income tax effects, during the life of the property, attributable to the reduction in the depreciable basis for tax purposes.

H. The tax effects relating to gain or loss shall be allocated as above to utility operations except in cases where a portion of the debt reacquired is directly applicable to nonutility operations. In that event, the related portion of the tax effects shall be allocated to nonutility operations. Where it can be established that reacquired debt is generally applicable to both utility and nonutility operations, the tax effects shall be allocated between utility and nonutility operations based on the ratio of net investment in utility plant to net investment in nonutility plant.

I. Premium, discount, or expense on debt shall not be included as an element in the cost of construction or acquisition of property (tangible or intangible), except under the provisions of account 432, Allowance for Borrowed Funds Used During Construction—Credit.

J. *Alternate method.* Where a regulatory authority or a group of regulatory authorities having prime rate jur- isdiction over the utility specifically disallows the rate principle of amortizing gains or losses on reacquisition of long-term debt without refunding, and does not apply the gain or loss to reduce interest charges in computing the allowed rate of return for rate purposes, then the following alternate method may be used to account for gains or losses relating to reacquisition of long-term debt, with or without refunding.

(1) The difference between the amount paid upon reacquisition of any long-term debt and the face value, adjusted for unamortized discount, expenses or premium, as the case may be, applicable to the debt redeemed shall be recognized currently in income and recorded in account 421, Miscellaneous Nonoperating Income, or account 426.5, Other Deductions.

(2) When this alternate method of accounting is used, the utility shall include a footnote to each financial statement, prepared for public use, explaining why this method is being used along with the treatment given for ratemaking purposes.

18. *Comprehensive interperiod income tax allocation.* A. Where there are timing differences between the periods in which transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income, the income tax effects of such transactions are to be recognized in the periods in which the differences between book accounting income and taxable income arise and in the periods in which the differences reverse using the deferred tax method. In general, comprehensive interperiod tax allocation should be followed whenever transactions enter into the determination of pretax accounting income for the period even though some transactions may affect the determination of taxes payable in a different period, as further qualified below.

B. Utilities are not required to utilize comprehensive interperiod income tax allocation until the deferred income taxes are included as an expense in the rate level by the regulatory authority having rate jurisdiction over the utility. Where comprehensive interperiod tax allocation accounting is not practiced the utility shall include as a note to each financial statement, prepared for public use, a footnote explanation setting forth the utility's accounting policies with respect to interperiod tax allocation and describing the treatment for ratemaking purposes of the tax timing differences by regulatory authorities having rate jurisdiction.

C. Should the utility be subject to more than one agency having rate jurisdiction, its accounts shall appropriately reflect the ratemaking treatment (deferral or flow through) of each jurisdiction.

D. Once comprehensive interperiod tax allocation has been initiated either in whole or in part it shall be practiced on a consistent basis and shall not be changed or discontinued without prior Commission approval.

E. Tax effects deferred currently will be recorded as deferred debits or deferred credits in accounts 190, Accumulated Deferred Income Taxes, 281, Accumulated Deferred Income Taxes—Accelerated Amortization Property, 282, Accumulated Deferred Income Taxes—Other Property, and 283, Accumulated Deferred Income Taxes—Other, as appropriate. The resulting amounts recorded in these accounts shall be disposed of as prescribed in this system of accounts or as otherwise authorized by the Commission.

19. *Criteria for classifying leases.* A. If at its inception a lease meets one or more of the following criteria, the lease shall be classified as a capital lease. Otherwise, it shall be classified as an operating lease.

(1) The lease transfers ownership of the property to the leasee by the end of the lease term.

(2) The lease contains a bargain purchase option.

(3) The lease term is equal to 75 percent or more of the estimated economic life of the leased property. However, if the beginning of the lease term falls within the last 25 percent of the total estimated economic life of the lease property, including earlier years of use, this criterion shall not be used for purposes of classifying the lease.

(4) the present value at the beginning of the lease term of the minimum lease payments, excluding that portion of the payments representing executory costs such as insurance, maintenance, and taxes to be paid by the lessor, including any profit thereon, equals or exceeds 90 percent of the excess of the fair value of the leased property to the lessor at the inception of the lease over any related investment tax credit retained by the lessor and expected to be realized by the lessor. However, if the beginning of the lease term falls within the last 25 percent of the total estimated economic life of the lease property, including earlier years of use, this criterion shall not be used for purposes of classifying the lease. The lessee utility shall compute the present value of the minimum lease payments using his incremental borrowing raate, unless (a) it is practicable for the utility to learn the implicit rate computed by the lessor, and (b) the implicit rate computed by the lessor is less than the lessee's incremental borrowing rate. If both of those conditions are met, the lessee shall use the implicit rate.

B. If at any time the lessee and lessor agree to change the provisions of the lease, other than by renewing the lease or extending its term, in a manner that would have resulted in a different classification of the lease under the criteria in paragraph A had the changed terms been in effect at the inception of the lease, the revised agreement shall be considered as a new agreement over its term, and the criteria in paragraph A shall be applied for purposes of classifying the lease. Likewise, any action that extends the lease beyond the expiration of the existing lease term, such as the exercise of a lease renewal option other than those already included in the lease term, shall be considered as a new agreement, and shall be classified according to the above provisions, Changes in estimates (for example, changes in estimates of the economic life or of the residual value of the leased property) or changes in circumstances (for example, default by the lessee), shall not give rise to a new classification of a lease for accounting purposes.

20. *Accounting for leases.* A. All leases shall be classified as either capital or operating leases. The accounting for capitalized leases is effective January 1, 1984, except for the retroactive classification of certian leases which, in accordance with FASB No. 71, will not be required to be capitalized until after a three year transition period. For the purpose of reporting to the FERC, the transition period shall be deemed to end December 31, 1986.

B. The utility shall record a capital lease as an asset in account 101.1, Property under Capital Leases (or account

Non-utility Property, if appro-te), and an obligation in account Obligations under Capital Leases—current, or account 243, Obligations er Capital Leases—Current, at an ount equal to the present value at beginning of the lease term of min-im lease payments during the lease n, excluding that portion of the ments representing executory costs h as insurance, maintenance, and es to be paid by the lessor, together h any profit thereon. However, if amount so determined exceeds the r value of the leased property at the eption of the lease, the amount re-ded as the asset and obligation shall the fair value.

:. Rental payments on all leases all be charged to rent expense, fuel pense, construction work in progress, other appropriate accounts as they come payable.

D. For a capital lease, for each period ring the lease term, the amounts re-rded for the asset and obligation all be reduced by an amount equal to e portion of each lease payment nich would have been allocated to the duction of the obligation, if the pay-ent had been treated as a payment on n installment obligation (liability) nd allocated between interest expense nd a reduction of the obligation so as o produce a constant periodic rate of nterest on the remaining balance.

21. *Gas well records.* Each utility with atural gas operations shall maintain perating or accounting records for ach well showing: (a) Acreage on hich drilled, (b) dates of drilling pe-iod, (c) cost of drilling, (d) depth of ell, (e) particulars and depth of each tratum drilled through, (f) geological ormation from which gas is obtained, g) initial rock pressure and open flow apacity, (h) sizes of casing used and engths of each size, (i) total cost of ell as recorded in gas plant accounts, j) date well abandoned, for wells once roductive, (k) date transferred to un-lerground storage plant, for wells con-verted to storage use, and (l) date drill-ing discontinued, for wells determined to be nonproductive. The foregoing data, as appropriate, shall also be maintained for each subsequent change in the depth of each well.

1. *Classification of gas plant at the effective date of the system of accounts.*

A. The gas plant accounts provided herein are generally the same as those contained in the prior system of accounts except for some changes in classification in the general equipment accounts. Except for these changes, the balances in the various plant accounts, as determined under the prior system of accounts, should be carried forward. Any remaining balance of plant which has not yet been classified pursuant to the requirements of the prior system, shall be classified in accordance with the following instructions.

B. The cost to the utility of its unclassified plant shall be ascertained by analysis of the utility's records. Adjustments shall not be made to record in utility plant accounts amounts previously charged to operating expenses or to income deductions in accordance with the uniform system of accounts in effect at the time or in accordance with the discretion of management as exercised under a uniform system of accounts, or under accounting practices previously followed.

C. The detailed gas plant accounts (301 to 399, inclusive) shall be stated on the basis of cost to the utility of plant constructed by it and the original cost, estimated if not known, of plant acquired as an operating unit or system. The difference between the original cost as above, and the cost to the utility of gas plant after giving effect to any accumulated provision for depreciation, depletion, or amortization shall be recorded in account 114, Gas Plant Acquisition Adjustments. The original cost of gas plant shall be determined by analysis of the utility's records or those of the predecessor or vendor companies with respect to gas plant previously acquired as operating units or systems and the differences between the original cost so determined, less accumulated provisions for depreciation, depletion and amortization, and the cost to the utility, with necessary adjustments for retirements from the date of acquisition, shall be entered in account 114, Gas Plant Acquisition Adjustments. Any difference between the cost of gas plant and its book cost, when not properly includable in other accounts, shall be recorded in account 116, Other Gas Plant Adjustments.

D. Plant acquired by lease which qualifies as capital lease property under General Instruction 19. *Criteria for Classifying Leases*, shall be recorded in Account 101.1, Property under Capital Leases.

2. *Gas plant to be recorded at cost.* A. All amounts included in the accounts for gas plant acquired as an operating unit or system, except as otherwise provided in the texts of the intangible plant accounts, shall be stated at the cost incurred by the person who first devoted the property to utility service. All other gas plant shall be included in the accounts at the cost incurred by the utility, except for property acquired by lease which qualifies as capital lease property under General Instruction 19. *Criteria for Classifying Leases*, and is recorded in Account 101.1, Property under Capital Leases. Where the term "cost" is used in the detailed plant accounts, it shall have the meaning stated in this paragraph.

B. When the consideration given for property is other than cash, the value of such consideration shall be determined on a cash basis. (See, however, definition 8.) In the entry recording such transaction, the actual consideration shall be described with sufficient particularity to identify it. The utility shall be prepared to furnish the Commission the particulars of its determination of the cash value of the consideration if other than cash.

C. When property is purchased under a plan involving deferred payments, no charge shall be made to the gas plant accounts for interest, insurance, or other expenditures occasioned solely by such form of payment.

D. The gas plant accounts shall not include the cost or other value of gas plant contributed to the company. Contributions in the form of money or its equivalent toward the construction of gas plant shall be credited to the accounts charged with the cost of such construction. Plant constructed from contributions of cash or its equivalent shall be shown as a reduction to gross plant constructed when assembling cost data in work orders for posting to plant ledger of accounts. The accumulated gross costs of plant accumulated in the work order shall be recorded as a debit in the plant ledger of accounts along with the related amount of contributions concurrently being recorded as a credit.

3. *Components of construction cost.* A. The cost of construction properly includable in the gas plant accounts shall include, where applicable, the direct and overhead costs as listed and defined hereunder:

(1) "Contract work" includes amounts paid for work performed under contract by other companies, firms, or individuals, costs incident to the award of such contracts, and the inspection of such work.

(2) "Labor" includes the pay and expenses of employees of the utility engaged on construction work, and related workmen's compensation insurance, payroll taxes and similar items of expense. It does not include the pay and expenses of employees which are distributed to construction through clearing accounts nor the pay and expenses included in other items hereunder.

(3) "Materials and supplies" includes the purchase price at the point of free delivery plus customs duties, excise taxes, the cost of inspection, loading and transportation, the related stores expenses, and the cost of fabricated materials from the utility's shop. In determining the cost of materials and supplies used for construction, proper allowance shall be made for unused materials and supplies, for materials recovered from temporary structures used in performing the work involved, and for discounts allowed and realized in the purchase of materials and supplies.

NOTE: The cost of individual items of equipment of small value (for example, $500 or less) or of short life, including small portable tools and implements, shall not be charged to utility plant accounts unless the correctness of the accounting therefor is verified by current inventories. The cost shall be charged to the appropriate operating expense or clearing accounts, according to the use of such items, or, if such items are consumed directly in construction work, the cost shall be included as part of the cost of the construction.

4) "Transportation" includes the st of transporting employees, materials and supplies, tools, purchased uipment, and other work equipment hen not under own power) to and om points of construction. It includes nounts paid to others as well as the st of operating the utility's own ansportation equipment. (See item 5 llowing.)

(5) "Special machine service" includes the cost of labor (optional), marials and supplies, depreciation, and her expenses incurred in the mainteance, operation and use of special maines, such as steam shovels, pile rivers, derricks, ditchers, scrapers, aterial unloaders, and other labor aving machines; also expenditures for ental maintenance and operation of achines of others. It does not include ne cost of small tools and other indidual items of small value or short fe which are included in the cost of aterials and supplies. (See item 3, bove.) When a particular construction ob requires the use for an extended peiod of time of special machines, transortation or other equipment, the net ook cost thereof, less the appraised or alvage value at time of release from he job, shall be included in the cost of onstruction.

(6) "Shop service" includes the proortion of the expense of the utility's hop department assignable to contruction work except that the cost of abricated materials from the utility's hop shall be included in "materials and supplies."

(7) "Protection" includes the cost of protecting the utility's property from fire or other casualties and the cost of preventing damages to others, or to the property of others, including payments for discovery or extinguishment of fires, cost of apprehending and prosecuting incendiaries, witness fees in relation thereto, amounts paid to municipalities and others for fire protection, and other analogous items of expenditures in connection with construction work.

(8) "Injuries and damages" includes expenditures or losses in connection with the construction work on account of injuries to persons and damages to the property of others; also the cost of investigation of and defense against actions for such injuries and damages. Insurance recovered or recoverable on account of compensation paid for injuries to persons incident to construction shall be credited to the account or accounts to which such compensation is charged. Insurance recovered or recoverable on account of property damages incident to construction shall be credited to the account or accounts charged with the cost of the damages.

(9) "Privileges and permits" includes payments for and expenses incurred in securing temporary privileges, permits or rights in connection with construction work, such as for the use of private or public property, streets, or highways, but it does not include rents, or amounts chargeable as franchises and consents for which see account 302, Franchises and Consents.

(10) "Rents" includes amounts paid for the use of construction quarters and office space occupied by construction forces and amounts properly includible in construction costs for such facilities jointly used.

(11) "Engineering and supervision" includes the portion of the pay and expenses of engineers, surveyors, draftsmen, inspectors, superintendents and their assistants applicable to construction work.

(12) "General administration capitalized" includes the portion of the pay and expenses of the general officers and administrative and general expenses applicable to construction work.

(13) "Engineering services" includes amounts paid to other companies, firms, or individuals engaged by the utility to plan, design, prepare estimates, supervise, inspect, or give general advice and assistance in connection with construction work.

(14) "Insurance" includes premiums paid or amounts provided or reserved as self-insurance for the protection against loss and damages in connection with construction, by fire or other casualty, injury to or death of persons other than employees, damages to property of others, defalcation of employees and agents, and the nonperformance of contractual obligations of others. It does not include workmen's compensation or similar insurance on employees included as "labor" in item 2, above.

(15) "Law expenditures" includes the general law expenditures incurred in connection with construction and the court and legal costs directly related thereto, other than law expenses included in protection, item 7, and in injuries and damages, item 8.

(16) "Taxes" includes taxes on physical property (including land) during the period of construction and other taxes properly includible in construction costs before the facilities become available for service.

(17) "Allowance for funds used during construction" includes the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used, not to exceed without prior approval of the Commission allowances computed in accordance with the formula prescribed in paragraph (a) below, except when such other funds are used for exploration and development or leases acquired after October 7, 1969, no allowance on such other funds shall be included in these accounts. No allowance for funds used during construction charges shall be included in these accounts upon expenditures for construction projects which have been abandoned.

(a) The formula and elements for the computation of the allowance for funds used during construction shall be:

$$A_i = s\left(\frac{S}{W}\right) + d\left(\frac{D}{D+P+C}\right)\left(1-\frac{S}{W}\right)$$

$$A_e = \left[1-\frac{S}{W}\right]\left[p\left(\frac{P}{D+P+C}\right) + c\left(\frac{C}{D+P+C}\right)\right]$$

A_i=Gross allowance for borrowed funds used during construction rate.
A_e=Allowance for other funds used during construction rate.
S=Average short-term debt.
s=Short-term debt interest rate.
D=Long-term debt.
d=Long-term debt interest rate.
P=Preferred stock.
p=Preferred stock cost rate.
C=Common equity.
c=Common equity cost rate.
W=Average balance in construction work in progress.

(b) The rates shall be determined annually. The balances for long-term debt, preferred stock and common equity shall be the actual book balances as of the end of the prior year. The cost rates for long-term debt and preferred stock shall be the weighted average cost determined in the manner indicated in subpart D of part 154 of the Commission's Regulations Under the Natural Gas Act. The cost rate for common equity shall be the rate granted common equity in the last rate proceeding before the ratemaking body having primary rate jurisdiction. If such cost rate is not available, the average rate actually earned during the preceding three years shall be used. The short-term debt balances and related cost and the average balance for construction work in progress shall be estimated for the current year with appropriate adjustments as actual data becomes available.

NOTE: When a part only of a plant or project is placed in operation or is completed and ready for service but the construction work as a whole is incomplete, that part of the cost of the property placed in operation, or ready for service, shall be treated as "Gas Utility Plant" and allowance for funds used during construction thereon as a charge to construction shall cease. Allowance for funds used during construction on that part of the cost of the plant which is incomplete may be continued as a charge to construction until such time as it is placed in operation or is ready for service, except as limited in item 17, above.

(18) "Earnings and expenses during construction" includes (a) all revenues derived during the construction period from property which is included in the cost of a project under construction and (b) all expenses which are attributable to the revenues received.

(19) "Training costs". When it is necessary that employees be trained to operate or maintain plant facilities that are being constructed and such facilities are not conventional in nature or are new to the company's operations, these costs may be capitalized as a component of construction cost. Once plant is placed in service, the capitalization of training costs shall cease, and subsequent training costs shall be expensed. (See Operating Expense Instruction 4.)

(20) "Line pack gas." Line pack includes the first cost of that quantity of

is introduced into the utility's sys-
em necessary to bring the system up
its designed operating capacity or
increases therein and which must be
aintained in the system in order to
ıstain such design operating capacity.
(21) LNG "heel" is the first cost of
hat minimum quantity of liquefied
atural gas necessary to be retained in
olding tanks and other facilities for
urposes of temperature and/or pres-
ure maintenance.
(22) "Studies" includes the costs of
tudies such as operational, safety or
nvironmental studies relative to plant
nder construction. Studies mandated
y regulatory bodies relative to facili-
ies in service, shall be charged to Ac-
ount 183.2, Other Preliminary Survey
nd Investigation Charges.

4. *Overhead construction costs.* A. All overhead construction costs, such as engineering, supervision, general office salaries and expenses, construction engineering and supervision by others than the accounting utility, law expenses, insurance, injuries and damages, relief and pensions, taxes and interest, shall be charged to particular jobs or units on the basis of the amounts of such overheads reasonably applicable thereto, to the end that each job or unit shall bear its equitable proportion of such costs and that the entire cost of the unit, both direct and overhead, shall be deducted from the plant accounts at the time the property is retired.

B. As far as practicable, the determination of pay roll charges includible in construction overheads shall be based on time card distributions thereof. Where this procedure is impractical, special studies shall be made periodically of the time of supervisory employees devoted to construction activities to the end that only such overhead costs as have a definite relation to construction shall be capitalized. The addition to direct construction costs of arbitrary percentages or amounts to cover assumed overhead costs is not permitted.

C. The record supporting the entries for overhead construction costs shall be so kept as to show the total amount of each overhead for each year, the nature and amount of each overhead expenditure charged to each construction work order and to each utility plant account, and the bases of distribution of such costs.

5. *Gas plant purchased or sold.* A. When gas plant constituting an operating unit or system is acquired by purchase, merger, consolidation, liquidation, or otherwise, after the effective date of this system of accounts, the costs of acquisition, including expenses incidental thereto properly includible in gas plant, shall be charged to account 102, Gas Plant Purchased or Sold.

B. The accounting for the acquisition shall then be completed as follows:

(1) The original cost of plant, estimated if not known, shall be credited to account 102, Gas Plant Purchased or Sold, and concurrently charged to the appropriate gas plant in service accounts and to account 104, Gas Plant Leased to Others, account 105, Gas Plant Held for Future Use, 105.1, Production Properties Held for Future Use, and account 107, Construction Work in Progress—Gas, as appropriate.

(2) The depreciation, depletion, and amortization applicable to the original cost of the properties purchased, shall be charged to account 102, Gas Plant Purchased or Sold, and concurrently credited to the appropriate account for accumulated provision for depreciation, depletion or amortization.

(3) The cost to the utility of any property includible in account 121, Nonutility Property, shall be transferred thereto.

(4) The amount remaining in account 102, Gas Plant Purchased or Sold, shall then be closed to account 114, Gas Plant Acquisition Adjustments.

C. If property acquired in the purchase of an operating unit or system is in such physical condition when acquired that it is necessary substantially to rehabilitate it in order to bring the property up to the standards of the utility, the cost of such work, except replacements, shall be accounted for as a part of the purchase price of the property.

D. When any property acquired as an operating unit or system includes duplicate or other plant which will be retired by the accounting utility in the reconstruction of the acquired property or its consolidation with previously

owned property, the proposed accounting for such property shall be presented to the Commission.

E. In connection with the acquisition of gas plant constituting an operating unit or system, the utility shall procure, if possible, all existing records relating to the property acquired, or certified copies thereof, and shall preserve such records in conformity with regulations or practices governing the preservation of records of its own construction.

F. When gas plant constituting an operating unit or system is sold, conveyed, or transferred to another by sale, merger, consolidation, or otherwise, the book cost of the property sold or transferred to another shall be credited to the appropriate utility plant accounts, including amounts carried in account 114, Gas Plant Acquisition Adjustments. The amounts (estimated if not known) carried with respect thereto in the accounts for accumulated provision for depreciation, depletion, and amortization and in account 252, Customer Advances for Construction, shall be charged to such accounts and the contra entries made to account 102, Gas Plant Purchased or Sold. Unless otherwise ordered by the Commission, the difference, if any, between (a) the net amount of debits and credits and (b) the consideration received for the property (less commissions and other expenses of making the sale) shall be included in account 421.1, Gain on Disposition of Property, or account 421.2, Loss on Disposition of Property. (See account 102, Gas Plant Purchased or Sold.)

NOTE: In cases where existing utilities merge or consolidate because of financial or operating reasons or statutory requirements rather than as a means of transferring title of purchased properties to a new owner, the accounts of the constituent utilities, with the approval of the Commission, may be combined. In the event original cost has not been determined, the resulting utility shall proceed to determine such cost as outlined herein.

6. *Expenditures on leased property.* A. The cost of substantial initial improvements (including repairs, rearrangements, additions, and betterments) made in the course of preparing for utility service property leased for a period of more than one year, and the cost of subsequent substantial additions, replacements, or betterments to such property, shall be charged to the gas plant account appropriate for the class of property leased. If the service life of the improvements is terminable by action of the lease, the cost, less net salvage, of the improvements shall be spread over the life of the lease by charges to account 404.3, Amortization of Other Limited-Term Gas Plant. However, if the service life is not terminated by action of the lease but by depreciation proper, the cost of the improvements, less net salvage, shall be accounted for as depreciable plant. The provisions of this paragraph are applicable to property leased under either capital leases or operating leases.

B. If improvements made to property leased for a period of more than one year are of relatively minor cost, or if the lease is for a period of not more than one year, the cost of the improvements shall be charged to the account in which the rent is included, either directly or by amortization thereof.

7. *Land and land rights.* A. The accounts for land and land rights shall include the cost of land owned in fee by the utility and rights, interests, and privileges held by the utility in land owned by others, such as leasehold easements, rights-of-way, natural gas rights, and other like interests in land. Do not include in the accounts for land and land rights and rights-of-way costs incurred in connection with first clearing and grading of land and rights-of-way and the damage costs associated with the construction and installation of plant. Such costs shall be included in the appropriate plant accounts directly benefited.

B. Where special assessments for public improvements provide for deferred payments, the full amount of the assessments shall be charged to the appropriate land account and the unpaid balance shall be carried in an appropriate liability account. Interest on unpaid balances shall be charged to the appropriate interest account. If a part of the cost of public improvements is included in the general tax levy, the amount thereof shall be charged to the appropriate tax account.

C. The net profit from the sale of mber, cord wood, sand, gravel, other sources or other property acquired ith the rights-of-way or other lands all be credited to the appropriate ant account to which related. Where nd is held for a considerable period of me and timber and other natural resources on the land at the time of purhase increases in value, the net profit fter giving effect to the cost of the atural resources) from the sales of mber or its products or other natural esources shall be credited to the appropriate utility operating income account when such land has been recorded in account 105, Gas Plant Held or Future Use, account 105.1, Production Properties Held for Future Use, or lassified as plant in service otherwise o account 421, Miscellaneous Nonoperating Income.

D. Separate entries shall be made for he acquisition, transfer, or retirement f each parcel of land, and each land ight, or gas right (except rights-of-way for distribution mains), having a ife of more than one year. A record hall be maintained showing the nature f ownership, full legal description, rea, map reference, purpose for which sed, city, county, and tax district in which situated, from whom purchased r to whom sold, payment given or reeived, other costs, contract date and umber, date of recording of deed, and ook and page of record. Entries transferring or retiring land or land rights shall refer to the original entry recording its acquisition. A parcel of land acquired and carried on the books as a unit is not required to be subdivided with transfers to other land accounts merely because of the erection thereon of an incidental structure to be used in gas operations but for a purpose differing from that for which the land is chiefly employed; for example, a small storehouse on production plant land.

E. Any difference between the amount received from the sale of land or land rights, less agents' commissions and other costs incident to the sale, and the book cost of such land or rights shall be included in account 411.6, Gains from Disposition of Utility Plant or 411.7, Losses from Disposition of Utility Plant when such property has been recorded in account 105, Gas Plant Held for Future Use, 105.1, Production Properties Held for Future Use, otherwise to account 421.1, Gain on Disposition of Property or 421.2, Loss on Disposition of Property, as appropriate, unless a reserve therefor has been authorized and provided. Appropriate adjustments of the accounts shall be made with respect to any structures or improvements located on land sold.

F. The cost of buildings and other improvements (other than public improvements) shall not be included in the land accounts. If at the time of acquisition of an interest in land such interest extends to buildings or other improvements (other than public improvements), which are then devoted to utility operations, the land and improvements shall be separately appraised and the cost allocated to land and buildings or improvements on the basis of the appraisals. If the improvements are removed or wrecked without being used in operations, the cost of removing or wrecking shall be charged and the salvage credited to the account in which the cost of the land is recorded.

G. When the purchase of land for gas operations requires the purchase of more land than needed for such purposes, the charge to the specific land account shall be based upon the cost of the land purchased, less the fair market value of that portion of the land which is not to be used in utility operations. The portion of the cost measured by the fair market value of the land not to be used shall be included in account 105, Gas Plant Held for Future Use or, account 121, Nonutility Property, as appropriate. Regarding land and land rights held for the production of natural gas, account 101, Gas Plant in Service, shall include (1) the cost of lands owned in fee upon which producing natural gas wells are located on lands owned in fee which are being drained through the operation by the utility of wells on the other land, and (2) the first cost of lands held under lease upon which the utility pays royalties for the natural gas obtained therefrom. The cost of all other land and land rights held for the production of natural gas under a plant for such use shall be included in account 105, Gas Plant Held for Future Use, or 105.1, Production Properties Held for Future Use, as appropriate.

NOTE: In addition to the accounting records prescribed herein, supplemental records of land and land rights held for future use shall be kept in such manner as to permit the segregation within a reasonable time of the land and land rights constituting (1) productive but nonproducing fields, (2) unproven or undeveloped fields, and (3) storage fields, and to show the following data with respect to each natural gas lease, regardless of the accounting treatment accorded the lease costs; (a) name of lessor, (b) location of leasehold and number or other identification assigned thereto, (c) date and period of lease agreement, (d) first cost of lease including details of the elements of such cost, (e) annual rental provisions, (f) date and cost of drilling, (g) date gas determined to exist, (h) date of completion of first well drilled by the utility in each pool of gas, (i) royalty provisions, (j) amortization and depletion provisions, and (k) date of abandonment of lease.

H. Provision shall be made for amortizing amounts carried in the accounts for limited-term interests in land, so as to apportion equitably the cost of each interest over the life thereof. For the purposes of amortization of natural gas rights, separate interests in land which comprise an interest in a production area may be grouped to form a depletion unit. (See account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, account 404.1, Amortization and Depletion of Producing Natural Gas Land and Land Rights, account 404.3, Amortization of Other Limited-Term Gas Plant, and account 797, Abandonment, leases.)

I. The items of cost to be included in the accounts for land and land rights are as follows:

1. Bulkheads, buried, not requiring maintenance or replacement.
2. Cost, first, of acquisition including mortgages and other liens assumed (but not subsequent interest thereon).
3. [Reserved]
4. Condemnation proceedings, including court and counsel costs.
5. Consents and abutting damages, payment for.
6. Conveyancers' and notaries' fees.
7. Fees, commissions, and salaries to brokers, agents, and others in connection with the acquisition of the land or land rights.
8. [Reserved]
9. Leases, cost of voiding upon purchase to secure possession of land.
10. Removing, relocating, or reconstructing, property of others, such as buildings, highways, railroads, bridges, cemeteries, churches, telephone and power lines, etc., in order to acquire quiet possession.
11. Retaining walls unless identified with structures.
12. Special assessments levied by public authorities for public improvements on the basis of benefits for new roads, new bridges, new sewers, new curbing, new pavements, and other public improvements, but not taxes levied to provide for the maintenance of such improvements.
13. Surveys in connection with the acquisition, but not amounts paid for topographical surveys and maps where such costs are attributable to structures or plant equipment erected or to be erected or installed on such land.
14. Taxes assumed, accrued to date of transfer of title.
15. Title, examining, clearing, insuring, and registering in connection with the acquisition and defending against claims relating to the period prior to the acquisition.
16. Appraisals prior to closing title.
17. Cost of dealing with distributees or legatees residing outside of the state or county, such as recording power of attorney, recording will or exemplification of will, recording satisfaction of state tax.
18. Filing satisfaction of mortgage.
19. Documentary stamps.
20. Photographs of property at acquisition.
21. Fees and expenses incurred in the acquisition of water rights, and grants.
22. Cost of fill to extend bulkhead line over land under water, where riparian rights are held, which is not occasioned by the erection of a structure.
23. Sidewalks and curbs constructed by the utility on public property.
24. Labor and expenses in connection with securing rights of way, where performed by company employees and company agents.

8. *Structures and improvements.* A. The accounts for structures and improvements shall include the cost of all buildings and facilities to house, support, or safeguard property or persons, including all fixtures permanently attached to and made a part of buildings and which cannot be removed therefrom without cutting into the walls, ceilings, or floors, or without in some way impairing the buildings, and improvements of a permanent character on or to land. Also include those costs incurred in connection with the first clearing and grading of land and rights-

f-way, and the damage costs associated with construction and installation f plant.

B. The cost of specially provided oundations not intended to outlast the nachinery or apparatus for which provided, and the cost of angle irons, castngs, etc., installed at the base of an tem of equipment, shall be charged to he same account as the cost of the nachinery, apparatus, or equipment.

C. Minor buildings and structures nay be considered a part of the facility in connection with which constructed or operated and the cost thereof accounted for accordingly when the nature of the structure and facility indicates the correctness of such accounting.

D. Where furnaces and boilers are used primarily for furnishing steam for some particular department and only incidentally for furnishing steam for heating a building and operating the equipment therein, the entire cost of such furnaces and boilers shall be charged to the appropriate plant account, and no part to the building account.

E. The cost of disposing of materials excavated in connection with construction of structures shall be considered as a part of the cost of such work, except as follows: (a) When such material is used for filling, the cost of loading, hauling, and dumping shall be equitably apportioned between the work in connection with which the removal occurs and the work in connection with which the material is used; (b) when such material is sold, the net amount realized from such sales shall be credited to the work in connection with which the removal occurs. If the amount realized from the sale of excavated materials exceeds the removal costs and the costs in connection with the sale, the excess shall be credited to the land account in which the site is carried.

F. Lighting or other fixtures temporarily attached to buildings for purposes of display or demonstration shall not be included in the cost of the building but in the appropriate equipment account.

G. The items of cost to be included in the accounts for structures and improvements are as follows:

1. Architects' plans and specifications including supervision.
2. Ash pits (when located within the building).
3. Athletic field structures and improvements.
4. Boilers, furnaces, piping, wiring, fixtures, and machinery for heating, lighting, signaling, ventilating, and air conditioning systems, plumbing, vacuum cleaning systems, incinerator and smoke pipe, flues, etc.
5. Bulkheads, including dredging, riprap fill, piling, decking, concrete, fenders, etc., when exposed and subject to maintenance and replacement.
6. Chimneys.
7. Coal bins and bunkers.
8. Commissions and fees to brokers, agents, architects and others.
9. Conduit (not to be removed) with its contents.
10. Damages to abutting property during construction.
11. Docks.
12. Door checks and door stops.
13. Drainage and sewerage systems.
14. Elevators, cranes, hoists, etc., and the machinery for operating them.
15. Excavation, including shoring, bracing, bridging, refill, and disposal of excess excavated material, cofferdams around foundation, pumping water from cofferdam during construction, and test borings.
16. Fences and fence curbs (not including protective fences insolating items of equipment, which shall be charged to the appropriate equipment account).
17. Fire protection systems when forming a part of a structure.
18. Flagpole.
19. Floor covering (permanently attached).
20. Foundations and piers for machinery, constructed as a permanent part of a building or other items listed herein.
21. Grading and clearing when directly occasioned by the building of a structure.
22. Holders—Relief.
23. Intrasite communication system, poles, pole fixtures, wires and cables.
24. Landscaping, lawns, shrubbery, etc.
25. Leases, voiding upon purchase to secure possession of structures.
26. Leased property, expenditures on.
27. Lighting fixtures and outside lighting system.
28. Mailchutes when part of a building.
29. Marquee, permanently attached to building.
30. Painting, first coat.
31. Permanent paving, concrete, brick, flagstone, asphalt, etc. within the property lines.
32. Partitions, including movable.
33. Permits and privileges.
34. Platforms, railings and gratings when constructed as a part of a structure.
35. Power boards for services to a building.

36. Refrigerating systems for general use.
37. Retaining walls except when identified with land.
38. Roadways, railroads, bridges, and trestles, intrasite, except railroads provided for in equipment accounts.
39. Roofs.
40. Scales, connected to and forming a part of a structure.
41. Screens.
42. Sewer systems, for general use.
43. Sidewalks, culverts, curbs and streets constructed by the utility on its property.
44. Sprinkling systems.
45. Sump pumps and pits.
46. Stacks—brick, steel, or concrete, when set on foundation forming part of general foundation and steelwork of a building.
47. Steel inspection during construction.
48. Storage facilities constituting a part of a building.
49. Storm doors and windows.
50. Subways, areaways, and tunnels, directly connected to and forming part of a structure.
51. Tanks, constructed as part of a building or as a distinct structural unit.
52. Temporary heating during construction (net cost).
53. Temporary water connection during construction (net cost).
54. Temporary shanties and other facilities used during construction (net cost).
55. Topographical maps.
56. Tunnels, intake and discharge, when constructed as part of a structure, including sluice gates, and those constructed to house mains.
57. Vaults constructed as part of a building.
58. Watchmen's sheds and clock systems (net cost when used during construction only).
59. Water basins or reservoirs.
60. Water front improvements.
61. Water meters and supply system for a building or for general company purposes.
62. Water supply piping, hydrants and wells.
63. Wharves.
64. Window shades and ventilators.
65. Yard drainage system.
66. Yard lighting system.
67. Yard surfacing, gravel, concrete, or oil (First cost only).

NOTE: Structures and Improvements accounts shall be credited with the cost of coal bunkers, stacks, foundations, subways, tunnels, etc., the use of which has terminated with the removal of the equipment with which they are associated even though they have not been physically removed.

9. *Equipment.* A. The cost of equipment chargeable to the gas plant accounts, unless otherwise indicated in the text of an equipment account, includes the net purchase price thereof, sales taxes, investigation and inspection expenses necessary to such purchase, expenses of transportation when borne by the utility, labor employed, materials and supplies consumed, and expenses incurred by the utility in unloading and placing the equipment in readiness to operate. Also include those costs incurred in connection with the first clearing and grading of land and rights-of-way and the damage costs associated with construction and installation of plant.

B. Exclude from equipment accounts hand and other portable tools which are likely to be lost or stolen or which have relatively small value (for example, $500 or less) or short life, unless the correctness of the accounting therefor as gas plant is verified by current inventories. Special tools acquired and included in the purchase price of equipment shall be included in the appropriate plant account. Portable drills and similar tool equipment when used in connection with the operation and maintenance of a particular plant or department, such as production, transmission, distribution, etc., or in "stores," shall be charged to the plant account appropriate for their use.

C. The equipment accounts shall include angle irons and similar items which are installed at the base of an item of equipment, but piers and foundations which are designed to be as permanent as the buildings which house the equipment, or which are constructed as a part of the building and which cannot be removed without cutting into the walls, ceilings or floors or without in some way impairing the building, shall be included in the building accounts.

D. The equipment accounts shall include the necessary costs of testing or running a plant or part thereof during an experimental or test period prior to becoming available for service. The utility shall furnish the Commission with full particulars of and justification for any test or experimental run extending beyond a period of thirty days.

E. The cost of efficiency or other tests made subsequent to the date

quipment becomes available for service shall be charged to the appropriate expense accounts, except that tests to determine whether equipment meets the specifications and requirements as to efficiency, performance, etc., guaranteed by manufacturers, made after operations have commenced and within the period specified in the agreement or contract of purchase, may be charged to the appropriate gas plant account.

10. *Additions and retirements of gas plant.*

A. For the purpose of avoiding undue refinement in accounting for additions to and retirements and replacements of gas plant, all property shall be considered as consisting of (1) retirement units and (2) minor items of property. Each utility shall maintain a written property units listing for use in accounting for additions and retirements of gas plant and apply the listing consistently.

B. The addition and retirement of retirement units shall be accounted for as follows:

(1) When a retirement unit is added to gas plant, the cost thereof shall be added to the appropriate gas plant account, except that when units are acquired in the acquisition of any gas plant constituting an operating system, they shall be accounted for as provided in gas plant instruction 5.

(2) When a retirement unit is retired from gas plant, with or without replacement, the book cost thereof shall be credited to the gas plant account in which it is included, determined in the manner set forth in paragraph D, below. If the retirement unit is of a depreciable class, the book cost of the unit retired and credited to gas plant shall be charged to the accumulated provision for depreciation applicable to such property. The cost of removal and the salvage shall be charged or credited, as appropriate, to such depreciation account.

C. The addition and retirement of minor items of property shall be accounted for as follows:

(1) When a minor item of property which did not previously exist is added to plant, the cost thereof shall be accounted for in the same manner as for the addition of a retirement unit, as set forth in paragraph B(1), above, if a substantial addition results, otherwise the charge shall be to the appropriate maintenance expense account.

(2) When a minor item of property is retired and not replaced, the book cost thereof shall be credited to the gas plant account in which it is included; and, in the event the minor item is a part of depreciable plant, the account for accumulated provision for depreciation shall be charged with the book cost and cost of removal and credited with the salvage. If, however, the book cost of the minor item retired and not replaced has been or will be accounted for by its inclusion in the retirement unit of which it is a part when such unit is retired, no separate credit to the property account is required when such minor item is retired.

(3) When a minor item of depreciable property is replaced independently of the retirement unit of which it is a part, the cost of replacement shall be charged to the maintenance account appropriate for the item, except that if the replacement effects a substantial betterment (the primary aim of which is to make the property affected more useful, more efficient, or of greater durability, or of greater capacity), the excess cost of the replacement over the estimated cost at current prices of replacing without betterment shall be charged to the appropriate gas plant account.

D. The book cost of gas plant retired shall be the amount at which such property is included in the gas plant accounts, including all components of construction costs. The book cost shall be determined from the utility's records and if this cannot be done it shall be estimated. Utilities must furnish the particulars of such estimates to the Commission, if requested. When it is impracticable to determine the book cost of each unit, due to the relatively large number or small cost thereof, an appropriate average book cost of the units, with due allowance for any differences in size and character, shall be used as the book cost of the units retired.

E. The book cost of land retired shall be credited to the appropriate land account. If the land is sold, the difference between the book cost (less any accumulated provision for depreciation, depletion or amortization therefor which has been authorized and provided) and the sale price of the land (less commissions and other expenses of making the sale) shall be recorded in account 411.6, Gains from Disposition of Utility Plant or 411.7, Losses from Disposition of Utility Plant when the property has been recorded in account 105, Gas Plant Held for Future Use account 105.1, Production Properties Held for Future Use, otherwise to accounts 421.1, Gain on Disposition of Property or 421.2, Loss on Disposition of Property, as appropriate. If the land is not used in utility service but is retained by the utility, the book cost shall be charged to account 105, Gas Plant Held for Future Use, or account 121, Nonutility Property as appropriate.

F. The book cost less net salvage of depreciable gas plant retired shall be charged in its entirety to account 108, Accumulated Provision for Depreciation of Gas Plant in Service. Any amounts which, by approval or order of the Commission, are charged to account 182, Extraordinary Property Losses, shall be credited to account 108.

G. The accounting for the retirement of amounts included in account 302, Franchises and Consents, and account 303, Miscellaneous Intangible Plant, and the item of limited-term interest in land included in the accounts for land and land rights, shall be as provided for in the text of account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, account 404.3, Amortization of Other Limited-Term Gas Plant, and account 405, Amortization of Other Gas Plant.

11. *Work order and property record system required.* A. Each utility shall record all construction and retirements of gas plant by means of work orders or job orders. Separate work orders may be opened for additions to and retirements of gas plant or the retirements may be included with the construction work order, provided, however, that all items relating to the retirements shall be kept separate from those relating to construction and provided, further, that any maintenance costs involved in the work shall likewise be segregated.

B. Each utility shall keep its work order system so as to show the nature of each addition to or retirement of gas plant, the total cost thereof, the source or sources of costs, and the gas plant account or accounts to which charged or credited. Work orders covering jobs of short duration may be cleared monthly.

C. Each utility shall maintain records in which, for each plant account, the amounts of the annual additions and retirements are classified so as to show the number and cost of the various record units or retirement units.

12. *Transfers of property.* When property is transferred from one gas plant account to another, from one utility department to another (such as from gas to electric), from one operating division or area to another, to or from account 101, Gas Plant in Service, 104, Gas Plant Leased to Others, 105, Gas Plant Held for Future Use, 105.1, Production Properties held for Future Use, and 121, Nonutility Property, the transfer shall be recorded by transferring the original cost thereof from the one account, department, or location to the other. Any related amounts carried in the accounts for accumulated provisions for depreciation, depletion, or amortization shall be transferred in accordance with the segregation of such accounts.

NOTE Amounts included in account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, shall not be related to a particular natural gas lease, and therefore, shall not be transferred under the provisions of this instruction.

13. *Common utility plant.* A. If the utility is engaged in more than one utility service such as gas, electric, and water, and any of its utility plant is used in common for several utility services or for other purposes to such an extent and in such manner that it is impracticable to segregate it by utility services currently in the accounts, such property, with the approval of the Commission, may be designated and classified as "common utility plant."

B. The book amount of utility plant designated as common plant shall be included in account 118, Other Utility Plant, and if applicable in part to gas

department, shall be segregated and accounted for in subaccounts as gas plant is accounted for in accounts 101 to 107, inclusive, and gas plant adjustments in account 116; any amounts classifiable as common plant acquisition adjustments or common plant adjustments shall be subject to disposition as provided in paragraph C and B of accounts 114 and 116, respectively, for amounts classified in those accounts. The original cost of common utility plant in service shall be classified according to detailed utility plant accounts appropriate for the property.

C. The utility shall be prepared to show at any time and to report to the Commission annually, or more frequently, if required, and by utility plant accounts (301 to 399) the following: (1) The book cost of common utility plant, (2) the allocation of such cost to the respective departments using the common utility plant, and (3) the basis of the allocation.

D. The accumulated provision for depreciation and amortization of the utility shall be segregated so as to show the amount applicable to the property classified as common utility plant.

E. The expenses of operation maintenance, rents, depreciation and amortization of common utility plant shall be recorded in the accounts prescribed herein, but designated as common expenses, and the allocation of such expenses to the departments using the common utility plant shall be supported in such manner as to reflect readily the basis of allocation used.

14. *Employee villages and living quarters.* Where employee villages or living quarters are provided for operators and attendants of a functional installation such as a compressor station or gasoline plant, the structures and improvements shall be classified in the related functional structures and improvements account. The furnishings of such residential and recreational facilities shall be classified in the equipment account of the related function.

15. *Fees for applications filed with the Commission.* A. Fees for applications involving construction of property shall be accounted for as follows:

(1) All fees paid prior to the final disposition of the certificate application shall be charged to account 186, Miscellaneous Deferred Debits.

(2) If the certificate is granted and accepted, the amounts recorded in account 186 shall be cleared to account 107, Construction Work in Progress—Gas, and subsequently cleared to the appropriate plant accounts.

(3) If the certificate requested is not granted or is not accepted by the applicant, the fees recorded in account 186 shall be cleared to account 928, Regulatory Commission Expenses.

(4) All amounts paid after the Commission has granted the certificate shall be recorded in account 107, Construction Work in Progress—Gas, and subsequently cleared to the appropriate plant accounts.

B. All amounts paid related to certificate applications involving the acquisitions of facilities including those acquired by merger or pooling of interests shall be charged to account 928, Regulatory Commission Expenses.

C. All other fees for applications not involving construction or acquisition of facilities shall be charged to account 928, Regulatory Commission Expenses.

Operating Expense Instructions

1. *Supervision and engineering.* The supervision and engineering includible in the operating expense accounts shall consist of the pay and expenses of superintendents, engineers, clerks, other employees and consultants engaged in supervising and directing the operation and maintenance of each utility function. Wherever allocations are necessary in order to arrive at the amount to be included in any account the method and basis of allocation shall be reflected by underlying records.

ITEMS

Labor:

1. Special tests to determine efficiency of equipment operation.
2. Preparing or reviewing budgets, estimates, and drawings relating to operation or maintenance for departmental approval.
3. Preparing instructions for operations and maintenance activities.
4. Reviewing and analyzing operating results.
5. Establishing organizational setup of departments and executing changes therein.

6. Formulating and reviewing routines of departments and executing changes therein.
7. General training and instruction of employees by supervisors whose pay is chargeable hereto. Specific instruction and training in a particular type of work is chargeable to the appropriate functional account. (See Gas Plant Instruction 3(19).)
8. Secretarial work for supervisory personnel, but not general clerical and stenographic work chargeable to other accounts.

Expenses:

9. Consultants' fees and expenses.
10. Meals, traveling and incidental expenses.

2. *Maintenance.* A. The cost of maintenance chargeable to the various operating expense and clearing accounts, includes labor, materials, overheads and other expenses incurred in maintenance work. A list of work operations applicable generally to utility plant is included hereunder. Other work operations applicable to specific classes of plant are listed in functional maintenance expense accounts.

B. Materials recovered in connection with the maintenance of property shall be credited to the same account to which the maintenance cost was charged.

C. If the book cost of any property is carried in account 102, Gas Plant Purchased or Sold, the cost of maintaining such property shall be charged to the accounts for maintenance of property of the same class and use, the book cost of which is carried in other gas plant in service accounts. Maintenance of property leased from others shall be treated as provided in operating expense instruction 3.

ITEMS

1. Direct field supervision of maintenance.
2. Inspecting, testing, and reporting on condition of plant specifically to determine the need for repairs, replacements, rearrangements and changes and inspecting and testing the adequacy of repairs which have been made.
3. Work performed specifically for the purpose of preventing failure, restoring serviceability or maintaining life of plant.
4. Rearranging and changing the location of plant not retired.
5. Repairing for reuse materials recovered from plant.
6. Testing for, locating and clearing trouble.
7. Net cost of installing, maintaining, and removing temporary facilities to prevent interruptions in service.
8. Replacing or adding minor items of plant which do not constitute a retirement unit. (See gas plant instruction 10.)

3. *Rents.* A. The rent expense accounts provided under the several functional groups of expense accounts shall include all rents, including taxes paid by the lessee on leased property, for property used in utility operations, except (1) minor amounts paid for occasional or infrequent use of any property or equipment and all amounts paid for use of equipment that, if owned, would be includible in plant accounts 391 to 398, inclusive, which shall be treated as an expense item and included in the appropriate functional account and (2) rents which are chargeable to clearing accounts, and distributed therefrom to the appropriate account. If rents cover property used for more than one function, such as production and transmission, or by more than one department, the rents shall be apportioned to the appropriate rent expense or clearing accounts of each department on an actual, or, if necessary, an estimated basis.

B. When a portion of property or equipment rented from others for use in connection with utility operations is subleased, the revenue derived from such subleasing shall be credited to the rent revenue account in operating revenues: *Provided, however,* That in case the rent was charged to a clearing account, amounts received from subleasing the property shall be credited to such clearing account.

C. The cost, when incurred by the lessee, of operating and maintaining leased property, shall be charged to the accounts appropriate for the expense if the property were owned.

D. The cost incurred by the lessee of additions and replacements to gas plant leased from other shall be accounted for as provided in gas plant instruction 6.

4. *Training costs.* When it is necessary that employees be trained to specifically operate or maintain plant facilities that are being constructed, the related costs shall be accounted for as a current operating and maintenance expense. These expenses shall be charged

to the appropriate functional accounts currently as they are incurred. However, when the training costs involved relate to facilities which are not conventional in nature, or are new to the company's operations, then see Gas Plant Instruction 3(19) for accounting.

Balance Sheet Chart of Accounts

ASSETS AND OTHER DEBITS

1. UTILITY PLANT

101 Gas plant in service.
101.1 Property under capital leases.
102 Gas plant purchased or sold.
103 Experimental gas plant unclassified.
104 Gas plant leased to others.
105 Gas plant held for future use.
105.1 Production properties held for future use.
106 Completed construction not classified—Gas.
107 Construction work in progress—Gas.
108 Accumulated provision for depreciation of gas utility plant.
109 [Reserved]
111 Accumulated provision for amortization and depletion of gas utility plant.
111.1–111.2 [Reserved]
112 [Reserved]
113.1–113.2 [Reserved]
114 Gas plant acquisition adjustments.
115 Accumulated provision for amortization of gas plant acquisition adjustments.
116 Other gas plant adjustments.
117.1 Gas stored-Base gas.
117.2 System balancing gas.
117.3 Gas stored in reservoirs and pipelines-noncurrent.
117.4 Gas owed to system gas.
118 Other utility plant.
119 Accumulated provision for depreciation and amortization of other utility plant.

2. OTHER PROPERTY AND INVESTMENTS

121 Nonutility property.
122 Accumulated provision for depreciation and amortization of nonutility property.
123 Investment in associated companies.
123.1 Investment in subsidiary companies.
124 Other investments.
125 Sinking funds.
126 Depreciation fund.
128 Other special funds.

3. CURRENT AND ACCRUED ASSETS

131 Cash.
132 Interest special deposits.
133 Dividend special deposits.
134 Other special deposits.
135 Working funds.
136 Temporary cash investments.
141 Notes receivable.
142 Customer accounts receivable.
143 Other accounts receivable.
144 Accumulated provision for uncollectible accounts—Cr.
145 Notes receivable from associated companies.
146 Accounts receivable from associated companies.
151 Fuel stock.
152 Fuel stock expenses undistributed.
153 Residuals and extracted products.
154 Plant materials and operating supplies (Major only).
155 Merchandise.
156 Other materials and supplies.
163 Stores expense undistributed.
164.1 Gas stored—current.
164.2 Liquefied natural gas stored.
164.3 Liquefied natural gas held for processing.
165 Prepayments.
166 Advances for gas exploration, development, and production.
167 Other advances for gas.
171 Interest and dividends receivable.
172 Rents receivable.
173 Accrued utility revenues.
174 Miscellaneous current and accrued assets.

4. DEFERRED DEBITS

181 Unamortized debt expense.
182.1 Extraordinary property losses.
182.2 Unrecovered plant and regulatory study costs.
182.3 Other regulatory assets.
183.1 Preliminary natural gas survey and investigation charges.
183.2 Other preliminary survey and investigation charges.
184 Clearing accounts.
185 Temporary facilities.
186 Miscellaneous deferred debits.
187 Deferred losses from disposition of utility plant.
188 Research, development, and demonstration expenditures.
189 Unamortized loss on reacquired debt.
190 Accumulated deferred income taxes.
191 Unrecovered purchased gas costs.

LIABILITIES AND OTHER CREDIT

5. PROPRIETARY CAPITAL

201 Common stock issued.
202 Common stock subscribed.
203 Common stock liability for conversion.
204 Preferred stock issued.
205 Preferred stock subscribed.
206 Preferred stock liability for conversion.
207 Premium on capital stock.
208 Donations received from stockholders.
209 Reduction in par or stated value of capital stock.
210 Gain on resale or cancellation of reacquired capital stock.
211 Miscellaneous paid-in capital.
212 Installments received on capital stock.

213 Discount on capital stock.
214 Capital stock expense.
215 Appropriated retained earnings.
216 Unappropriated retained earnings.
216.1 Unappropriated undistributed subsidiary earnings.
217 Reacquired capital stock.

6. LONG-TERM DEBT

221 Bonds.
222 Reacquired bonds.
223 Advances from associated companies.
224 Other long-term debt.
225 Unamortized premium on long-term debt.
226 Unamortized discount on long-term debt—Debit.

7. OTHER NONCURRENT LIABILITIES.

227 Obligations under capital leases—noncurrent.
228.1 Accumulated provision for property insurance.
228.2 Accumulated provision for injuries and damages.
228.3 Accumulated provision for pensions and benefits.
228.4 Accumulated miscellaneous operating provisions.
229 Accumulated provision for rate refunds.

8. CURRENT AND ACCRUED LIABILITIES

231 Notes payable.
232 Accounts payable.
233 Notes payable to associated companies.
234 Accounts payable to associated companies.
235 Customer deposits.
236 Taxes accrued.
237 Interest accrued.
238 Dividends declared.
239 Matured long-term debt.
240 Matured interest.
241 Tax collections payable.
242 Miscellaneous current and accrued liabilities.
243 Obligations under capital leases—current.

9. DEFERRED CREDITS

252 Customer advances for construction.
253 Other deferred credits.
254 Other regulatory liabilities.
255 Accumulated deferred investment tax credits.
256 Deferred gains from disposition of utility plant.
257 Unamortized gain on reacquired debt.
281 Accumulated deferred income taxes—Accelerated amortization property.
282 Accumulated deferred income taxes—Other property.
283 Accumulated deferred income taxes—Other.

Balance Sheet Accounts

101 Gas plant in service.

A. This account shall include the original cost of gas plant, included in accounts 301 to 399 prescribed herein, owned and used by the utility in its gas operations, and having an expectation of life in service of more than one year from date of installation. Including such property owned by the utility but held by nominees. (See also account 106 for unclassified construction costs of completed plant actually in service.)

B. The cost of additions to and betterments of property leased from others, which are includible in this account, shall be recorded in subdivisions separate and distinct from those relating to owned property. (See gas plant instruction 6.)

101.1 Property under capital leases.

A. This account shall include the amount recorded under capital leases for plant leased from others and used by the utility in its utility operations.

B. The gas property included in this account shall be classified separately according to the detailed accounts (301 to 399) prescribed for gas plant in service.

C. Records shall be maintained with respect to each capital lease reflecting: (1) Name of lessor, (2) basic details of lease, (3) terminal date, (4) original cost fair market value of property leased, (5) future minimum lease payments, (6) executory costs, (7) present value of minimum lease payments, (8) the amounts representing interest and the interest rate used, and (9) expenses paid.

102 Gas plant purchased or sold.

A. This account shall be charged with the cost of gas plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise, and shall be credited with the selling price of like property transferred to others pending the distribution to appropriate accounts in accordance with gas plant instruction 5.

B. Within six months from the date of acquisition or sale of property recorded herein, the utility shall file with the Commission the proposed

journal entries to clear from this account the amounts recorded herein.

103 Experimental gas plant unclassified.

A. This account shall include the cost of gas plant which was constructed as a research, development, and demonstration project under the provisions of paragraph C, Account 107, Construction Work in Progress—Gas, and due to the nature of the plant it is desirous to operate it for a period of time in an experimental status.

B. Amounts in this account shall be transferred to Account 101, Gas Plant in Service, or Account 121, Nonutility Property, as appropriate, when the project is no longer considered as experimental. Prior to transfer to account 101 the subject plant must be certified by the Commission for use as gas plant in service.

C. The depreciation on property in this account shall be charged to Account 403, Depreciation Expense, and credited to Account 108, Accumulated Provision for Depreciation of Gas Utility Plant. The amounts herein shall be depreciated over a period which would correspond to the estimated useful life of the relevant project considering the experimental characteristics involved. However, when projects are transferred to Account 101, Gas Plant in Service, a new depreciation rate based on the remaining service life and undepreciated amounts, will be established.

D. Records shall be maintained with respect to each unit of experiment so that full details may be obtained as to the cost, depreciation, and the experimental status.

E. Should it be determined that experimental plants recorded in this account will fail to satisfactorily perform its function, the costs thereof shall be accounted for as directed or authorized by the Commission.

104 Gas plant leased to others.

A. This account shall include the original cost of gas plant owned by the utility but leased to others as operating units or systems, where the lessee has exclusive possession.

B. The property included in this account shall be classified according to the detailed accounts (301 to 399) prescribed for gas plant in service and this account shall be maintained in such detail as though the property were used by the owner in its utility operations.

105 Gas plant held for future use.

A. This account shall include the original cost of gas plant (except land and land rights) owned and held for future use in gas service under a definite plan for such use, to include: (1) Property acquired (except land and land rights) but never used by the utility in gas service, but held for such service in the future under a definite plan, and (2) property (except land and land rights) previously used by the utility in gas service, but retired from such service and held pending its reuse in the future, under a definite plan, in gas service. This includes production properties relating to leases acquired on or before October 7, 1969.

B. This account shall also include the original cost of land and land rights owned and held for future use in gas service relating to leases acquired on or before October 7, 1969, under a plan for such use, to include land and land rights: (1) Acquired but never used by the utility in gas service, but held for such service in the future under a plan, and (2) previously held by the utility in gas service, but retired from such service and held pending its reuse in the future under a plan, in gas service. (See Gas Plant Instruction 7.)

C. In the event that property recorded in this account shall no longer be needed or appropriate for future utility operations, the company shall request Commission approval of journal entries to remove such property from this account when the gain realized from the sale or other disposition of the property is $100,000 or more, prior to their being recorded. Such filings shall include the description and original cost of individual properties removed from this account, the accounts charged upon removal, and any associated gains realized upon disposition of such property.

D. Gains or losses from the sale of land and land rights or other disposition of such property previously recorded in this account and not placed in utility service shall be recorded directly in accounts 411.6 or 411.7, as appropriate, except when determined to be significant by the Commission. Upon such a determination, the amounts shall be transferred to account 256, Deferred Gains from Disposition of Utility Plant, or account 187, Deferred Losses from Disposition of Utility Plant, and amortized to accounts 411.6, Gains from Disposition of Utility Plant, or 411.7, Losses from Disposition of Utility Plant, as appropriate.

E. The property included in this account shall be classified according to the detail accounts (301 to 399) prescribed for gas plant in service and the account shall be maintained in such detail as though the property were in service.

NOTE A: Materials and supplies, meters and house regulators held in reserve, and normal spare capacity of plant in service shall not be included in this account.

NOTE B: Include in this account natural gas wells shut in after construction which have not been connected with the line; also, natural gas wells which have been connected with the line but which are shut in for any reason except seasonal excess capacity or governmental proration requirements or for repairs, provided that the related production leases were acquired on or before October 7, 1969.

NOTE C (NONMAJOR ONLY): The loss on abandonment of natural gas leases acquired after October 7, 1969, shall be charged to Account 338, Unsuccessful Exploration and Development Costs.

105.1 Production properties held for future use.

A. This account shall include the cost of production properties (except land and land rights) relating to leases acquired on or after October 8, 1969, held under a definite plan for future use to insure a future supply of natural gas for use in pipeline operations, to include: (1) Production property (except land and land rights) acquired but never used by the utility in gas service, but held for such service in the future under a definite plan, and (2) production property (except land and land rights) previously used by the utility in gas service, but retired from such service and held pending its reuse in the future, under a definite plan, in gas service.

B. This account shall also include the original cost of land and land rights held under a plan for future use to insure a future supply of natural gas for use in pipeline operations, relating to leases acquired on or after October 8, 1969, to include land and land rights: (1) Acquired but never used by the utility in gas service, but held for service in the future under a plan, and (2) previously used by the utility in gas service, but retired from such service and held pending its reuse in the future under a plan, in gas service. (See Gas Plant Instruction 7.)

C. In the event that property recorded in this account shall no longer be needed or appropriate for future utility operations, the company shall request Commission approval of journal entries to remove such property from this account when the gain realized from the sale or other disposition of the property is $100,000 or more, prior to their being recorded. Such filings shall include the description and original cost of individual properties removed from this account, the accounts charged upon removal, and any associated gains realized upon disposition of such property.

D. Gains or losses from the sale of land and land rights or other disposition of such property previously recorded in this account and not placed in utility service shall be recorded directly in accounts 411.6 or 411.7, as appropriate, except when determined to be significant by the Commission. Upon such determination, the amounts shall be transferred to account 256, Deferred Gains from Sale of Utility Plant, or account 187, Deferred Losses from Sale of Utility Plant, and amortized to accounts 411.6, Gains from Disposition of Utility Plant or 411.7, Losses from Disposition of Utility Plant, as appropriate.

E. The property included in this account shall be classified according to the detailed accounts prescribed for natural gas production and gathering plant in service and such classification shall be maintained in the same detail as though the property were in service.

NOTE: Unsuccessful exploration and development costs incurred on leases acquired

after October 7, 1969, shall be charged to account 338, Unsuccessful Exploration and Development Costs.

106 Completed construction not classified—Gas.

At the end of the year or such other date as a balance sheet may be required by the Commission, this account shall include the total of the balances of work orders for gas plant which have been completed and placed in service but which work orders have not been classified for transfer to the detailed gas plant accounts.

NOTE: For the purpose of reporting to the Commission the classification of gas plant in service by accounts is required, the utility shall also report the balance in this account tentatively classified as accurately as practicable according to prescribed account classifications. The purpose of this provision is to avoid any significant omissions in reported amounts of gas plant in service.

107 Construction work in progress—Gas.

A. This account shall include the total of the balances of work orders for gas plant in process of construction.

B. Work orders shall be cleared from this account as soon as practicable after completion of the job. Further, if a project, such as a gas production plant, a compressor station, or a transmission line, is designed to consist of two or more units which may be placed in service at different dates, any expenditures which are common to and which will be used in the operation of the project as a whole shall be included in gas plant in service upon the completion and the readiness for service of the first unit. Any expenditures which are identified exclusively with units of property not yet in service shall be included in this account.

C. Expenditures on research, development, and demonstration projects for construction of utility facilities are to be included in a separate subdivision in this account. Records must be maintained to show separately each project along with complete detail of the nature and purpose of the research, development, and demonstration project together with the related costs.

NOTE A: This account shall include certificate application fees paid to the Federal Energy Regulatory Commission as provided for in gas plant instruction 15.

NOTE B: Unsuccessful exploration and development costs incurred on leases acquired after October 7, 1969, shall be transferred to account 338, Unsuccessful Exploration and Development Costs.

108 Accumulated provision for depreciation of gas utility plant.

A. This account shall be credited with the following:

(1) Amounts charged to account 403, Depreciation Expense, or to clearing accounts for current depreciation expense for gas plant in service.

(2) Amounts charged to account 421, Miscellaneous Nonoperating Income, for depreciation expense on property included in account 105, Gas Plant Held for Future Use, or 105.1, Production Properties Held for Future Use. Include also, the balance of accumulated provision for depreciation on property when transferred to account 105 or 105.1, from other property accounts. Normally, account 108 will not be used for current depreciation provisions because, as provided herein, the service life during which depreciation is computed commences with the date property is includible in gas plant in service; however, if special circumstances indicate the propriety of current accruals for depreciation, such charges shall be made to account 421, Miscellaneous Nonoperating Income.

(3) Amounts charged to account 413, Expenses of Gas Plant Leased to Others, for gas plant included in account 104, Gas Plant Leased to Others.

(4) Amounts charged to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work, or to clearing accounts for current depreciation expense.

(5) Amounts of depreciation applicable to gas properties acquired as operating units or systems. (See gas plant instruction 5.)

(6) Amounts charged to account 182.1, Extraordinary Property Losses, when authorized by the Commission.

(7) Amounts of depreciation applicable to gas plant donated to the utility.

(The utility shall maintain separate subaccounts for depreciation applicable to gas plant in service, gas plant leased to others and gas plant held for future use.)

B. At the time of retirement of depreciable gas utility plant, this account shall be charged with the book cost of the property retired and the cost of removal and shall be credited with the salvage value and any other amounts recovered, such as insurance. When retirements, cost of removal and salvage are entered originally in retirement work orders, the net total of such work orders may be included in a separate subaccount hereunder. Upon completion of the work order, the proper distribution to subdivision of this account shall be made as provided in the following paragraph.

C. For general ledger and balance sheet purposes, this account shall be regarded and treated as a single composite provision for depreciation. For purposes of analysis, however, each utility shall maintain subsidiary records in which this account is segregating according to the following functional classification for gas plant:

(1) Production—manufactured gas, (2) production and gathering—natural gas, (3) products extraction—natural gas, (4) underground gas storage, (5) other storage, (6) base load LNG terminaling and processing plant, (7) transmission, (8) distribution, and (9) general. These subsidiary records shall reflect the current credits and debits to this account in sufficient detail to show separately for each such functional classification (a) the amount of provision for depreciation, (b) the book cost of property retired, (c) cost of removal, (d) salvage, and (e) other items, including recoveries from insurance.

D. When transfers of plant are made from one gas plant account to another, or from or to another utility department, or from or to nonutility property accounts, the accounting for the related accumulated provision for depreciation shall be as provided in gas plant instruction 12.

E. The utility is restricted in its use of the provision for depreciation to the purposes set forth above. It shall not transfer any portion of this account to retained earnings or make any other use thereof without authorization by the Commission.

109 [Reserved]

111 Accumulated provision for amortization and depletion of gas utility plant.

A. This account shall be credited with the following:

(1) Amounts charged to account 404.1, Amortization and Depletion of Producing Natural Gas Land and Land Rights, for current amortization and depletion of such land and land rights.

(2) Amounts charged to account 404.2, Amortization of Underground Storage Land and Land Rights, for current amortization.

(3) Amounts charged to account 404.3, Amortization of Other Limited-Term Gas Plant, for the current amortization of limited-term gas plant.

(4) Amounts charged to account 421, Miscellaneous Nonoperating Income, for amortization expense on property included in account 105, Gas Plant Held for Future Use, or 105.1, Production Properties Held for Future Use. Include also, the balance of accumulated provision for amortization on property when transferred to account 105 or 105.1 from other property accounts.

NOTE: See also paragraph A(2), of account 108, Accumulated Provision for Depreciation of Gas Utility Plant.

(5) Amounts charged to account 405, Amortization of Other Gas Plant.

(6) Amounts charged to account 413, Expenses of Gas Plant Leased to Others, for current amortization thereof.

(7) Amounts charged to account 797, Abandoned Leases, to provide for the abandonment of nonproductive natural gas leases.

(8) Amounts charged to account 425, Miscellaneous Amortization, for the amortization of intangible or other gas plant which does not have a definite or terminable life and is not subject to charges for depreciation expense, with Commission approval.

(The utility shall maintain subaccounts of this account for the amortization applicable to producing natural gas land and land rights, other gas plant in service, gas plant leased to others, abandonment of leases and gas plant held for future use.)

B. When any property to which this account applies is sold, relinquished, or

otherwise retired from service, this account shall be charged with the amount previously credited in respect to such property. The book cost of the property so retired less the amount chargeable to this account and less the net proceeds realized at retirement shall be included in account 421.1, Gain on Disposition of Property, or account 421.2, Loss on Disposition of Property, as appropriate.

C. For general ledger and balance sheet purposes, this account shall be regarded and treated as a single composite provision for amortization.

For purposes of analysis, however, each utility shall maintain subsidiary records in which this account is segregating according to the following functional classification for gas plant:

(1) Production—manufactured gas, (2) production and gathering—natural gas, (3) products extraction—natural gas, (4) underground gas storage, (5) other storage, (6) base load LNG terminaling and processing plant, (7) transmission, (8) distribution, and (9) general. These subsidiary records shall reflect the current credits and debits to this account in sufficient detail to show separately for each such functional classification (a) the amount of provision for amortization, (b) the book cost of property retired, (c) cost of removal, (d) salvage, and (e) other items, including recoveries from insurance. Records shall be maintained so as to show separately the balance applicable to each item of land and land rights which is being amortized or depleted except that natural gas land and land rights which comprise an interest in a production area may be grouped to form a unit for amortization and depletion and the accumulated provision applicable thereto need not be segregated to show the amount related to each gas right included therein. Records shall also be maintained so as to show separately the balance applicable to each underground gas storage project.

D. The utility is restricted in its use of the accumulated provision for amortization to the purposes set forth above. It shall not transfer any portion of this account to retained earnings or make any other use thereof without authorization by the Commission.

112–113 [Reserved]

114 Gas plant acquisition adjustments.

A. This account shall include the difference between (a) the cost to the accounting utility of gas plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise, and (b) the original cost, estimated, if not known, of such property, less the amount or amounts credited by the accounting utility at the time of acquisition to accumulated provisions for depreciation, depletion, and amortization and contributions in aid of construction with respect to such property.

B. With respect to acquisitions after the effective date of this system of accounts, this account shall be subdivided so as to show the amounts included herein for each property acquisition and to gas plant in service, gas plant held for future use and gas plant leased to others. (See gas plant instruction 5.)

C. Debit amounts recorded in this account related to plant and land acquisition may be amortized to account 425, Miscellaneous Amortization, over a period not longer than the estimated remaining life of the properties to which such amounts relate. Amounts related to the acquisition of land only may be amortized to account 425 over a period of not more than 15 years. Should a utility wish to account for debit amounts in this account in any other manner, it shall petition the Commission for authority to do so. Credit amounts recorded in this account shall be accounted for as directed by the Commission.

115 Accumulated provision for amortization of gas plant acquisition adjustments.

This account shall be credited or debited with amounts which are includible in account 406, Amortization of Gas Plant Acquisition Adjustments or account 425, Miscellaneous Amortization, for the purpose of providing for the extinguishment of amounts in account 114, Gas Plant Acquisition Adjustments, in instances where the amortization of account 114 is not being made by direct write-off of the account.

116 Other gas plant adjustments.

A. This account shall include the difference between the original cost, estimated if not known, and the book cost of gas plant to the extent that such difference is not properly includible in account 114 Gas Plant Acquisition Adjustments. (See gas plant instruction 1C.)

B. Amounts included in this account shall be classified in such manner as to show the origin of each amount and shall be disposed of as the Commission may approve or direct.

NOTE: The provisions of this account shall not be construed as approving or authorizing the recording of appreciation of gas plant.

Special Instructions to Accounts 117.1, 117.2 and 117.3

The investment in and use of system gas included in Account 117.1, Gas Stored—Base Gas, and Account 117.2, System Balancing Gas, may be accounted for using either the "fixed asset" method or an "inventory" method as set forth below. The cost of stored gas included in Account 117.3 must be accounted for using an inventory method.

(a) *Inventory Method*—Gas stored during the year must be priced at cost according to generally accepted methods of cost determination consistently applied from year to year. Transmission expenses for facilities of the utility used in moving the gas to the storage area and expenses of storage facilities cannot be included in the inventory of gas except as may be authorized or directed by the Commission.

Withdrawals of gas must be priced using the first-in-first-out, last-in-first-out, or weighted average cost method, provided the method adopted by the utility is used consistently from year to year and appropriate inventory records are maintained. Approval of the Commission must be obtained for any other pricing method, or change in the pricing method adopted by the utility.

Adjustments for inventory losses related to gas held in underground reservoirs due to cumulative inaccuracies of gas measurements, or from other causes, must be charged to Account 823, Gas Losses. Losses of system gas not associated with underground reservoirs must be charged to Account 813, Other Gas Supply Expenses.

(b) *Fixed Asset Method*—When replacement of the gas is made, the amount carried in Account 117.4 for such volumes must be cleared with a contra entry to Account 808.2, Gas Delivered to Storage—Credit. Any difference between the utility's cost of replacement gas volumes and the amount cleared from Account 117.4 must be recognized as a gain in Account 495, Other gas revenues, or as a loss in Account 813, Other gas supply expenses, with contra entries to Account 808.2.

Adjustments for inventory losses related to gas held in underground reservoirs due to cumulative inaccuracies of gas measurements, or from other causes, must be charged to Account 823, Gas Losses. Losses of system gas not associated with underground reservoirs must be charged to Account 813, Other Gas Supply Expenses. Gas losses must be priced at the market price of gas available to the utility in the month the loss is recognized.

Gas owned by the utility and injected into its system will be deemed to satisfy any encroachment on system gas first before any other use.

117.1 Gas stored-base gas.

This account is to include the cost of recoverable gas volumes that are necessary, in addition to those volumes for which cost are properly includable in Account 101, Gas plant in service, to maintain pressure and deliverability requirements for each storage facility. Nonrecoverable gas volumes used for this purpose are to be recorded in Account 352.3, Nonrecoverable natural gas. For utilities using the fixed asset method of accounting, the cost of base gas applicable to each gas storage facility shall not be changed from the amount initially recorded except to reflect changes in volumes designated as base gas. If an inventory method is used to account for gas included herein, the utility may, at its election, price withdrawals in accordance with the instructions to Account 117.4.

117.2 System balancing gas.

This account is to be used to record the cost of system gas designated as available for transmission load balancing (including no-notice transportation) and other uses associated with maintaining efficient transmission operations other than gas properly recordable in Account 117.1 or the plant accounts. Detailed records must be kept separately identifying volumes and unit prices of system gas held in underground storage facilities and held in pipelines.

For utilities using fixed asset accounting, the cost initially recorded herein cannot be changed except for adjustments to volumes designated as system gas. Encroachments upon system gas must be accounted for in accordance with the instructions to Account 117.4, Gas owed to system gas.

117.3 Gas stored in reservoirs and pipelines—noncurrent.

This account is to include the cost of stored gas owned by the utility and available for sale or other purposes. Gas included in this account must be accounted for using an inventory method in accordance with the Special Instructions to Accounts 117.1, 117.2, and 117.3 above.

117.4 Gas owed to system gas.

This account is to be used to record encroachments of system gas under the fixed asset method. This account may also be used to record encroachments of base gas for utilities electing to use an inventory method of accounting for system gas. Utilities may revalve cumulative net imbalances, net all transactions, and record one monthly entry with one month-end price for valuation purposes.

118 Other utility plant.

This account shall include the balance in accounts for utility plant, other than gas plant, such as electric, railway, etc.

119 Accumulated provision for depreciation and amortization of other utility plant.

This account shall include the accumulated provision for depreciation and amortization applicable to utility property other than gas plant.

121 Nonutility property.

A. This account shall include the book cost of land, structures, equipment or other tangible or intangible property owned by the utility, but not used in utility service and not properly includible in account 105, Gas Plant Held for Future Use.

B. This account shall also include the amount recorded under capital leases for property leased from others and used by the utility in its nonutility operations. Records shall be maintained with respect to each lease reflecting: (1) name of lessor, (2) basic details of lease, (3) terminal date, (4) original cost or fair market value of property leased, (5) future minimum lease payments, (6) executory costs, (7) present value of minimum lease payments, (8) the amount representing interest and the interest rate used, and (9) expenses paid.

C. This account shall be subdivided so as to show the amount of property used in operations which are nonutility in character but nevertheless constitute a distinct operating activity of the company (such as operation of an ice department where such activity is not classed as a utility) and the amount of miscellaneous property not used in operations. The records in support of each subaccount shall be maintained so as to show an appropriate classification of the property.

NOTE: In the event of the subsequent sale or other disposition of property included in this account which had been previously recorded in account 105, Gas Plant Held for Future Use, or account 105.1, Production Properties Held for Future Use, such property costs shall be accounted for in accordance with paragraph C of accounts 105 and 105.1, respectively.

122 Accumulated provision for depreciation and amortization of nonutility property.

This account shall include the accumulated provision for depreciation and amortization applicable to nonutility property.

123 Investment in associated companies.

A. This account shall include the book cost of investments in securities issued or assumed by associated companies and investment advances to such companies, including interest accrued thereon when such interest is not subject to current settlement, provided that the investment does not relate to a subsidiary company. (If the investment relates to a subsidiary company it shall be included in account entry to the recording of amortization of discount or premium on interest bearing investments. Include herein the offsetting 123.1, Investment in Subsidiary Companies.) (See account 419, Interest and Dividend Income.)

B. This account shall be maintained in such manner as to show the investment in securities of, and advances to, each associated company together with full particulars regarding any of such investments that are pledged.

NOTE A: Securities and advances of associated companies owned and pledged shall be included in this account, but such securities, if held in special deposits or in special funds, shall be included in the appropriate deposit or fund account. A complete record of securities pledged shall be maintained.

NOTE B: Securities of associated companies held as temporary cash investments are includible in account 136, Temporary Cash Investments.

NOTE C: Balances in open accounts with associated companies, which are subject to current settlement, are includible in account 146, Accounts Receivable from Associated Companies.

NOTE D: The utility may write down the cost of any security in recognition of a decline in the value thereof. Securities shall be written off or written down to a nominal value if there be no reasonable prospect of substantial value. Fluctuations in market value shall not be recorded but a permanent impairment in the value of securities shall be recognized in the accounts. When securities are written off or written down, the amount of the adjustment shall be charged to account 426.5, Other Deductions, or to an appropriate account for accumulated provisions for loss in value established as a separate subdivision of this account.

123.1 Investment in subsidiary companies.

A. This account shall include the cost of investments in securities issued or assumed by subsidiary companies and investment advances to such companies, including interest accrued thereon when such interest is not subject to current settlement plus the equity in undistributed earnings or losses of such subsidiary companies since acquisition. This account shall be credited with any dividends declared by such subsidiaries.

B. This account shall be maintained in such a manner as to show separately for each subsidiary: The cost of such investments in the securities of the subsidiary at the time of acquisition; the amount of equity in the subsidiary's undistributed net earnings or net losses since acquisition; advances or loans to such subsidiary; and full particulars regarding any such investments that are pledged.

124 Other investments.

A. This account shall include the book cost of investments in securities issued or assumed by nonassociated companies, investment advances to such companies, and any investments not accounted for elsewhere. Include also the offsetting entry to the recording of amortization of discount or premium on interest bearing investments. (See account 419, Interest and Dividend Income.)

B. The cost of capital stock of the utility reacquired by it under a definite plan for resale pursuant to authorization by the Board of Directors may, if permitted by statutes, be included in a separate subdivision of this account. (See also account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, and account 217, Reacquired Capital Stock.)

C. The records shall be maintained in such manner as to show the amount of each investment and the investment advances to each person.

NOTE A: Securities owned and pledged shall be included in this account, but securities held in special deposits or in special funds shall be included in appropriate deposit or fund accounts. A complete record of securities pledged shall be maintained.

NOTE B: Securities held as temporary cash investments shall not be included in this account.

NOTE C: See Note D of account 123.

125 Sinking funds.

This account shall include the amount of cash and book cost of investments held in sinking funds. A separate account, with appropriate title, shall be kept for each sinking fund. Transfers from this account to special deposit accounts, may be made as necessary for the purpose of paying matured sinking-fund obligations, or obligations called for redemption but not presented, or the interest thereon.

126 Depreciation fund.

This account shall include the amount of cash and the book cost of investments which have been segregated in a special fund for the purpose of identifying such assets with the accumulated provisions for depreciation.

128 Other special funds.

This account shall include the amount of cash and book cost of investments which have been segregated in special funds for insurance, employee pensions, savings, relief, hospital, and other purposes not provided for elsewhere. A separate account, with appropriate title shall be kept for each fund.

NOTE: Amounts deposited with a trustee under the terms of an irrevocable trust agreement for pensions or other employee benefits shall not be included in this account.

SPECIAL INSTRUCTIONS FOR CURRENT AND ACCRUED ASSETS

Current and accrued assets are cash, those assets which are readily convertible into cash or are held for current use in operations or construction, current claims against others, payment of which is reasonably assured, and amounts accruing to the utility which are subject to current settlement, except such items for which accounts other than those designated as current and accrued assets are provided. There shall not be included in the group of accounts designated as current and accrued assets any item, the amount or collectibility of which is not reasonably assured, unless an adequate provision for possible loss has been made therefor. Items of current character but of doubtful value may be written down and for record purposes carried in these accounts at nominal value.

131 Cash.

This account shall include the amount of current cash funds except working funds.

132 Interest special deposits.

This account shall include special deposits with fiscal agents or others for the payment of interest.

133 Dividend special deposits.

This account shall include special deposits with fiscal agents or others for the payment of dividends.

134 Other special deposits.

This account shall include deposits with fiscal agents or others for special purposes other than the payment of interest and dividends. Such special deposits may include cash deposited with federal, state, or municipal authorities as a guaranty for the fulfillment of obligations; cash deposited with trustees to be held until mortgaged property sold, destroyed, or otherwise disposed of is replaced; cash realized from the sale of the accounting utility's securities and deposited with trustees to be held until invested in property of the utility, etc. Entries to this account shall specify the purpose for which the deposit is made.

NOTE: Assets available for general corporate purposes shall not be included in this account. Further, deposits for more than one year, which are not offset by current liabilities, shall not be charged to this account but to account 128, Other Special Funds.

135 Working funds.

This account shall include cash advanced to officers, agents, employees, and others as petty cash or working funds.

136 Temporary cash investments.

A. This account shall include the book cost of investments, such as demand and time loans, bankers' acceptances, United States Treasury certificates, marketable securities, and other similar investments, acquired for the purpose of temporarily investing cash.

B. This account shall be so maintained as to show separately temporary cash investments in securities of associated companies and of others. Records shall be kept of any pledged investments.

141 Notes receivable.

This account shall include the book cost, not includible elsewhere, of all collectible obligations in the form of notes receivable and similar evidences (except interest coupons) of money due on demand or within one year from the date of issue, except, however, notes receivable from associated companies. (See account 136, Temporary Cash Investments, and account 145, Notes Receivable from Associated Companies.)

NOTE: The face amount of notes receivable discounted, sold, or transferred without releasing the utility from liability as endorser thereon, shall be credited to a separate subdivision of this account and appropriate disclosure shall be made in financial statements of any contingent liability arising from such transactions.

142 Customer accounts receivable.

A. This account shall include amounts due from customers for utility service, and for merchandising, jobbing, and contract work. This account shall not include amounts due from associated companies.

B. This account shall be maintained so as to permit ready segregation of the amounts due for merchandising, jobbing, and contract work.

143 Other accounts receivable.

A. This account shall include amounts due the utility upon open accounts, other than amounts due from associated companies and from customers for utility services and merchandising, jobbing, and contract work.

B. This account shall be maintained so as to show separately amounts due on subscriptions to capital stock and from officers and employees, but the account shall not include amounts advanced to officers or others as working funds. (See account 135, Working Funds.)

144 Accumulated provision for uncollectible accounts—Cr.

A. This account shall be credited with amounts provided for losses on accounts receivable which may become uncollectible, and also with collections on accounts previously charged hereto. Concurrent charges shall be made to account 904, Uncollectible Accounts, for amounts applicable to utility operations, and to corresponding accounts for other operations. Records shall be maintained so as to show the write-offs of accounts receivable for each utility department.

B. This account shall be subdivided to show the provision applicable to the following classes of accounts receivable:

Utility Customers.
Merchandising, Jobbing and Contract Work.
Officers and Employees.
Others.

NOTE A: Accretions to this account shall not be made in excess of a reasonable provision against losses of the character provided for.

NOTE B: If provisions for uncollectible notes receivable or for uncollectible receivables from associated companies are necessary, separate subaccounts therefor shall be established under the account in which the receivable is carried.

145 Notes receivable from associated companies.

146 Accounts receivable from associated companies.

These accounts shall include notes and drafts upon which associated companies are liable, and which mature and are expected to be paid in full not later than one year from date of issue, together with any interest thereon and debit balances subject to current settlement in open accounts with associated companies. Items which do not bear a specified due date but which have been carried for more than twelve months and items which are not paid within twelve months from due date shall be transferred to account 123, Investment in Associated Companies.

NOTE A: On the balance sheet, accounts receivable from an associated company may be set off against accounts payable to the same company.

NOTE B: The face amount of notes receivable discounted, sold or transferred without releasing the utility from liability as endorser thereon, shall be credited to a separate subdivision of this account and appropriate disclosure shall be made in financial statements of any contingent liability arising from such transactions.

151 Fuel stock.

This account shall include the book cost of fuel on hand.

ITEMS

1. Invoice price of fuel less any cash or other discounts.
2. Freight, switching, demurrage and other transportation charges, not including, however, any charges for unloading from the shipping medium.
3. Excise taxes, purchasing agents' commissions, insurance and other expenses directly assignable to cost of fuel.

152 Fuel stock expenses undistributed.

A. This account may include the cost of labor and of supplies used and expenses incurred in unloading fuel from the shipping medium and in the handling thereof prior to its use, if such expenses are sufficiently significant in amount to warrant being treated as a part of the cost of fuel inventory rather than being charged direct to expense as incurred.

B. Amounts included herein shall be charged to expense as the fuel is used to the end that the balance herein, shall not exceed the expenses attributable to the inventory of fuel on hand.

ITEMS

Labor:
1. Procuring and handling of fuel.
2. All routine fuel analyses.
3. Unloading from shipping facility and putting in storage.
4. Moving of fuel in storage and transferring from one station to another.
5. Handling from storage or shipping facility to first bunker, hopper, bucket, tank or holder of boiler house structure.
6. Operation of mechanical equipment, such as locomotives, trucks, cars, boats, barges, cranes, etc.

Supplies and Expenses:
7. Tools, lubricants and other supplies.
8. Operating supplies for mechanical equipment.
9. Transportation and other expenses in moving fuel.
10. Stores expenses applicable to fuel.

153 Residuals and extracted products.

This account shall include the book cost of residuals or extracted products produced in the manufacture of gas or in natural gas products extraction operations including like products purchased for resale.

154 Plant materials and operating supplies.

A. This account shall include the cost of materials purchased primarily for use in the utility business for construction, operation and maintenance purposes. This account shall include also the book cost of materials recovered in connection with construction, maintenance or the retirement of property, such materials being credited to construction, maintenance or accumulated depreciation provision, respectively, and included herein as follows:

(1) Reusable materials consisting of large individual items shall be included in this account at original cost, estimated if not known. The cost of repairing such items shall be charged to the maintenance account appropriate for the previous use.

(2) Reusable materials consisting of relatively small items, the identity of which (from the date of original installation to the final abandonment or sale thereof) cannot be ascertained without undue refinement in accounting, shall be included in this account at current prices new for such items. The cost of repairing such items shall be charged to the appropriate expense account as indicated by previous use.

(3) Scrap and nonusable materials included in this account shall be carried at the estimated net amount realizable therefrom. The difference between the amounts realized for scrap and nonusable materials sold and the net amount at which the materials were carried in this account, as far as practicable, shall be adjusted to the accounts credited when the materials were charged to this account.

B. Materials and supplies issued shall be credited hereto and charged to the appropriate construction, operating expense, or other account on the basis of a unit price determined by the use of cumulative average, first-in-first out, or such other method of inventory accounting as conforms with accepted accounting standards consistently applied.

ITEMS

1. Invoice price of materials less cash or other discounts.
2. Freight, switching or other transportation charges when practicable to include as part of the cost of particular materials to which they relate.
3. Customs duties and excise taxes.
4. Costs of inspection and special tests prior to acceptance.
5. Insurance and other directly assignable charges.

NOTE: Where expenses applicable to materials purchased cannot be directly assigned to particular purchases, they shall be charged to account 163, Stores expenses Undistributed.

155 Merchandise.

This account shall include the book cost of materials and supplies, and appliances and equipment held primarily for merchandising, jobbing, and contract work. The principles prescribed in accounting for utility materials and supplies shall be observed in respect to items carried in this account.

156 Other materials and supplies.

This account shall include the book cost of materials and supplies held primarily for nonutility purposes. The principles prescribed in accounting for utility materials and supplies shall be observed in respect to items carried in this account.

163 Stores expense undistributed.

A. This account shall include the cost of supervision, labor and expenses incurred in the operation of general storerooms, including purchasing, storage, handling and distribution of materials and supplies.

B. This account shall be cleared by adding to the cost of materials and supplies issued a suitable loading charge which will distribute the expense equitably over stores issues. The balance in the account at the close of the year shall not exceed the amount of stores expenses reasonably attributable to the inventory of materials and supplies exclusive of fuel, as any amount applicable to fuel cost should be included in account 152, Fuel Stock Expenses Undistributed.

ITEMS

Labor:
1. Inspecting and testing materials and supplies when not assignable to specific items.
2. Unloading from shipping facility and putting in storage.
3. Supervision of purchasing and stores department to extent assignable to materials handled through stores.
4. Getting materials from stock and in readiness to go out.
5. Inventorying stock received or stock on hand by stores employees but not including inventories by general department employees as part of internal or general audits.
6. Purchasing department activities in checking material needs, investigating sources of supply, analyzing prices, preparing and placing orders, and related activities to extent applicable to materials handled through stores. (Optional. Purchasing department expenses may be included in administrative and general expenses.)
7. Maintaining stores equipment.
8. Cleaning and tidying storerooms and stores offices.
9. Keeping stock records, including recording and posting of material receipts and issues and maintaining inventory record of stock.
10. Collecting and handling scrap material in stores.

Supplies and Expenses:
11. Adjustments of inventories of materials and supplies but not including large differences which can readily be assigned to important classes of materials and equitably distributed among the accounts to which such classes of materials have been charged since the previous inventory.
12. Cash and other discounts not practically assignable to specific materials.
13. Freight, express, etc., when not assignable to specific items.
14. Heat, light and power for storerooms and store offices.
15. Brooms, brushes, sweeping compound and other supplies used in cleaning and tidying storerooms and stores offices.
16. Injuries and damages.
17. Insurance on materials and supplies and on stores equipment.
18. Losses due to breakage, leakage, evaporation, fire or other causes, less credits for amounts received from insurance, transportation companies or others in compensation of such losses.
19. Postage, printing, stationery and office supplies.
20. Rent of storage space and facilities.
21. Communication service.
22. Excise and other similar taxes not assignable to specific materials.
23. Transportation expense on inward movement of stores and on transfer between

storerooms but not including charges on materials recovered from retirements which shall be accounted for as part of cost of removal.

NOTE: A physical inventory of each class of materials and supplies shall be made at least every two years.

164.1 Gas stored—current.

This account shall be debited with such amounts as are credited to Account 117.2, System balancing gas, (for utilities using an inventory method of accounting for system gas) and Account 117.3, Gas Stored in Reservoirs and Pipelines-Noncurrent, to reflect classification for balance sheet purposes of such portion of the inventory of gas stored as represents a current asset according to conventional rules for classification of current assets.

NOTE: It shall not be considered conformity to conventional rules of current asset classification if the amount included in this account exceeds an amount equal to the cost of estimated withdrawals of gas from storage within the 24-month period from date of the balance sheet, or if the amount represents a volume of gas which, in fact, could not be withdrawn from storage without impairing pressure levels needed for normal operating purposes.

164.2 Liquefied natural gas stored.

A. This account shall include the cost of liquefied natural gas stored in above or below ground facilities.

B. Natural gas purchased in a liquefied form shall be priced at the cost of such gas to the utility. Natural gas liquefied by the utility shall be priced according to generally accepted methods of cost determination consistently applied from year to year. Transmission expenses for facilities to the utility used in moving the gas to the storage facilities shall not be included in the inventory of gas except as may be authorized by the Commission.

C. Amounts debited to this account for natural gas placed in stored shall be credited to account 808.2, Gas Delivered to Storage—Credit. Amounts credited to this account for gas withdrawn from storage shall be debited to account 808.1, Gas Withdrawn from Storage—Debit.

D. Withdrawals of gas may be priced according to the first-in-first-out, last-in-first-out, or weighted average cost method provided the method adopted by the utility is used consistently from year to year and inventory records are maintained in accordance therewith. Commission approval must be obtained for any other pricing method or for any change in the pricing method adopted by the utility. Separate records shall be maintained for each storage project of the Dth of gas delivered to storage and remaining in storage.

E. Adjustments for inventory losses shall be charged to account 842.3, Gas Losses.

164.3 Liquefied natural gas held for processing.

A. This account shall include the cost of base load liquefied natural gas available for vaporization and injection into the utility's natural gas system.

B. Natural gas purchased in a liquefied form shall be priced at the cost of such gas to the utility.

C. Amounts debited to this account for liquefied natural gas purchased for processing shall be credited to account 809.2, Deliveries of Natural Gas for Processing—Credit. Amounts credited for liquefied natural gas processed shall be debited to account 809.1, Withdrawals of Liquefied Natural Gas Held for Processing—Debit.

D. Withdrawals of gas held for vaporization may be priced according to the first-in-first-out, last-in-first-out or weighted average cost method provided the method adopted by the utility is used consistently from year to year and inventory records are maintained in accordance therewith. Commission approval must be obtained for any other pricing method or for any change from the pricing method adopted by the utility. Separate records shall be maintained for Dth of gas purchased for processing, processed, and remaining for processing.

E. Adjustments for inventory losses shall be charged to account 846.1, Gas Losses.

165 Prepayments.

A. This account shall include payments for undelivered gas and other prepayments of rents, taxes, insurance, interest, and like disbursements made prior to the period to which they apply.

Prepayments for gas are those amounts paid to a seller of gas under "take or pay" provisions of a gas purchase contract for a sale certificated by the Commission where future makeup of the gas not taken in the current period is provided for by the contract.

B. As the periods covered by such prepayments expire, credit this account and charge the proper operating expense or other appropriate account with the amount applicable to the period.

C. This account shall be kept or supported in such a manner as to disclose the amount of each class of prepayments.

166 Advances for gas exploration, development and production.

A. This account shall include all advances made for gas (whether called "advances," "contributions" or otherwise) to independent producers, affiliated or associated companies, or others operating within the lower 48 states and Alaska; for exploration, development or production (but not to include lease acquisition) of natural gas. Under each agreement with payee, such payments must be made prior to initial gas deliveries, or if the agreement provides for advances on a well by well basis, each incremental payment must be made prior to deliveries from an incremental well, or prior to Federal and/or State authorization, as appropriate. All agreements executed after June 17, 1975, (issuance date of Order No. 529) shall specify that (1) the pipeline shall have first call on any gas produced, attributable to the advance payment, under a long-term contract which is for a minimum initial term computed as the lesser of fifteen years or the life of the reserve in the field, and (2) the selling price of the gas committed by producers whose sales are subject to price regulation shall be governed by and limited to the area rate or national rate or, under appropriate showing of special circumstance, such other rate as may be authorized by the Commission under the provisions of optional pricing and special relief. As a determination of the initial rate, the time of first delivery in interstate commerce to the purchaser shall govern. Non-current advances not to be repaid within a two-year period shall be reclassified and transferred to account 124, Other Investments, for balance sheet purposes. This transfer is for reporting purposes only and has no effect on accounting and ratemaking.

B. When a pipeline obtains a working interest as a result of funds advanced to producers, such amounts shall be included in appropriate production accounts for formal contractual agreements executed prior to the date of issuance of Order No. 499. When an associated company obtains a working interest as a result of funds advanced from a pipeline company, the pipeline shall include such amounts in Account 123, Investment in Associated Companies, or Account 146, Accounts receivable from Associated Companies, as appropriate, for formal contractual commitments made during the period on or after November 10, 1971 (effective date of Order 441) but prior to December 29, 1972, the date of issuance of Order No. 465.

C. Outstanding advances shall be fully reduced within 5 years, or as otherwise authorized by the Commission from the date gas deliveries commence or the date it is determined that recovery will be in other than gas. This account shall be credited with advances not fully recovered within the five-year period, and the unrecovered portion charged directly to Account 426.5 Other Deductions. A sufficient portion of all gas taken should be credited to the related outstanding advance so as to eliminate the advance within the 5 year period or as otherwise authorized by the Commission upon request by the pipeline company. The reduction of the outstanding advance should not be dependent on a buyer purchasing more than 100 percent of the minimum take or pay quantity provided in the contract. In those instances where the five-year recovery period has lapsed but recovery of the advance continues beyond the five-year period, the unrecovered advances shall be removed from this account and transferred to Account 167, Other Advances for Gas.

D. Where recovery is by gas, the recovered advance shall be credited to this account and charged to the appropriate gas purchase account.

E. When an advance which is or has been included in this account and in rate base results in a source of proven reserves of natural gas, gas deliveries commence but no gas flows to the pipeline company making such advance, the amount of the advance shall be removed from this account (and from rate base) and recorded in account 167, Other Advances for Gas. Any revenues collected as a result of the advance being included in rate base shall be refunded by the pipeline company to its customers, together with interest, per annum, at the rate established by Order No. 513, issued October 10, 1974, or as subsequently revised by Commission Order, from the date of payment until refunded, within 12 months after the removal of the advance from this account, unless otherwise directed by the Commission. Where there is partial recovery of the advance by gas, in this situation, the amount of the advance transferred from this account to account 167 and the amount of revenues refunded, with interest, shall be appropriately apportioned.

F. However, if 5 years elapses from the time the advance has been included in this account and during such time no gas deliveries have commenced or no determination has been made that the recovery will be in economic consideration other than gas, the pipeline shall at the end of the 5-year period, transfer the advance from this account to Account 167, and cease rate base treatment thereof, unless otherwise directed by the Commission.

G. Whenever as a result of an advance included in this account, a pipeline receives any amount in excess of a full recovery of the advance, e.g. interest income, such amount must be credited to Account 813, Other Gas Supply Expenses, or as otherwise directed by the Commission. If the income or return is received in other than money, it shall be included at the market value of the assets received.

H. If the recipient of an advance is unable to repay it in full, through no fault of the pipeline or contractual provisions, in gas or other assets, the unpaid or nonrecoverable portion must be credited to this account at the time such amount is recognized as nonrecoverable. Nonrecoverable advances significant in amount must be eliminated within 5 years from the date of determination as nonrecoverable by either a charge to account 435, Extraordinary Deductions, or when authorized by the Commission, by a transfer to account 186, Miscellaneous Deferred Debits, and amortization to account 813, Other Gas Supply Expenses. Nonrecoverable advances insignificant in amount should be charged directly to account 813 in the year recognized as nonrecoverable, when authorized by the Commission.

I. No transfers shall be made to or from this account to any other accounts, unless otherwise provided herein, except as specifically authorized by the Commission upon request by the pipeline company.

J. Three copies of any agreement concerning advances will be filed with the Secretary within 30 days of the initial related entry in account 166.

NOTE A: This account may include advances for exploration (including lease acquisition costs) made according to the provisions of Order Nos. 410 and 410–A, for which a contractual commitment was made prior to November 10, 1971, (issue date of Order No. 441). All advances made pursuant to contractual commitments made prior to November 10, 1971, (issue date of Order No. 441) shall be subject to the provisions of Order Nos. 410 and 410–A.

NOTE B: This account shall not include advances for exploration (including lease acquisition costs) in accordance with Order No. 441, for which a contractual commitment was made on or after November 10, 1971 (issue date of Order No. 441), but prior to December 29, 1972 (issue date of Order No. 465). All advances made pursuant to contractual commitments made on or after November 10, 1971, but prior to December 29, 1972 (issue date of Order No. 465) shall be subject to the provisions of Order No. 441.

NOTE C: This account shall not include advances for lease acquisition costs but may include advances for exploration where such advances are pursuant to contractual commitments made on or after December 29, 1972 (issue date of Order No. 465).

NOTE D: All advances made pursuant to contractual commitments made on or after December 29, 1972 (issue date of Order No. 465) but prior to the date of issuance of Order No. 499, shall be subject to the provisions of Order No. 465.

NOTE E: All advances made pursuant to contractual commitments made on or after December 28, 1973 (issue date of Order No. 499), but prior to the date of issuance of Order No. 529, shall be subject to the provisions of Order No. 499.

NOTE F: This account shall not include advances expended for delay rentals, nonproductive well drilling or abandoned leases where such advances are related to lease acquisition, except in accordance with Note A and Note B to this account.

NOTE G: To keep the Commission informed when an advance is nonrecoverable by any means the company must submit the full details including copies of Federal and State plugging and abandonment reports involved as soon as such fact becomes known.

167 Other advances for gas.

This account shall include all advances not properly includible in Account 166, exclusive of amounts advanced where a working interest is obtained.

171 Interest and dividends receivable.

This account shall include the amount of interest on bonds, mortgages, notes, commercial paper, loans, open accounts, deposits, etc., the payment of which is reasonably assured, and the amount of dividends declared or guaranteed on stocks owned.

NOTE A: Interest which is not subject to current settlement shall not be included herein but in the account in which is carried the principal on which the interest is accrued.

NOTE B: Interest and dividends receivable from associated companies shall be included in account 146. Accounts Receivable from Associated Companies.

172 Rents receivable.

This account shall include rents receivable or accrued on property rented or leased by the utility to others.

NOTE: Rents receivable from associated companies shall be included in account 146. Accounts Receivable From Associated Companies.

173 Accrued utility revenues.

At the option of the utility, the estimated amount accrued for service rendered, but not billed at the end of any accounting period, may be included herein. In case accruals are made for unbilled revenues, they shall be made likewise for unbilled expenses, such as for the purchase of gas.

174 Miscellaneous current and accrued assets.

A. This account shall include the book cost of all other current and accrued assets, appropriately designated and supported so as to show the nature of each asset included herein.

B. The utility is to include in a separate subaccount amounts receivable for gas in unbalanced transactions where gas is delivered to another party in exchange, load balancing, or no-notice transportation transactions. (See Account 806.) If the amount receivable is settled by other than gas, Account 495 Other Gas Revenues must be credited or Account 813, Other Gas Supply Expenses, charged for the difference between the amount of the consideration received and the recorded amount of the receivable settled. Records are to be maintained so that there is readily available for each party entering gas exchange, load balancing, or no-notice transportation transactions, the quantity and cost of gas delivered, and the amount and basis of consideration received, if other than gas.

181 Unamortized debt expense.

This account shall include expenses related to the issuance or assumption of debt securities. Amounts recorded in this account shall be amortized over the life of each respective issue under a plan which will distribute the amount equitably over the life of the security. The amortization shall be on a monthly basis, and the amounts thereof shall be charged to account 428, Amortization of Debt Discount and Expense. Any unamortized amounts outstanding at the time that the related debt is prematurely reacquired shall be accounted for as indicated in General Instruction 17.

182.1 Extraordinary property losses.

A. When authorized or directed by the Commission, this account shall include extraordinary losses, which could not reasonably have been anticipated and which are not covered by insurance or other provisions, such as unforeseen damages to property.

B. Application to the Commission for permission to use this account shall be accompanied by a statement giving a complete explanation with respect to

the items which it is proposed to include herein, the period over which, and the accounts to which it is proposed to write off the charges, and other pertinent information.

182.2 Unrecovered plant and regulatory study costs.

A. This account shall include: (1) Nonrecurring costs of studies and analyses mandated by regulatory bodies related to plants in service, transferred from account 183.2, Other Preliminary Survey and Investigation Charges, and not resulting in construction; and (2) when authorized by the Commission, significant unrecovered costs of plant facilities where construction has been cancelled or which have been prematurely retired.

B. This account shall be credited and account 407.1, Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs, shall be debited, over the period specified by the Commission.

C. Any additional costs incurred, relative to the cancellation or premature retirement, may be included in this account and amortized over the remaining period of the original amortization period. Should any gains of recoveries be realized relative to the cancelled or prematurely retired plant, such amounts shall be used to reduce the unamortized amount of the costs recorded herein.

D. In the event that the recovery of costs included herein is disallowed in rate proceedings, the disallowed costs shall be charged to account 426.5, Other Deductions, or account 435, Extraordinary deductions, in the year of such disallowance.

182.3 Other regulatory assets.

A. This account shall include the amounts of regulatory-created assets, not includible in other accounts, resulting from the ratemaking actions of regulatory agencies. (*See* Definition No. 31.)

B. The amounts included in this account are to be established by those charges which would have been included in net income determinations in the current period under the general requirements of the Uniform System of Accounts but for it being probable that such items will be included in a different period(s) for purposes of developing the rates that the utility is authorized to charge for its utility services. Where specific identification of the particular source of the regulatory asset cannot be made, such as in plant phase-ins, rate moderation plans, or rate levelization plans, Account 407.4, Regulatory Credits, shall be credited. The amounts recorded in this account are generally to be charged, concurrently with the recovery of the amounts in rates, to the same account that would have been charged if included in income when incurred, except all regulatory assets established through the use of Account 407.4 shall be charged to Account 407.3, Regulatory Debits, concurrent with the recovery of the amounts in rates.

C. If rate recovery of all or part of an amount included in this account is disallowed, the disallowed amount shall be charged to Account 426.5, Other Deductions, or Account 435, Extraordinary Deductions, in the year of the disallowance.

D. The records supporting the entries to this account shall be kept so that the utility can furnish full information as to the nature and amount of each regulatory asset included in this account, including justification for inclusion of such amounts in this account.

183.1 Preliminary natural gas survey and investigation charges.

A. This account shall be charged with all expenditures for preliminary surveys, plans, investigations, etc. made for the purpose of determining the feasibility of acquiring land and land rights to provide a future supply of natural gas. If such land or land rights are acquired, this account shall be credited and the appropriate gas plant account (see gas plant instruction 7–G) charged with the amount of the expenditures relating to such acquisition. If a project is abandoned involving a natural gas lease acquired before October 8, 1969, the expenditures related thereto shall be charged to account 798, Other Exploration. If a project is abandoned involving a lease acquired after October 7, 1969, the expenditures related thereto shall be charged to account 338, Unsuccessful Exploration and Development Costs.

B. The records supporting the entries to this account shall be so kept that the utility can furnish, for each investigation, complete information as to the identification and location of territory investigated, the number or other identification assigned to the land tract or leasehold acquired, and the nature and respective amounts of the charges.

NOTE: The amount of preliminary survey and investigation charges transferred to gas plant shall not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to gas plant.

183.2 Other preliminary survey and investigation charges.

A. This account shall be charged with all expenditures for preliminary surveys, plans, investigations, etc., made for the purpose of determining the feasibility of utility projects under contemplation, other than the acquisition of land and land rights to provide a future supply of natural gas. If construction results, this account shall be credited and the appropriate utility plant account charged. If the work is abandoned, the charge shall be made to account 426.5, Other Deductions, or the appropriate operating expense account.

B. This account shall also include costs of studies and analyses mandated by regulatory bodies related to plant in service. If construction results from such studies, this account shall be credited and the appropriate utility plant account charged with an equitable portion of such study costs directly attributible to new construction. The portion of such study costs not attributible to new construction or the entire cost if construction does not result shall be charged to account 182.2, Unrecovered Plant and Regulatory Study Costs, or the appropriate operating expense account. The costs of such studies relative to plant under construction shall be included directly in account 107, Construction Work in Progress—Gas.

C. The records supporting the entries to this account shall be so kept that the utility can furnish complete information as to the nature and the purpose of the survey, plans, or investigations and the nature and amounts of the several charges.

NOTE: The amount of preliminary survey and investigation charges transferred to utility plant shall not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to utility plant.

184 Clearing accounts.

This caption shall include undistributed balances in clearing accounts at the date of the balance sheet. Balances in clearing accounts shall be substantially cleared not later than the end of the calendar year unless items held therein relate to a future period.

185 Temporary facilities.

This account shall include amounts shown by work orders for plant installed for temporary use in utility service for periods of less than one year. Such work orders shall be charged with the cost of temporary facilities and credited with payments received from customers and net salvage realized on removal of the temporary facilities. Any net credit or debit resulting shall be cleared to account 488 Miscellaneous Service Revenues.

186 Miscellaneous deferred debits.

A. This account shall include all deb its not elsewhere provided for, such a miscellaneous work in progress, con struction certificate application fee paid prior to final disposition of the ap plication as provided for in gas plan instruction 15A, and unusual or ex traordinary expenses not included i other accounts which are in process c amortization, and items the final dis position of which is uncertain.

B. The records supporting the entrie to this account shall be so kept tha the utility can furnish full informatio as to each deferred debit included here in.

187 Deferred losses from disposition of utility plant.

This account shall include losses from the sale or other disposition of property previously recorded in account 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use, under the provisions of paragraphs B, C, and D thereof, where such losses are significant and are to be amortized over a period of 5 years, unless otherwise authorized by the Commission. The amortization of the amounts in this account shall be made by debits to account 411.7, Losses from Disposition of Utility Plant. Subdivision of this account shall be maintained so that amounts relating to account 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use, can be readily identifiable. (See accounts 105, Gas Plant Held for Future Use and 105.1, Production Properties Held for Future Use.)

188 Research, development, and demonstration expenditures.

A. This account shall be charged with the cost of all expenditures coming within the meaning of Research, Development, and Demonstration (R.D. & D.) of this Uniform Systems of Accounts (see definition 28.B), except those expenditures properly chargeable to Account 107, Construction Work in Progress—Gas.

B. Costs that are minor or of a general or recurring nature shall be transferred from this account to the appropriate operating expense function or if such costs are common to the overall operations or cannot be feasibly allocated to the various operating accounts, then such costs shall be recorded in account 930.2, Miscellaneous General Expenses.

C. In certain instances a company may incur large and significant research, development, and demonstration expenditures which are nonrecurring and which would distort the annual research, development, and demonstration charges for the period. In such a case the portion of such amounts that cause the distortion may be amortized to the appropriate operating expense account over a period not to exceed five years unless otherwise authorized by the Commission.

D. The entries in this account must be so maintained as to show separately each project along with complete detail of the nature and purpose of the research, development, and demonstration project together with the related costs.

189 Unamortized loss on reacquired debt.

This account shall include the losses on long-term debt reacquired or redeemed. The amounts in this account shall be amortized in accordance with General Instruction 17.

190 Accumulated deferred income taxes.

A. This account shall be debited and account 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, or account 411.2, Provision for Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall be credited with an amount equal to that by which income taxes payable for the year are higher because of the inclusion of certain items in income for tax purposes, which items for general accounting purposes will not be fully reflected in the utility's determination of annual net income until subsequent years.

B. This account shall be credited and account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or account 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with an amount equal to that by which income taxes payable for the year are lower because of prior payment of taxes as provided by paragraph A above, because of difference in timing for tax purposes of particular items of income or income deductions from that recognized by the utility for general accounting purposes. Such credit to this account and debit to account 410.1 or 410.2 shall, in general, represent the effect on taxes payable in the current year of the smaller amount of book income recognized, or the larger deduction permitted, for tax purposes as compared to the amount recognized in the utility's current accounts with respect to the item or class of items for

which deferred tax concept of accounting is affected.

C. Vintage year records with respect to entries to this account, as described above, and the account balance shall be so maintained as to show the factor of calculation with respect to each annual amount of the item or class of items for which deferred tax accounting by the utility is utilized.

D. The utility is restricted in its use of this account to the purpose set forth above. It shall not make use of the balance in this account or any portion thereof except as provided in the text of this account, without prior approval of the Commission. Any remaining deferred tax account balance with respect to an amount for any prior year's tax deferral, the amortization of which or other recognition in the utility's income accounts has been completed, or other disposition made, shall be debited to account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or account 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, or otherwise disposed of as the Commission may authorize or direct. (See General Instruction 18.)

191 Unrecovered purchased gas costs.

A. This account shall include purchase gas costs related to Commission approved purchased gas adjustment clauses when such costs are not included in the utility's rate schedule on file with the Commission. This account shall also include such other costs as authorized by the Commission.

B. This account shall be debited or credited, as appropriate, each month for increases or decreases in purchased gas costs with contra entries to Account 805.1, Purchased Gas Cost Adjustments.

C. After a change in a rate schedule recognizing the increases or decreases in purchased gas costs recorded in this account is approved by the Commission, this account shall be debited or credited, as appropriate, with contra entries to expense Account 805.1, Purchased Gas Cost Adjustments, so that the balance accumulated in this account will be amortized on an appropriate basis over a succeeding 6-month period or over such other periods that the Commission may have authorized. Any over or under applied debits or credits to this account shall be carried forward to the succeeding period of amortization.

D. Separate subaccounts shall be maintained for the amounts relating to the period in which the increase or decrease is accumulated and for the amortization of purchase gas increases or decreases, as applicable, so as to keep each period separate.

201 Common stock issued.

202 Common stock subscribed.

203 Common stock liability for conversion.

204 Preferred stock issued.

A. These accounts shall include the par value or the stated value of stock without par value if such stock has a stated value, and, if not, the cash value of the consideration received for such nonpar stock, of each class of capital stock actually issued, including the par or stated value of such capital stock in account 124, Other Investments and account 217, Reacquired Capital Stock.

B. When the actual cash value of the consideration received is more or less than the par or stated value of any stock having a par or stated value, the difference shall be credited or debited, as the case may be, to the premium or discount account for the particular class and series.

C. When capital stock is retired, these accounts shall be charged with the amount at which such stock is carried herein.

D. A separate ledger account, with a descriptive title, shall be maintained for each class and series of stock. The supporting records shall show the shares nominally issued, actually issued, and nominally outstanding.

NOTE: When a levy or assessment, except a call for payment on subscriptions, is made against holders of capital stock, the amount collected upon such levy or assessment shall be credited to account 207, Premium on Capital Stock; provided, however, that the credit shall be made to account 213, Discount on Capital Stock, to the extent of any remaining balance of discount on the issue of stock.

205 Preferred stock subscribed.

A. These accounts shall include the amount of legally enforceable subscriptions to capital stock of the utility. They shall be credited with the par or stated value of the stock subscribed, exclusive of accrued dividends, if any. Concurrently, a debit shall be made to subscriptions to capital stock, included as a Other Accounts Receivable, for the agreed price and any discount or premium shall be debited or credited to the appropriate discount or premium account. When properly executed stock certificates have been issued representing the shares subscribed, this account separate subdivision of account 143, shall be debited, and the appropriate capital stock account credited, with the par or stated value of such stock.

B. The records shall be kept in such manner as to show the amount of subscriptions to each class and series of stock.

206 Preferred stock liability for conversion.

A. These accounts shall include the par value or stated value, as appropriate, of capital stock which the utility has agreed to exchange for outstanding securities of other companies in connection with the acquisition of properties of such companies under terms which allow the holders of the securities of the other companies to surrender such securities and receive in return therefor capital stock of the accounting utility.

B. When the securities of the other companies have been surrendered and capital stock issued in accordance with the terms of the exchange, these accounts shall be charged and accounts 201, Common Stock Issued, or 204, Preferred Stock Issued, as the case may be, shall be credited.

C. The records shall be kept so as to show separately the stocks of each class and series for which a conversion liability exists.

207 Premium on capital stock.

A. This account shall include, in a separate subdivision for each class and series of stock, the excess of the actual cash value of the consideration received on original issues of capital stock over the par or stated value and accrued dividends of such stock, together with assessments against stockholders representing payments required in excess of par or stated values.

B. Premium on capital stock shall not be set off against expenses. Further, a premium received on an issue of a certain class or series of stock shall not be set off against expenses of another issue of the same class or series.

C. When capital stock which has been actually issued is retired, the amount in this account applicable to the shares retired shall be transferred to account 210, Gain on Resale or Cancellation of Reacquired Capital Stock.

208 Donations received from stockholders.

This account shall include the balance of credits for donations received from stockholders consisting of capital stock of the utility, cancellation or reduction of debt of the utility, and the cash value of other assets received as a donation.

209 Reduction in par or stated value of capital stock.

This account shall include the balance of credits arising from a reduction in the par or stated value of capital stock.

210 Gain on resale or cancellation of reacquired capital stock.

This account shall include the balance of credits arising from the resale or cancellation of reacquired capital stock. (See account 217, Reacquired Capital Stock.)

211 Miscellaneous paid-in capital.

This account shall include the balance of all other credits for paid.in capital which are not properly includible in the foregoing accounts. This account may include all commissions and expenses incurred in connection with the issuance of capital stock.

NOTE: Amounts included in capital surplus at the effective date of this system of accounts which cannot be classified as to the source thereof shall be included in this account.

212 Installments received on capital stock.

A. This account shall include in a separate subdivision for each class and series of capital stock the amount of installments received on capital stock on a partial or installment payment plan from subscribers who are not bound by legally enforceable subscription contracts.

B. As subscriptions are paid in full and certificates issued, this account shall be charged and the appropriate capital stock account credited with the par or stated value of such stock. Any discount or premium on an original issue shall be included in the appropriate discount or premium account.

213 Discount on capital stock.

A. This account shall include in a separate subdivision for each class and series of capital stock all discount on the original issuance and sale of capital stock, including additional capital stock of a particular class or series as well as first issues.

B. When capital stock which has been actually issued is retired, the amount in this account applicable to the shares retired shall be written off to account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, provided, however, that the amount shall be charged to account 439, Adjustments to Retained Earnings, to the extent that it exceeds the balance in account 210.

214 Capital stock expense.

A. This account shall include in a separate subdivision for each class and series of stock all commissions and expenses incurred in connection with the original issuance and sale of capital stock, including additional capital stock of a particular class or series as well as first issues. Expenses applicable to capital stock shall not be deducted from premium on capital stock.

B. When capital stock which has been actually issued by the utility is retired, the amount in this account applicable to the shares retired shall be written off to account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, provided, however, that the amount shall be charged to account 439, Adjustments to Retained Earnings, to the extent that it exceeds the balance in account 210.

NOTE A: Expenses in connection with the reacquisition or resale of the utility's capital stock shall not be included herein.

NOTE B: The utility may write off capital stock expense in whole or in part by charges to account 211, Miscellaneous Paid-In Capital.

215 Appropriated retained earnings.

This account shall include the amount of earned surplus which has been appropriated or set aside for specific purposes. Separate subaccounts shall be maintained under such titles as will designate the purpose for which each appropriation was made.

216 Unappropriated retained earnings.

This account shall include the balances, either debit or credit, of unappropriated retained earnings arising from earnings of the utility. This account shall not include any amounts representing the undistributed earnings of subsidiary companies.

216.1 Unappropriated undistributed subsidiary earnings.

This account shall include the balances, either debit or credit, of undistributed retained earnings of subsidiary companies since their acquisition. When dividends are received from subsidiary companies and the balance have been included in this account this account shall be debited and account 216, Unappropriated Retained Earnings, credited.

217 Reacquired capital stock.

A. This account shall include in separate subdivision for each class and series of capital stock, the cost of capital stock actually issued by the utility and reacquired by it and not retired or canceled, except, however, stock which is held by trustees in sinking or other funds.

B. When reacquired capital stock is retired or canceled, the difference between its cost, including commissions and expenses paid in connection with the reacquisition, and its par or stated value plus any premium and less any discount and expenses applicable to the shares retired, shall be debited or credited, as appropriate, to account 21

Gain on Resale or Cancellation of Reacquired Capital Stock, provided, however, that debits shall be charged to account 439, Adjustments to Retained Earnings, to the extent that they exceed the balance in account 210.

C. When reacquired capital stock is resold by the utility, the difference between the amount received on the resale of the stock, less expenses incurred in the resale, and the cost of the stock included in this account shall be accounted for as outlined in paragraph B.

NOTE A: See account 124, Other Investments, for permissive accounting treatment of stock reacquired under a definite plan for resale.

NOTE B: The accounting for reacquired stock shall be as prescribed herein unless otherwise specifically required by statute.

221 Bonds.

This account shall include in a separate subdivision for each class and series of bonds the face value of the actually issued and unmatured bonds which have not been retired or canceled; also the face value of such bonds issued by others the payment of which has been assumed by the utility.

222 Reacquired bonds.

A. This account shall include the face value of bonds actually issued or assumed by the utility and reacquired by it and not retired, or canceled. The account for reacquired debt shall not include securities which are held by trustee in sinking or other funds.

B. When bonds are reacquired, the difference between face value, adjusted for unamortized discount, expenses or premium, and the amount paid upon reacquisition, shall be included in account 189, Unamortized Loss on Reacquired Debt, or account 257, Unamortized Gain on Reacquired Debt, as appropriate. (See General Instruction 17.)

223 Advances from associated companies.

A. This account shall include the face value of notes payable to associated companies and the amount of open book accounts representing advances from associated companies. It does not include notes and open accounts representing indebtedness subject to current settlement which are includible in account 233, Notes Payable to Associated Companies, or account 234, Accounts Payable to Associated Companies.

B. The records supporting the entries to this account shall be so kept that the utility can furnish complete information concerning each note and open account.

224 Other long-term debt.

A. This account shall include, until maturity, all long-term debt not otherwise provided for. This covers such items as receivers' certificates, real estate mortgages executed or assumed, assessments for public improvements, notes and unsecured certificates of indebtedness not owned by associated companies, receipts outstanding for long-term debt, and other obligations maturing more than one year from date of issue or assumption.

B. Separate accounts shall be maintained for each class of obligation, and records shall be maintained to show for each class all details as to date of obligation, date of maturity, interest dates and rates, security for the obligation, etc.

NOTE: Miscellaneous long-term debt reacquired shall be accounted for in accordance with the procedure set forth in account 222, Reacquired Bonds.

225 Unamortized premium on long-term debt.

A. This account shall include the excess of the cash value of consideration received over the face value upon the issuance or assumption of long-term debt securities.

B. Amounts recorded in this account shall be amortized over the life of each respective issue under a plan which will distribute the amount equitably over the life of the security. The amortization shall be on a monthly basis, with the amounts thereof to be credited to account 429, Amortization of Premium on Debt—Credit. (See General Instruction 17.)

226 Unamortized discount on long-term debt—Debit.

A. This account shall include the excess of the face value of long-term debt securities over the cash value of consideration received therefor, related to the issue or assumption of all types and classes of debt.

B. Amounts recorded in this account shall be amortized over the life of the respective issues under a plan which will distribute the amount equitably over the life of the securities. The amortization shall be on a monthly basis, with the amounts thereof charged to account 428, Amortization of Debt Discount and Expense. (See General Instruction 17.)

SPECIAL INSTRUCTIONS FOR CURRENT AND ACCRUED LIABILITIES

Current and accrued liabilities are those obligations which have either matured or which become due within one year from the date thereof; except, however, bonds, receivers' certificates and similar obligations which shall be classified as long-term debt until date of maturity; accrued taxes, such as income taxes, which shall be classified as accrued liabilities even though payable more than one year from date; compensation awards, which shall be classified as current liabilities regardless of date due; and minor amounts payable in installments which may be classified as current liabilities. If a liability is due more than one year from date of issuance or assumption by the utility, it shall be credited to a long-term debt account appropriate for the transaction, except, however, the current liabilities previously mentioned.

227 Obligations under capital leases—noncurrent.

This account shall include the portion not due within one year, of the obligations recorded for the amounts applicable to leased property recorded as assets in account 101.1, Property under Capital Leases, or account 121, Nonutility property.

SPECIAL INSTRUCTIONS TO ACCOUNTS 228.1 THROUGH 228.4

No amounts shall be credited to these accounts unless authorized by a regulatory authority or authorities to be collected in a utility's rate levels.

228.1 Accumulated provision for property insurance.

A. This account shall include amounts reserved by the utility for losses through accident, fire, flood, or other hazards to its own property or property leased from others, not covered by insurance. The amounts charged to account 924, Property Insurance, or other appropriate accounts to cover such risks shall be credited to this account. A schedule of risks covered shall be maintained, giving a description of the property involved, the character of the risks covered and the rates used.

B. Charges shall be made to this account for losses covered, not to exceed the account balance. Details of these charges shall be maintained according to the year the casualty occurred which gave rise to the loss.

228.2 Accumulated provision for injuries and damages.

A. This account shall be credited with amounts charged to account 925, Injuries and Damages, or other appropriate accounts, to meet the probable liability, not covered by insurance, for deaths or injuries to employees and others, and for damages to property neither owned nor held under lease by the utility.

B. When liability for any injury or damage is admitted by the utility either voluntarily or because of the decision of a court or other lawful authority, such as a workmens' compensation board, the admitted liability shall be charged to this account and credited to the appropriate current liability account. Details of these charges shall be maintained according to the year the casualty occurred which gave rise to the loss.

NOTE: Recoveries or reimbursements for losses charged to this account shall be credited hereto; the cost of repairs to property of others if provided for herein shall be charged to this account.

228.3 Accumulated provision for pensions and benefits.

A. This account shall include provisions made by the utility and amounts contributed by employees for pensions, accident and death benefits, savings,

relief, hospital and other provident purposes, where the funds are included in the assets of the utility either in general or in segregated fund accounts.

B. Amounts paid by the utility for the purposes for which this liability is established shall be charged hereto.

C. A separate account shall be kept for each kind of provision included herein.

NOTE: If employee pension or benefit plan funds are not included among the assets of the utility but are held by outside trustees, payments into such funds, or accruals therefor, shall not be included in this account.

228.4 Accumulated miscellaneous operating provisions.

A. This account shall include all operating provisions which are not provided for elsewhere.

B. This account shall be maintained in such manner as to show the amount of each separate provision and the nature and amounts of the debits and credits thereto.

NOTE: This account includes only provisions as may be created for operating purposes and does not include any reservations of income the credits for which should be carried in account 215, Appropriated Retained Earnings.

229 Accumulated provision for rate refunds.

A. This account shall be credited with amounts charged to Account 496, Provision for Rate Refunds, to provide for estimated refunds where the utility is collecting amounts in rates subject to refund.

B. When a refund of any amount recorded in this account is ordered by a regulatory authority, such amount shall be charged hereto and credited to Account 242, Miscellaneous Current and Accrued Liabilities.

C. Records supporting the entries to this account shall be kept so as to identify each amount recorded by the respective rate filing docket number.

231 Notes payable.

This account shall include the face value of all notes, drafts, acceptances, or other similar evidences of indebtedness, payable on demand or within a time not exceeding one year from date of issue, to other than associated companies.

232 Accounts payable.

This account shall include all amounts payable by the utility within one year, which are not provided for in other accounts.

233 Notes payable to associated companies.

234 Accounts payable to associated companies.

These accounts shall include amounts owing to associated companies on notes, drafts, acceptances, or other similar evidences of indebtedness, and open accounts payable on demand or not more than one year from date of issue or creation.

NOTE: Exclude from these accounts notes and accounts which are includible in account 223, Advances from Associated Companies.

235 Customer deposits.

This account shall include all amounts deposited with the utility by customers as security for the payment of bills.

236 Taxes accrued.

A. This account shall be credited with the amount of taxes accrued during the accounting period, corresponding debits being made to the appropriate accounts for tax charges. Such credits may be based upon estimates, but from time to time during the year as the facts become known, the amount of the periodic credits shall be adjusted so as to include as nearly as can be determined in each year the taxes applicable thereto. Any amount representing a prepayment of taxes applicable to the period subsequent to the date of the balance sheet, shall be shown under account 165, Prepayments.

B. If accruals for taxes are found to be insufficient or excessive, correction therefor shall be made through current tax accruals.

C. Accruals for taxes shall be based upon the net amounts payable after credit for any discounts, and shall not include any amounts for interest on tax deficiencies or refunds. Interest received on refunds shall be credited to account 419, Interest and Dividend Income, and interest paid on deficiencies shall be charged to account 431, Other Interest Expense.

D. The records supporting the entries to this account shall be kept so as to show for each class of taxes, the amount accrued, the basis for the accrual, the accounts to which charged, and the amount of tax paid.

237 Interest accrued.

This account shall include the amount of interest accrued but not matured on all liabilities of the utility not including, however, interest which is added to the principal of the debt on which incurred. Supporting records shall be maintained so as to show the amount of interest accrued on each obligation.

238 Dividends declared.

This account shall include the amount of dividends which have been declared but not paid. Dividends shall be credited to this account when they become a liability.

239 Matured long-term debt.

This account shall include the amount of long-term debt (including any obligation for premiums) matured and unpaid, without specific agreement for extension of the time of payment and bonds called for redemption but not presented.

240 Matured interest.

This account shall include the amount of matured interest on long-term debt or other obligations of the utility at the date of the balance sheet unless such interest is added to the principal of the debt on which incurred.

241 Tax collections payable.

This account shall include the amount of taxes collected by the utility through payroll deductions or otherwise pending transmittal of such taxes to the proper taxing authority.

NOTE: Do not include liability for taxes assessed directly against the utility which are accounted for as part of the utility's own tax expense.

242 Miscellaneous current and accrued liabilities.

A. This account shall include the amount of all other current and accrued liabilities not provided for elsewhere appropriately designated and supported as to show the nature of each liability.

B. The utility is to include in a separate subaccount amounts payable for gas in unbalanced transactions where gas is received from another party in exchange, load balancing, or no-notice transportation transactions. (See Account 806.) If the amount payable is settled by other than gas, Account 495, Other Gas Revenues, must be credited or Account 813, Other gas supply expenses, charged for the difference between the amount of the consideration paid and the recorded amount of the payable settled. Records are to be maintained so that there is readily available for each party entering gas exchange, load balancing, or no-notice transportation transactions, the quantity and cost of gas received and the amount and basis of consideration paid if other than gas.

243 Obligations under capital leases—current.

This account shall include the portion due within one year, of the obligations recorded for the amounts applicable to leased property recorded as assets in account 101.1, Property under Capital Leases, or account 121, Non Utility Property.

252 Customer advances for construction.

This account shall include advances by customers for construction which are to be refunded either wholly or in part. When a customer is refunded the entire amount to which he is entitled according to the agreement or rule under which the advance was made, the balance, if any, remaining in this account shall be credited to the respective plant account.

253 Other deferred credits.

This account shall include advances billings and receipts and other deferred credit items, not provided for elsewhere, including amounts which cannot be entirely cleared or disposed of

until additional information has been received.

254 Other regulatory liabilities.

A. This account shall include the amounts of regulatory liabilities, not includible in other accounts, imposed on the utility by the ratemaking actions of regulatory agencies. (*See* Definition No. 30.)

B. The amounts included in this account are to be established by those credits which would have been included in net income determinations in the current period under the general requirements of the Uniform System of Accounts but for it being probable that: (1) Such items will be included in a different period(s) for purposes of developing the rates that the utility is authorized to charge for its utility services; or (2) refunds to customers, not provided for in other accounts, will be required. When specific identification of the particular source of the regulatory liability cannot be made or when the liability arises from revenues collected pursuant to tariffs on file at a regulatory agency, Account 407.3, Regulatory Debits, shall be debited. The amounts recorded in this account generally are to be credited to the same account that would have been credited if included in income when earned except: (1) All regulatory liabilities established through the use of Account 407.3 shall be credited to Account 407.4, Regulatory Credits; and (2) in the case of refunds, a cash account or other appropriate account should be credited when the obligation is satisfied.

C. If it is later determined that the amounts recorded in this account will not be returned to customers through rates or refunds, such amounts shall be credited to Account 421, Miscellaneous Nonoperating Income, or Account 434, Extraordinary Income, as appropriate, in the year such determination is made.

D. The records supporting the entries to this account shall be so kept that the utility can furnish full information as to the nature and amount of each regulatory liability included in this account, including justification for inclusion of such amounts in this account.

255 Accumulated deferred investment tax credits.

A. This account shall be credited with all investment tax credits deferred by companies which have elected to follow deferral accounting, partial or full, rather than recognizing in the income statement the total benefits of the tax credit as realized. After such election, a company may not transfer amounts from this account, except as authorized herein and in accounts 411.4, Investment Tax Credit Adjustments, Utility Operations, 411.5, Investment Tax Credit Adjustments, Nonutility Operations, and 420, Investment Tax Credits, or with approval of the Commission.

B. Where the company's accounting provides that investment tax credits are to be passed on to customers, this account shall be debited and account 411.4 credited with a proportionate amount determined in relation to the average useful life of gas utility plant to which the tax credits relate to such lesser period of time as allowed by a regulatory agency having rate jurisdiction. If, however, the deferral procedure provides that investment tax credits are not to be passed on to customers the proportionate restorations to income shall be credited to account 420.

C. If any of the investment tax credits to be deferred are related to utility operations other than gas or to nonutility operations, appropriate subdivisions of this account shall be maintained. Contra entries affecting such subdivisions shall be appropriately recorded in accounts 413, Expenses of Gas Plant Leased to Others; or 414, Other Utility Operating Income.

D. Records shall be maintained identifying the properties related to the investment tax credits for each year, the weighted average service life of such properties, and any unused balance of such credits. Such records are not necessary unless the credits are deferred.

256 Deferred gains from disposition of utility plant.

This account shall include gains from the sale or other disposition of property previously recorded in account 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use, under the provisions of paragraphs B, C, and D thereof, where such gains are significant and are to be amortized over a period of 5 years, unless otherwise authorized by the Commission. The amortization of the amounts in this account shall be made by credits to account 411.6, Gains from Disposition of Utility Plant. Subdivision of this account shall be maintained so that amounts relating to account 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use, can be readily identifiable. (See accounts 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use.)

257 Unamortized gain on reacquired debt.

This account shall include the amounts of discount realized upon reacquisition or redemption of long-term debt. The amounts in this account shall be amortized in accordance with General Instruction 17.

SPECIAL INSTRUCTIONS

Accumulated Deferred Income Taxes

A. Before using the deferred tax accounts provided below refer to General Instruction 18. *Comprehensive Interperiod Income Tax Allocation.*

B. The text of these accounts are designed primarily to cover deferrals of Federal income taxes. However, they are also to be used when making deferrals of State and local income taxes. Natural gas companies which, in addition to a gas utility department, have another utility department, electric, water, etc., and nonutility property which have deferred taxes on income with respect thereto shall separately classify such deferrals in the accounts provided below so as to allow ready identification of items relating to each utility department and to Other Income and Deductions.

281 Accumulated deferred income taxes—Accelerated amortization property.

A. This account shall include tax deferrals resulting from adoption of the principles of comprehensive interperiod tax allocation described in General Instruction 18 of this system of accounts that relate to property for which the utility has availed itself of the use of accelerated (5-year) amortization of (1) certified defense facilities as permitted by Section 168 of the Internal Revenue Code and (2) certified pollution control facilities as permitted by Section 169 of the Internal Revenue Code.

B. This account shall be credited and accounts 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with tax effects related to property described in paragraph A above where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

C. This account shall be debited and accounts 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, or 411.2, Provision for Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall be credited with tax effects related to property described in paragraph A above where taxable income is higher than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

D. The utility is restricted in its use of this account to the purposes set forth above. It shall not transfer the balance in this account or any portion thereof to retained earnings or make any use thereof except as provided in the text of this account without prior approval of the Commission. Upon the disposition by sale, exchange, transfer, abandonment or premature retirement of plant on which there is a related balance herein, this account shall be charged with an amount equal to the related income tax expense, if any, arising from such disposition and account 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, or 411.2, Provision for Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall

be credited. When the remaining balance, after consideration of any related income tax expense, is less than $25,000, this account shall be charged and account 411.1 or 411.2, as appropriate, credited with such balance. If after consideration of any related income tax expense, there is a remaining amount of $25,000 or more, the Commission shall authorize or direct how such amount shall be accounted for at the time approval for the disposition of accounting is granted. When plant is disposed of by transfer to a wholly owned subsidiary the related balance in this account shall also be transferred. When the disposition relates to retirement of an item or items under a group method of depreciation where there is no tax effect in the year of retirement, no entries are required in this account if it can be determined that the related balances would be necessary to be retained to offset future group item tax deficiencies.

282 Accumulated deferred income taxes—Other property.

A. This account shall include the tax deferrals resulting from adoption of the principle of comprehensive interperiod income tax allocation described in General Instruction 18 of this system of accounts which are related to all property other than accelerated amortization property.

B. This account shall be credited and accounts 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with tax effects related to property described in paragraph A above where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

C. This account shall be debited and accounts 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, or 411.2, Provision for Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall be credited with tax effects related to property described in paragraph A above where taxable income is higher than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

D. The utility is restricted in its use of this account to the purposes set forth above. It shall not transfer the balance in this account or any portion thereof to retained earnings or make any use thereof except as provided in the text of this account without prior approval of the Commission. Upon the disposition by sale, exchange, transfer, abandonment or premature retirement of plant on which there is a related balance herein, this account shall be charged with an amount equal to the related income tax expense, if any, arising from such disposition and account 411.1, Income Taxes Deferred in Prior Years—Credit, Utility Operating Income, or 411.2, Income Taxes Deferred in Prior Years—Credit, Other Income and Deductions, shall be credited. When the remaining balance, after consideration of any related tax expenses, is less than $25,000, this account shall be charged and account 411.1 or 411.2, as appropriate, credited with such balance. If after consideration of any related income tax expense, there is a remaining amount of $25,000 or more, the Commission shall authorize or direct how such amount shall be accounted for at the time approval for the disposition of accounting is granted. When plant disposed of by transfer to a wholly owned subsidiary, the related balance in this account shall also be transferred. When the disposition relates to retirement of an item or items under a group method of depreciation where there is no tax effect in the year of retirement, no entries are required in this account if it can be determined that the related balance would be necessary to be retained to offset future group item tax deficiencies.

283 Accumulated deferred income taxes—Other.

A. This account shall include all credit tax deferrals resulting from the adoption of the principles of comprehensive interperiod income tax allocation described in General Instruction 18 of this system of accounts other than those deferrals which are includible in Accounts 281, Accumulated Deferred Income Taxes—Accelerated Amortization Property and 282, Accumulated Deferred Income Taxes—Other Property.

B. This account shall be credited and accounts 410.1 Provision for Deferred Income Taxes, Utility Operating Income, or 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with tax effects related to items described in paragraph A above where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

C. This account shall be debited and accounts 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income or 411.2, Provision for Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate shall be credited with tax effects related to items described in paragraph A above where taxable income is higher than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

D. Records with respect to entries to this account, as described above, and the account balance, shall be so maintained as to show the factors of calculation with respect to each annual amount of the item or class of items.

E. The utility is restricted in its use of this account to the purposes set forth above. It shall not transfer the balance in the account or any portion thereof to retained earnings or to any other account or make any use thereof except as provided in the text of this account, without prior approval of the Commission. Upon the disposition by sale, exchange, transfer, abandonment or premature retirement of items on which there is a related balance herein, this account shall be charged with an amount equal to the related income tax effect, if any, arising from such disposition and account 411.1, Provision For Deferred Income Taxes—Credit, Utility Operating Income, or 411.2, Provision For Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall be credited. When the remaining balance, after consideration of any related tax expenses, is less than $25,000, this account shall be charged and account 411.1 or 411.2, as appropriate, credited with such balance. If after consideration of any related income tax expense, there is a remaining amount of $25,000 or more, the Commission shall authorize or direct how such amount shall be accounted for at the time approval for the disposition of accounting is granted. When plant is disposed of by transfer to a wholly owned subsidiary, the related balance in this account shall also be transferred. When the disposition relates to retirement of an item or items under a group method of depreciation where there is no tax effect in the year of retirement, no entries are required in this account if it can be determined that the related balance would be necessary to be retained to offset future group item tax deficiencies.

Gas Plant Accounts

1. INTANGIBLE PLANT

301 Organization.
302 Franchises and consents.
303 Miscellaneous intangible plant.

2. PRODUCTION PLANT

A. MANUFACTURED GAS PRODUCTION PLANT

304 Land and land rights.
305 Structures and improvements.
306 Boiler plant equipment.
307 Other power equipment.
308 Coke ovens.
309 Producer gas equipment.
310 Water gas generating equipment.
311 Liquefied petroleum gas equipment.
312 Oil gas generating equipment.
313 Generating equipment—Other processes.
314 Coal, coke, and ash handling equipment
315 Catalytic cracking equipment.
316 Other reforming equipment.
317 Purification equipment.
318 Residual refining equipment.
319 Gas mixing equipment.
320 Other equipment.

B. NATURAL GAS PRODUCTION PLANT

B.1. Natural Gas Production and Gathering Plant

325.1 Producing lands.
325.2 Producing leaseholds.
325.3 Gas rights.
325.4 Rights-of-way.
325.5 Other land and land rights.
326 Gas well structures.
327 Field compressor station structures.
328 Field measuring and regulating station structures.
329 Other structures.
330 Producing gas wells—Well construction.
331 Producing gas wells—Well equipment.
332 Field lines.
333 Field compressor station equipment.
334 Field measuring and regulating station equipment.
335 Drilling and cleaning equipment.
336 Purification equipment.
337 Other equipment.
338 Unsuccessful exploration and development costs.

B.2. Products Extraction Plant

340 Land and land rights.
341 Structures and improvements.
342 Extraction and refining equipment.
343 Pipe lines.
344 Extracted product storage equipment.
345 Compressor equipment.
346 Gas measuring and regulating equipment.
347 Other equipment.

3. NATURAL GAS STORAGE AND PROCESSING PLANT

A. UNDERGROUND STORAGE PLANT

350.1 Land.
350.2 Rights-of-way.
351 Structures and improvements.
352 Wells.
352.1 Storage leaseholds and rights.
352.2 Reservoirs.
352.3 Nonrecoverable natural gas.
353 Lines.
354 Compressor station equipment.
355 Measuring and regulating equipment.
356 Purification equipment.
357 Other equipment.

B. OTHER STORAGE PLANT

360 Land and land rights.
361 Structures and improvements.
362 Gas holders.
363 Purification equipment.
363.1 Liquefaction equipment.
363.2 Vaporizing equipment.
363.3 Compressor equipment.
363.4 Measuring and regulating equipment.
363.5 Other equipment.

C. BASE LOAD LIQUEFIED NATURAL GAS TERMINALING AND PROCESSING PLANT

364.1 Land and land rights .
364.2 Structures and improvements.
364.3 LNG processing terminal equipment.
364.4 LNG transportation equipment.
364.5 Measuring and regulating equipment.
364.6 Compressor station equipment.
364.7 Communication equipment.
364.8 Other equipment.

4. TRANSMISSION PLANT

365.1 Land and land rights.
365.2 Rights-of-way.
366 Structures and improvements.
367 Mains.
368 Compressor station equipment.
369 Measuring and regulating station equipment.
370 Communication equipment.
371 Other equipment.

5. DISTRIBUTION PLANT

374 Land and land rights.
375 Structures and improvements.
376 Mains.
377 Compressor station equipment.
378 Measuring and regulating station equipment—General.
379 Measuring and regulating station equipment—City gate check stations.
380 Services.
381 Meters.
382 Meter installations.
383 House regulators.
384 House regulatory installations.
385 Industrial measuring and regulating station equipment.
386 Other property on customers' premises.
387 Other equipment.

6. GENERAL PLANT

389 Land and land rights.
390 Structures and improvements.
391 Office furniture and equipment.
392 Transportation equipment.
393 Stores equipment.
394 Tools, shop and garage equipment.
395 Laboratory equipment.
396 Power operated equipment.
397 Communication equipment.
398 Miscellaneous equipment.
399 Other tangible property.

Gas Plant Accounts

301 Organization.

This account shall include all fees paid to Federal or State governments for the privilege of incorporation and expenditures incident to organizing the corporation, partnership, or other enterprises and putting it into readiness to do business.

ITEMS

1. Cost of obtaining certificates authorizing an enterprise to engage in the public utility business.
2. Fees and expenses for incorporation.
3. Fees and expenses for mergers or consolidations.
4. Office expenses incident to organizing the utility.
5. Stock and minute books and corporate seal.

NOTE A: This account shall not include any discounts upon securities issued or assumed; nor shall it include any costs incident to negotiating loans, selling bonds or other evidences of debt, or expenses in connection with the authorization, issuance, or sale of capital stock.

NOTE B: Exclude from this account and include in the appropriate expense account the cost of preparing and filing papers in connection with the extension of the term of incorporation unless the first organization costs have been written off. When charges are made to this account for expenses incurred in mergers, consolidations, or reorganizations, amounts previously included herein or in similar accounts in the books of the companies concerned shall be excluded from this account.

302 Franchises and consents.

A. This account shall include amounts paid to the Federal Government, to a State or to a political subdivision thereof in consideration for franchises, consents, or certificates, running in perpetuity or for a specified term of more than 1 year, together with necessary and reasonable expenses incident to procuring such franchises, consents, or certificates of permission and approval, including expenses of organizing and merging separate corporations, where statutes require, solely for the purpose of acquiring franchises.

B. If a franchise, consent, or certificate is acquired by assignment, the charge to this account in respect thereof shall not exceed the amount paid therefor by the utility to the assignor, nor shall it exceed the amount paid by the original grantee, plus the expense of acquisition to such grantee. Any excess of the amount actually paid by the utility over the amount above specified shall be charged to account 426.5, Other Deductions.

C. When any franchise has expired, the book cost thereof shall be credited hereto and charged to account 426.5, Other Deductions, or to account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, as appropriate.

D. Records supporting this account shall be kept so as to show separately the book cost of each franchise or consent.

NOTE: Annual or other periodic payments under franchises shall not be included herein but in the appropriate operating expense account.

303 Miscellaneous intangible plant.

A. 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 account.

B. When any item included in this account is retired or expires, the book cost thereof shall be credited hereto and charged to account 426.5, Other Deductions, or account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, as appropriate.

C. This account shall be maintained in such a manner that the utility can furnish full information with respect to the amounts included herein.

304 Land and land rights.

This account shall include the cost of land and land rights used in connection with manufactured gas production. (See gas plant instruction 7.)

305 Structures and improvements.

This account shall include the cost of structures and improvements used in connection with manufactured gas production. (See gas plant instruction 8.)

NOTE: Include relief holders in this account.

306 Boiler plant equipment.

This account shall include the cost installed of furnaces, boilers, steam and feed water piping, boiler apparatus and accessories used in the production of steam at gas production plants.

ITEMS

1. Accumulators.

2. Air preheaters, including fans and drives, and ducts not part of building.
3. Ash disposal equipment, including sluiceways not part of a building, pumps and piping, crane, ash bucket conveyor and drives, ash cars, etc.
4. Belt conveyors, including drives.
5. Blast gate valves.
6. Blow-down tanks and piping.
7. Boilers, including valves attached thereto, casings, safety valves, soot blowers, soot hoppers, superheaters, and feed water regulators.
8. Cinder and dust catcher system, including mechanical and electric types.
9. Coal and coke handling equipment, including hoppers, lorries, etc., used wholly for boilers.
10. Combustion control system, including all apparatus installed for the regulation and control of the supply of fuel or air to boilers.
11. Control apparatus.
12. Cranes, hoists, etc., wholly identified with apparatus listed herein.
13. Desuperheaters and reducing valves.
14. Draft apparatus, including forced, induced, and other draft systems, with blowers, fans, and ducts not part of building.
15. Economizers.
16. Emergency lighting systems, not part of building, keep-a-lite systems, etc.
17. Emergency signal systems, in connection with boiler operation.
18. Feed water heaters, including primary and stage.
19. Flues, uptakes, and breeching, whether or not stacks are included in this account.
20. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
21. Furnaces.
22. Gas firing system, including gas lines, burners, etc., for gas fired boilers.
23. Injectors.
24. Mechanical stoker and feeding systems, clinker grinders, including drives.
25. Meters, gauges, recording instruments, etc.
26. Oil burning equipment, including tanks, heaters, pumps with drives, burner equipment, piping, and conditioning apparatus.
27. Painting, first cost.
28. Panels, control (for operating apparatus listed herein).
29. Piping system, steam header and exhaust header, including accessory pipe hangers, steam traps, etc., make-up water, feed water, drip, blow-off, water pipe lines used for steam plant, and valve control system.
30. Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.
31. Pulverizing equipment.
32. Pumps and driving units, for feed water, heater condensate, condenser water, and drip.
33. Stacks—brick, steel, and concrete, when set on separate foundations independent of substructure or superstructure of building.
34. Steam reheaters.
35. Steelwork, especially constructed for apparatus listed herein.
36. Tanks, including surge, weighing, return, blow-off, feed water storage.
37. Tar burning equipment for utilization of tar as boiler fuel, including tanks, pumps, burner equipment, piping, etc.
38. Waste heat boilers and accessories—stack valve and stack irrespective of location.
39. Water treatment system, including purifiers, settling tanks, filters, chemical mixing and dosing apparatus, etc.

NOTE A: This account shall not include boilers or steam pipes whose primary purpose is the heating of buildings.

NOTE B: When the system for supplying boiler or condenser water is elaborate, as when it includes a dam, reservoir, canal, or pipe line, the cost shall not be charged to this account but to a special subdivision of account 305, Structures and Improvements—Manufactured Gas.

307 Other power equipment.

A. This account shall include the cost installed of electric generating and accessory equipment used for supplying electricity in gas production plants.

B. This account shall also include the cost installed of miscellaneous power equipment at gas production plants which is not included in any other account.

ITEMS

1. Acid proofing of battery rooms.
2. Air duct runs in battery rooms.
3. Air pump, streamjet.
4. Batteries for control and general station use.
5. Belts, pulleys, hangers, shafts, and countershafts.
6. Cables between generators and switchboards.
7. Cabinets, control.
8. Compartments, including buses, connections, and items permanently attached.
9. Enclosure equipment not an integral part of building.
10. Engines, including steam rotary or reciprocating, steam turbines, and internal combustion engines.
11. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
12. Generators, a.c. or d.c., including excitation system.
13. Ground connections, for main station ground.

14. Lightning arresters.
15. Motor generators, frequency changers and converters.
16. Overhead power lines, including poles, crossarms, insulators, conductors, etc.
17. Panels, control, including supports and instruments.
18. Piping applicable to apparatus listed herein.
19. Reactors.
20. Rectifiers.
21. Safety equipment, including rubber mats, remote closing devices, glove cabinets.
22. Switchboards, including frames, panels, meters, and instruments.
23. Switching equipment, including oil circuit breakers, disconnecting switches, and connections.
24. Synchronous converters.
25. Transformers, including transformer platforms.
26. Underground conduit system, including manholes and conductors.

NOTE: When any unit of equipment listed herein is wholly used to furnish power to equipment included in another single account, its cost shall be included in such account.

308 Coke ovens.

This account shall include the cost installed of coke ovens used for the production of gas.

ITEMS

1. Apparatus for placing coal in ovens.
2. Bins, if not part of a building.
3. Cabinets, control.
4. Calorimeters.
5. Cars, quenching.
6. Charging lorry.
7. Clay mixers.
8. Coke guide.
9. Coke and pusher benches.
10. Collecting mains.
11. Control apparatus.
12. Conveyor, flight.
13. Cover lifting machinery.
14. Door handling machine.
15. Door luting machine.
16. Driving units for coke oven machinery.
17. Enclosures for machinery.
18. Engines, when not an integral part of the driven equipment.
19. Firing equipment.
20. Flues, uptakes, and breeching.
21. Foundations.
22. Fuel handling equipment used exclusively for coal to be carbonized in ovens.
23. Fuel systems under ovens.
24. Hot coke wharves.
25. Hot coke cars.
26. Instruments or meters, electrical.
27. Locomotives.
28. Mud mill.
29. Motor control equipment.
30. Ovens.
31. Panel, control.
32. Piping, including ascension pipes, hydraulic main, liquor flushing decanter tank, liquor pump, and return line to hydraulic main.
33. Pushers, including tracks and driving equipment.
34. Quenching station including structure, tank, well, piping, etc.
35. Quenching towers, piping, etc.
36. Regenerator, from bottom of oven floor tile to battery foundation.
37. Reversing machine, with enclosure.
38. Scale, platform.
39. Signal system.
40. Skip hoist.
41. Stacks.
42. Steel and iron work supports, platforms, stairways, etc.
43. Switches and switchboards.

309 Producer gas equipment.

This account shall include the cost installed of equipment used for the production of producer gas.

ITEMS

1. Ash handling equipment, used exclusively for producers.
2. Blast apparatus, including blowers, driving units, and blast mains.
3. Control apparatus.
4. Coolers and scrubbers.
5. Driving apparatus for producers.
6. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
7. Fuel handling equipment, used exclusively for producers.
8. Humidifiers.
9. Piping—air, steam (commencing at steam header), water (inside of building), and producer gas (up to outlet of final piece of apparatus in building).
10. Producer boosters, including driving units.
11. Producers.
12. Water separators.

310 Water gas generating equipment.

This account shall include the cost installed of equipment used in the generation of water gas.

ITEMS

1. Automatic operation equipment.
2. Back-run installations.
3. Blast equipment, including blowers and driving units, piping and supports.
4. Bridge, coal shed to generator house.

5. Carburetors.
6. Charging equipment, fuel.
7. Circulating water pumps.
8. Concrete or brick pits, including cover, not part of building.
9. Control apparatus.
10. Conveyors.
11. Dust collectors.
12. Enclosures for equipment (barriers, fire walls, guards, housings, screens, etc.).
13. Flow meters.
14. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
15. Fuel handling equipment used exclusively for fuel for this account.
16. Gauges, indicating and recording.
17. Generators.
18. Hot valves.
19. Hydraulic operation equipment.
20. Instruments and meters, electrical.
21. Oil handling and storage apparatus used solely for water gas apparatus (tanks, pumps and oil lines, oil heaters, manholes, valve pits, regulators, strainers, etc.).
22. Oil spray.
23. Operating floors and supports, stairways, etc.
24. Piling under foundations.
25. Piping and valves—steam (commencing at steam header) tar (to decanter) water (inside of building), and gas up to outlet of final pieces of apparatus in building).
26. Pressure regulators.
27. Scales, when used in connection with items in this account.
28. Seal pots.
29. Superheaters and superheater stacks.
30. Tanks, hydraulic pressure.
31. Valve operating mechanisms.
32. Wash boxes.

311 Liquefied petroleum gas equipment.

A. This account shall include the cost installed of equipment used for the production of gas from petroleum derivatives, such as propane, butane, or gasoline.

B. Subdivisions of this account shall be maintained for each producing process for which this account is provided. A separate subaccount shall be maintained also for bottling equipment included herein.

ITEMS

1. Blowers.
2. Boilers.
3. Calorimixer.
4. Carbureting equipment.
5. Compression equipment.
6. Controller.
7. Control apparatus.
8. Enclosures and protective fences.
9. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
10. Heat exchanger.
11. Gauges and instruments.
12. Mixing or proportioning equipment.
13. Motors, not an integral part of driven equipment.
14. Odorizing equipment.
15. Oil separator.
16. Piping—steam (commencing at steam header), water (inside of building), oil (from supply tank), and gas (up to outlet of final piece of apparatus in building).
17. Pits.
18. Prime movers.
19. Pumps, including driving units.
20. Regulator.
21. Stairs, platforms, and ladders.
22. Storage equipment, tanks, etc.
23. Superheater.
24. Traps.
25. Valves—regulating and check.
26. Vaporizing equipment.

312 Oil gas generating equipment.

This account shall include the cost installed of equipment used for generating oil gas.

ITEMS

1. Air blast equipment, including blowers and driving units, piping and supports.
2. Air inlet louvres and filters.
3. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
4. Generating equipment, including automatic cycle controls, generators, operating floor, superheaters and wash boxes.
5. Instruments and instrument boards, complete with signal lights and thermocouples and including gauge board, pressure gauges, and pyrometers.
6. Meters and regulators, such as, air flow meter, generator oil meter, steam flow meter, and steam regulator.
7. Piping and valves, air, steam (commencing at steam header), water (inside building), and oil gas (up to outlet of final piece of apparatus in building).
8. Pumps, hydraulic and oil.
9. Tanks, hydraulic accumulator, hydraulic return, oil and steam accumulator.

313 Generating equipment—Other processes.

This account shall include, with subdivisions for each type of gas produced, the cost installed of generating equipment which is not included in any of the foregoing accounts, such as benches and retorts for the production of

coal gas, equipment used for generating acetylene gas, etc.

ITEMS

As to coal gas production equipment:
1. Benches.
2. Charging and drawing machines.
3. Control apparatus.
4. Equipment for steaming retorts.
5. Flues, uptakes and breeching, whether or not stacks are included in this account.
6. Foundations.
7. Fuel handling equipment used exclusively for retorts, including weight lorries, tracks, etc., and grinders, breakers, and screens located in retort house.
8. Fuel system under retorts, including built-in producers.
9. Piping, including ascension pipes, hydraulic main, liquor flushing decanter tank, liquor pump, and return line to hydraulic main.
10. Primary atmospheric condensers.
11. Retorts.
12. Stacks—brick, steel, and concrete when set on separate foundations independent of substructure or superstructure of buildings, including lightning arresters.

314 Coal, coke, and ash handling equipment.

This account shall include the cost installed of structures or equipment used for the transportation, storage, washing, and treatment of coal, coke, and ashes, when used for general gas plant operations.

ITEMS

1. Bins—mixing, refuse, storage, etc.
2. Boom operating mechanism.
3. Breaker equipment.
4. Bridges, bridge track, and machinery.
5. Bucket conveyors and supports.
6. Capstan.
7. Cars.
8. Chutes.
9. Circuit breakers.
10. Coal loaders.
11. Coal preparation machinery, including washing and drying equipment.
12. Conduit, electrical.
13. Conveyors and supports.
14. Crane, caterpillar.
15. Driving apparatus for equipment listed herein.
16. Elevators.
17. Enclosure equipment.
18. Engines, not an integral part of driven equipment.
19. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
20. Gravity swing unloader.
21. Hoppers.
22. Instruments or meters, electrical.
23. Ladders, fixed.
24. Loading towers and equipment.
25. Locomotives.
26. Motor generators used only for equipment in this account.
27. Panel, control.
28. Pitts.
29. Pulverizing equipment.
30. Railroad sidings and yard tracks.
31. Sampling equipment.
32. Scales.
33. Screens.
34. Sheds and fencing.
35. Shuttle boom.
36. Signal system equipment.
37. Silo.
38. Skip hoist.
39. Stairs, railings, etc.
40. Transfer cars and trucks.
41. Trestles.
42. Turntable.
43. Unloaders.
44. Weightometer.

315 Catalytic cracking equipment.

This account shall include the cost installed of equipment used for producing gas by the catalytic cracking process.

ITEMS

1. Caloric meters.
2. Catalytic furnace, including catalyst and foundation.
3. Combustion air blowers.
4. Compressors, air.
5. Control equipment.
6. Cooling coils, including foundations.
7. Cooling towers, including foundations.
8. Enclosures.
9. Fractionalizing units.
10. Piping and valves.
11. Preheaters.
12. Pressure regulators.
13. Proportioning controls.
14. Tanks.
15. Vaporizers.

316 Other reforming equipment.

This account shall include the cost installed of equipment, other than catalytic cracking equipment, used primarily for reforming gas with resultant changes in its chemical composition and calorific value.

ITEMS

1. Blast equipment, including blowers and driving units, piping, and supports.

2. Control apparatus.
3. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
4. Fuel and ash handling equipment, used wholly in reforming gas.
5. Oil gas apparatus, used for reforming gas.
6. Piping—steam (commencing at steam header), water (inside of building), and gas (up to outlet of final piece of apparatus in building).
7. Pumps and driving units.
8. Purifiers for gas to be reformed.
9. Regulators.
10. Water gas generators, used primarily for reforming gas.

317 Purification equipment.

This account shall include the cost installed of apparatus used for the removal of impurities from gas and apparatus for conditioning gas, including pumps, wells, and other accessory apparatus.

ITEMS

1. Blowers for revivifying.
2. Blowers for activators.
3. Condensers and washer coolers.
4. Control apparatus—conduit, cable, cabinets, switchboards, etc.
5. Crane or cover lifting equipment, not part of the structure.
6. Dehydrators.
7. Engines, not an integral part of driven equipment.
8. Foundations and settings, specially constructed for and not intended to outlast the equipment for which provided.
9. Instruments and meters, electric.
10. Lubricators.
11. Naphthalene and light oil scrubbers.
12. Other accessory equipment such as coolers, spray ponds, pumps, platforms, railings, stairs.
13. Oxide elevators and pits, platforms, tables, and trenches.
14. Piping—air, steam, water, gas, condensate, liquor, tar, etc., from inlet valve of first piece of apparatus to outlet valve of final piece of apparatus (or, in building, from entrance to building to exit from building).
15. Precipitators.
16. Purifiers—iron oxide or liquid, including first filling.
17. Recording gauges and thermometers.
18. Revivifying air ducts.
19. Saturator with auxiliary equipment.
20. Scrubbers.
21. Seal and drip pots.
22. Signal system identified with equipment herein.
23. Sulphur removal apparatus.
24. Tar extractors and Cottrell precipitators.
25. Tar pumps and tanks.
26. Track runs for cranes and hoists.
27. Wash boxes.
28. Water meters, for cooling water.

318 Residual refining equipment.

This account shall include the cost installed of apparatus used in refining and handling of residuals except where the apparatus is necessary for the operation of property included in account 317, Purification Equipment.

ITEMS

1. Ammonia stills, condensers, saturators, etc.
2. Apparatus for removal of residuals from purifier liquids.
3. Coke filter.
4. Coke handling and storage facilities used solely for coke held for sale.
5. Condensers.
6. Control apparatus.
7. Coolers.
8. Decanters.
9. Foundations specially constructed for and not intended to outlast the apparatus for which provided.
10. Gauges.
11. Heating equipment for apparatus included in this account.
12. Instruments.
13. Light oil stills, washers, etc.
14. Piping and pumps.
15. Platforms, stairs, and ladders.
16. Separators.
17. Storage tanks.
18. Supports.
19. Tar dehydrators, stills, etc.

319 Gas mixing equipment.

This account shall include the cost installed of equipment used for mixing manufactured and natural gas, or the mixing of other gases incident to delivery of such mixed gases to the distribution system.

ITEMS

1. Alcohol units.
2. Automatic mixing controls.
3. Btu adjustor.
4. Calorimeter.
5. Calorimixer.
6. Compressor.
7. Gas heater.
8. Gas scrubber (air filter, dust cleaner).
9. Gauges and instruments.
10. Meters.
11. Mixing chambers.

12. Odorizing equipment.
13. Oil pump units.
14. Panel and control equipment.
15. Piping and valves.
16. Regulators, pressure and ratio.
17. Safety alarm equipment.

320 Other equipment.

This account shall include the cost installed of equipment used in the production of gas, when not assignable to any of the foregoing accounts.

ITEMS

1. Cabinet, control.
2. Compressed air system.
3. Fire hose carts.
4. First aid room equipment.
5. Foamite system.
6. Foundations and settings specially constructed for and not intended to outlast the apparatus for which provided.
7. Gasoline pumps.
8. Hand pumps.
9. Machine shop equipment, such as lathes, pipe cutting and threading machines, vise grinders, power saw, shop motors, shafting and belting, drill press, shapers, milling machines, planes, etc.
10. Odorizing equipment.
11. Office furniture and equipment.
12. Oil foggers.
13. Panel, control.
14. Piping—yard, when not includible in other accounts.
15. Pits.
16. Platforms.
17. Portable scaffolds, ladders, etc.
18. Power shovels.
19. Production laboratory equipment.
20. Scales, not associated with other equipment.
21. Special signal equipment.
22. Tractors for general plant use.
23. Works exhauster including driving unit and governor.
24. Works station meters, including gauges, piping and accessories.

SPECIAL INSTRUCTIONS

Costs Related to Leases Acquired After October 7, 1969

The net book value of amounts recorded in the natural gas production accounts incurred on or related to leases acquired after October 7, 1969, shall, in general, not exceed the net realizable value (estimated selling price less estimated costs of extraction, completion, and disposal) of recoverable hydrocarbon reserves discovered on such leases. After initiation of exploration and development on leases acquired after October 7, 1969, the utility must determine after a reasonable period of time, and annually thereafter, whether the net realizable value of such recoverable reserves will be sufficient to absorb the net book value of amounts recorded in the accounts. The recoverable reserves shall be determined and attested to by independent appraisers no less frequently than every 3 years. If the net realizable value of recoverable reserves is not sufficient to absorb the net book value of amounts in the production accounts, the utility shall reduce the net book value of the amounts in the accounts to net realizable value of recoverable reserves. The reduction shall be done by first reducing the unamortized amounts recorded in Account 338, Unsuccessful Exploration and Development Costs, by debiting Account 404.1, Amortization and Depletion of Producing Natural Gas Land and Land Rights (for Nonmajor companies, 403.1, Depreciation and Depletion Expense). Next, if the net book value related to successful costs exceeds the net realizable value of the recoverable reserves, the production plant accounts shall be written down to such net realizable value by appropriate charges and credits to the expense and valuation accounts.

325.1 Producing lands.

This account shall include the cost of lands held in fee on which producing natural gas wells are located, and lands held in fee which are being drained of natural gas through the operation by the utility of wells on other land. (See gas plant instruction 7–G.)

325.2 Producing leaseholds.

A. This account shall include the cost of acquiring leaseholds on which the utility pays royalties for natural gas obtained therefrom. (See gas plant instruction 7–G.)

B. Exclude from this account rents paid periodically for rights obtained under leases. Exclude also from this account the cost of leaseholds which terminate in one year or less after they become effective.

325.3 Gas rights.

This account shall include the cost of natural gas rights used in producing natural gas, whereby the utility obtains ownership in gas underlying land not owned or leased by the utility. It does not provide for gas rights which are leased and which are properly chargeable to account 325.2, Producing Leaseholds.

325.4 Rights-of-way.

This account shall include the cost of all interests in land which terminate more than 1 year after they become effective and on which are located gathering pipelines, telephone pole lines, and like property used in connection with the production of natural gas. (See gas plant instruction 7.)

325.5 Other land and land rights.

This account shall include the cost of land and land rights used in connection with the production of natural gas, when not properly assignable to any of the foregoing accounts. (See gas plant instruction 7.)

326 Gas well structures.

This account shall include the cost of well structures and improvements used in connection with the housing of permanent bailers and other equipment necessary to keep the wells in operation. (See gas plant instruction 8.)

327 Field compressor station structures.

This account shall include the cost of structures and improvements used in connection with the housing of compressor station equipment used to raise the pressure of natural gas before it is conveyed to the terminus of the field lines. (See gas plant instruction 8.)

328 Field measuring and regulating station structures.

This account shall include the cost of structures and improvements used in connection with the housing of meters, regulators, and appurtenant appliances for measuring and regulating natural gas before the point where it enters the transmission or distribution system. (See gas plant instruction 8.)

329 Other structures.

This account shall include the cost of structures and improvements used in connection with natural gas production and gathering not provided for elsewhere. (See gas plant instruction 8.)

330 Producing gas wells—Well construction.

This account shall include the cost of drilling producing gas wells.

ITEMS

1. Clearing well site.
2. Hauling, erecting, dismantling, and removing boilers, portable engines, derricks, rigs, and other equipment and tools used in drilling.
3. Drilling contractors' charges.
4. Drive pipe.
5. Fuel or power.
6. Labor.
7. Rent of drilling equipment.
8. Water used in drilling, obtained either by driving wells, piping from springs or streams, or by purchase.
9. Hauling well equipment.
10. Shooting, fracturing, acidizing.

331 Producing gas wells—Well equipment.

This account shall include the cost of equipment in producing gas wells.

ITEMS

1. Bailing equipment.
2. Boilers and drives permanently connected.
3. Casing.
4. Derrick.
5. Fence, when solely an enclosure for equipment.
6. Fittings, including shut-in valves, bradenheads and casing heads.
7. Packing.
8. Tank, oil or water, etc.
9. Tubing.

332 Field lines.

This account shall include the cost installed of field lines used in conveying natural gas from the wells to the point where it enters the transmission or distribution system.

ITEMS

1. Gathering lines, including pipe, valves, fittings, and supports.
2. Cathodic protection equipment.
3. Creek crossings, suspension bridges and other special construction.
4. Line drips and separators.
5. Line pack gas.

333 Field compressor station equipment.

This account shall include the cost installed of compressor station equipment and associated appliances used to raise the pressure of natural gas before it is conveyed to the terminus of the field lines.

ITEMS

1. Boiler plant, coal handling and ash handling equipment for steam powered compressor station.
2. Compressed air system equipment.
3. Compressor equipment and driving units, including auxiliaries, foundations, guard rails and enclosures, etc.
4. Electric system equipment, including generating equipment and driving units, power wiring, transformers, regulators, battery equipment, switchboard, etc.
5. Fire fighting equipment.
6. Gas lines and equipment, including fuel supply lines, cooling tower and pond and associated equipment, dehydrators, fuel gas mixers, special pipe bends and connections, and associated scrubbers, separators, tanks, gauges and instruments.
7. Laboratory and testing equipment.
8. Lubricating oil system, including centrifuge, filter, tanks, purifier, and lubricating oil piping, etc.
9. Office furniture and fixtures and general equipment such as heating boilers, steel lockers, first-aid equipment, gasoline dispensing equipment, lawn mowers, incinerators, etc.
10. Shop tools and equipment.
11. Water supply and circulation system, including water well, tank, water piping, cooling tower, spray fence, and water treatment equipment, etc., but not including water system equipment solely for domestic and general use.

334 Field measuring and regulating station equipment.

This account shall include the cost installed of meters, gauges, and other equipment used in measuring and regulating natural gas collected in field lines before the point where it enters the transmission or distribution system.

ITEMS

1. Automatic control equipment.
2. Boilers, heaters, etc.
3. Foundations, pits, etc.
4. Gas cleaners, scrubbers, separators, dehydrators, etc.
5. Gauges and instruments, including piping, fittings, wiring, etc., and panel boards.
6. Headers.
7. Meters, orifice or positive, including piping and connections.
8. Oil fogging equipment.
9. Odorizing equipment.
10. Regulators or governors, including controls and instruments.
11. Structures of a minor nature or portable type.

335 Drilling and cleaning equipment.

This account shall include the cost of implements and equipment used in drilling and cleaning natural gas wells.

ITEMS

1. Bailers.
2. Bits and other drilling tools.
3. Boilers.
4. Derricks.
5. Drilling cables.
6. Drilling machines.
7. Engines.
8. Motors.
9. Pulling machines.
10. Pumps.
11. Rigs.
12. Tanks.

336 Purification equipment.

This account shall include the cost installed of apparatus used for the removal of impurities from gas and apparatus for conditioning gas.

ITEMS

1. Condensers and washer coolers.
2. Dehydrators.
3. Foundations and settings, specially constructed for and not intended to outlast the equipment for which provided.
4. Other accessory equipment, such as coolers, spray ponds, pumps, platforms, railings, stairs.
5. Piping, from inlet valve of first piece of apparatus to outlet valve of final piece of apparatus (or, in building, from entrance to building to exit from building).
6. Scrubbers.
7. Sulphur removal apparatus.
8. Water supply system.

NOTE: In general this account shall include all dehydrators located in or adjacent to production areas which are used to remove water and other stray liquids from gas produced by the utility or purchased in or adjacent to production areas. In some instances such dehydrators may be located some distance from the production sources of the gas. Where, however, the utility has no production and gathering facilities with respect to any of the gas passing through the dehydrators, such as at the purchase point at the head of a transmission pipe line company, the dehydrators may be included in account 368, Compressor Station Equipment, or account 367, Mains, whichever is the most practicable and reasonable under the circumstances. Dehydrators which are an adjunct to products extraction operations shall be included in account 342, Extraction and Refining Equipment. Dehydrators used in

connection with underground gas storage operations shall be included in account 356, Purification Equipment.

337 Other equipment.

This account shall include the cost installed of equipment used in the production and gathering of natural gas, when not assignable to any of the foregoing accounts.

ITEMS

1. Calorimeter.
2. Control installation.
3. Crane.
4. Laboratory equipment.
5. Odorizing unit.
6. Office furniture and equipment.
7. Oil fogger.

338 Unsuccessful exploration and development costs.

A. This account shall include unsuccessful exploration and development costs incurred on or related to hydrocarbon leases, on properties in the contiguous 48 States and the State of Alaska, acquired after October 7, 1969. It shall also include costs of a preliminary nature incurred in the search for natural gas in such areas after October 7, 1969.

B. The costs recorded in this account shall be amortized by debiting account 404.1, Amortization and Depletion of Producing Natural Gas Land and Land Rights, and crediting this account using the unit-of-production or other acceptable method of amortization as hydrocarbons are extracted from producing wells.

C. In general, the unamortized costs recorded in this account shall not exceed the net realizable value (estimated selling price less estimated costs of extraction, completion and disposal) of proven hydrocarbon reserves on leases acquired after October 7, 1969. (See "Special Instructions—Costs Related to Leases Acquired After October 7, 1969," above.)

340 Land and land rights.

This account shall include the cost of land and land rights used in connection with the processing of natural gas for removal of gasoline, butane, propane, or other salable products. (See gas plant instruction 7.)

341 Structures and improvements.

This account shall include the cost of structures and improvements used in connection with the processing of natural gas for removal of gasoline, butane, propane, or other salable products. (See gas plant instruction 8.)

342 Extraction and refining equipment.

This account shall include the cost installed of equipment used for the extraction from natural gas of gasoline, butane, propane, or other salable products and for the refining of such products.

ITEMS

1. Boiler plant equipment, including boiler, boiler setting, heat exchangers, etc.
2. Compressed air system, including air compressor, air storage tank, etc.
3. Cooling equipment such as coolers, cooling tower and accessories for gas, extracted products, etc.
4. Cranes, trolleys, and hoists.
5. Electrical system, including generator and driving unit, power lines, transformers, switchboard, yard lighting system, etc.
6. Extraction and refining equipment, such as absorbers, reabsorbers, stills, dephlegmators, fractionating towers, stabilizing columns, control apparatus.
7. Foundations and structural supports for equipment items not intended to outlast the equipment for which provided.
8. Fuel regulating and measuring equipment.
9. Gasoline blending equipment including dye pot, educator pumps, lead storage tanks, weighing device, etc.
10. Gauges and instruments.
11. Loading racks and associated other equipment.
12. Lubricating oil system.
13. Pumps of various types, such as boiler feed water pumps, loading and transfer pumps, drip still pumps, oil pumps, skimmer basin pumps, etc.
14. Tanks of various types such as accumulator and dewatering tanks, separator tanks, gasoline feed tanks, compressed air tanks, oil surge tanks, etc., except tanks classifiable as storage equipment, account 344.
15. Water supply system including water well, water tank and supports, water softener or purification apparatus, traveling water screen and drive.
16. Yard piping, gas, water, steam, compressed air, fuel, vapor, extracted products, including headers, valves, etc., but not including off-site lines includible in account 343, Pipe Lines.

343 Pipe lines.

This account shall include the cost installed of gas and liquids pipe lines used in connection with the processing of natural gas for the removal of gasoline, butane, propane, or other salable products, exclusive of runs of pipe appropriately includible in other equipment accounts, embracing principally off-site gas, gasoline gathering, and loading lines not includible as yard piping in account 342, Extraction and Refining Equipment.

ITEMS

1. Gas lines, off-site, relating solely to extraction operations.
2. Gasoline gathering lines connecting with off-site sources.
3. Gathering line drips.
4. Instruments, indicating and recording.
5. Loading lines connecting with remote off-site loading racks or storage facilities.
6. Pumps and driving units.

344 Extracted product storage equipment.

This account shall include the cost installed of storage tanks and associated equipment used in the storing, prior to sale, of gasoline, butane, propane, and other salable products extracted from natural gas.

ITEMS

1. Foundations.
2. Instruments.
3. Regulators.
4. Storage tanks for partially or fully processed products.
5. Valves.

345 Compressor equipment.

This account shall include the cost installed of compressor equipment and associated appliances used in connection with the receipt, processing, and return of natural gas processed for removal of gasoline, butane, propane, or other salable products.

ITEMS

(See account 333 for items.)

346 Gas measuring and regulating equipment.

This account shall include the cost installed of meters, gauges, and other equipment used in measuring or regulating natural gas received and/or returned from processing for removal of gasoline, butane, propane, or other salable products.

ITEMS

1. Automatic control equipment.
2. Boilers, heaters, etc.
3. Foundations, pits, etc.
4. Gas cleaners, scrubbers, separators, dehydrators, etc.
5. Gauges and instruments, including piping, fittings, wiring, etc., and panel boards.
6. Headers.
7. Meters, orifice or positive, including piping and connections.
8. Oil fogging equipment.
9. Odorizing equipment.
10. Regulators or governors, including controls and instruments.
11. Structures of a minor nature or portable type.

347 Other equipment.

This account shall include the cost installed of equipment used in processing natural gas and refining gasoline, butane, propane, and other salable products extracted from natural gas, when not assignable to any of the foregoing accounts.

ITEMS

1. Fire fighting equipment.
2. Laboratory and testing equipment.
3. Miscellaneous equipment, such as first aid cabinet, gasoline dispensing pump, heating boiler, incinerator, lawn mower, warehouse truck.
4. Office furniture and equipment.
5. Shop tools and equipment.

SPECIAL INSTRUCTIONS—ACCOUNTS 350.1 THROUGH 363.5

The above accounts are to be used by the transmission and distribution companies for the classification of storage facilities used for peak shaving operations. The accounts shall be subdivided to classify the peak shaving storage facilities according to the transmission or distribution function if the utility operates both transmission and distribution systems. Only base load liquefied natural gas terminaling and processing facilities are to be classified in accounts 364.1 through 364.8.

350.1 Land.

This account shall include the cost of lands held in fee on which underground storage wells are located, and other lands held in fee within an area utilized for the underground storage of gas. (See gas plant instruction 7–G.)

350.2 Rights-of-way.

This account shall include the cost of all interests in land which do not terminate until more than 1 year after they become effective and on which are located underground storage lines, telephone poles lines, and like property used in connection with underground gas storage operations. (See gas plant instruction 7.)

351 Structures and improvements.

A. This account shall include the cost in place of structures and improvements used wholly or predominantly in connection with underground storage of natural gas. (See gas plant instruction 8.)

B. This account shall be subdivided as follows:

351.1 Well structures.
351.2 Compressor station structures.
351.3 Measuring and regulating station structures.
351.4 Other structures.

352 Wells.

This account shall include the drilling cost of wells used for injection and withdrawal of gas from underground storage projects, including wells kept open and used for observation.

ITEMS

Drilling:
1. Clearing well site.
2. Hauling, erecting, dismantling, and removing boilers, portable engines, derricks, rigs, and other equipment and tools used in drilling.
3. Drilling contractors' charges.
4. Drive pipe.
5. Fuel or power.
6. Labor.
7. Rent of drilling equipment.
8. Water used in drilling, obtained either by driving wells, piping from springs or streams, or by purchase.
9. Hauling well equipment.
10. Shooting, fracturing, acidizing.

Equipment:
11. Bailing equipment.
12. Boilers and drives permanently connected.
13. Casing.
14. Derrick.
15. Fence, when solely an enclosure for equipment.
16. Fittings, including shut-in valves, bradenheads and casing heads.
17. Packing.
18. Tank, oil or water, etc.
19. Tubing.

352.1 Storage leaseholds and rights.

A. This account shall include the cost of leaseholds, storage rights, mineral deeds, etc. on lands for the purpose of utilizing subsurface reservoirs for underground gas storage operations. (See gas plant instruction 7–G.)

B. Exclude from this account rents or other charges paid periodically for use of subsurface reservoirs for underground gas storage purposes.

NOTE: Items such as buildings, wells, lines, equipment and recoverable gas used in storage operations acquired with land or storage leaseholds and rights are to be classified in the appropriate accounts.

352.2 Reservoirs.

This account shall include costs to prepare underground reservoirs for the storage of natural gas.

ITEMS

1. Geological, geophysical and seismic costs.
2. Plugging abandoned wells.
3. Fuel and power.
4. Drilling and equipping fresh water wells, disposal wells, and solution wells.
5. Leaching of salt dome caverns.
6. Rentals on storage rights and leases incurred during construction and development period.
7. Gas used during the development period.
8. Costs incident to maintaining covenants of production leaseholds during the period required to convert them to storage leaseholds.
9. Other rehabilitation work.

352.3 Nonrecoverable natural gas.

A. This account shall include the cost of gas in underground reservoirs, including depleted gas or oil fields and other underground caverns or reservoirs used for the storage of gas which will not be recoverable.

B. Such nonrecoverable gas shall be priced at cost according to generally accepted methods of cost determination consistently applied. (See the Special Instructions to Accounts 117.1, 117.2, and 117.3.

353 Lines.

This account shall include the cost installed of gas pipe lines used wholly or predominantly for conveying gas from point of connection with transmission or field lines to underground storage wells and from underground storage wells to the point where the gas enters the transmission or distribution system.

ITEMS

1. Cathodic protection equipment.
2. Creek crossings, suspension bridges and other special construction.
3. Lines, including pipe, valves, fittings, and supports.
4. Line drips and separators.
5. Line pack gas.

354 Compressor station equipment.

This account shall include the cost installed of compressor station equipment used wholly or predominantly for the purpose of raising the pressure of gas for delivery to underground storage or to raise the pressure of gas withdrawn from underground storage for delivery to the transmission or distribution system.

ITEMS

1. Boiler plant, coal handling and ash handling equipment for steam powered compressor station.
2. Compressed air system equipment.
3. Compressor equipment and driving units, including auxiliaries, foundations, guard rails and enclosures, etc.
4. Electric system equipment, including generating equipment and driving units, power wiring, transformers, regulators, battery equipment, switchboard, etc.
5. Fire fighting equipment.
6. Gas lines and equipment, including fuel supply lines, cooling tower and pond and associated equipment, dehydrators, fuel gas mixers, special pipe bends and connections, and associated scrubbers, separators, tanks, gauges and instruments.
7. Laboratory and testing equipment.
8. Lubricating oil system, including centrifuge, filter, tanks, purifier, and lubricating oil piping, etc.
9. Office furniture and fixtures and general equipment such as steel lockers, first-aid equipment, gasoline dispensing equipment, lawn mowers, incinerators, etc.
10. Shop tools and equipment.
11. Water supply and circulation system, including water well, tank, water piping, cooling tower, spray fence, and water treatment equipment, etc., but not including water system equipment solely for domestic and general use.

355 Measuring and regulating equipment.

This account shall include the cost installed if equipment used wholly or predominantly for the purpose of measuring and regulating deliveries of gas to underground storage and withdrawals of gas from underground storage.

ITEMS

1. Automatic control equipment.
2. Boilers, heaters, etc.
3. Foundations, pits, etc.
4. Gas cleaners, scrubbers, separators, dehydrators, etc.
5. Gauges and instruments, including piping, fittings, wiring, etc., and panel boards.
6. Headers.
7. Meters, orifice or positive, including piping and connections.
8. Oil fogging equipment.
9. Odorizing equipment.
10. Regulators or governors, including controls and instruments.
11. Structures of a minor nature or portable type.

356 Purification equipment.

This account shall include the cost installed of apparatus used wholly or predominantly for the removal of impurities from and the conditioning of, gas delivered to or removed from underground storage fields.

ITEMS

1. Condensers and washer coolers.
2. Dehydrators.
3. Foundations and settings, specially constructed for and not intended to outlast the equipment for which provided.
4. Other accessory equipment, such as coolers, spray ponds, pumps, platforms, railings, stairs.
5. Piping, from inlet valve of first piece of apparatus to outlet valve of final piece of apparatus (or, in building, from entrance to building to exit from building).
6. Scrubbers.

7. Sulphur removal apparatus.
8. Water supply system.

357 Other equipment.

This account shall include the cost installed of equipment used wholly or predominantly in connection with underground storage of gas, when not assignable to any of the foregoing accounts.

ITEMS

1. Calorimeter.
2. Control installation.
3. Crane.
4. Odorizing unit.
5. Office furniture and equipment.
6. Oil foggers.

360 Land and land rights.

This account shall include the cost of land and land rights used in connection with the storage of gas in holders. (See gas plant instruction 7.)

361 Structures and improvements.

This account shall include the cost in place of structures and improvements used in connection with the storage of gas in holders. (See gas plant instruction 8.)

362 Gas holders.

This account shall include the cost installed of holders and associated appliances used in the storage of gas above ground, or in underground receptacles.

ITEMS

1. Alarm systems.
2. Buried piping, tanks or other underground construction for gas storage.
3. Flood and fire control equipment.
4. Foundations.
5. Holder pistons.
6. Holders-waterless, including elevators, tar apparatus, and inlet and outlet connections.
7. Holders-waterseal, including oil skimmer, heating equipment, drips, and inlet and outlet connections.
8. Hortonspheres and high pressure tanks, including inlet and outlet connections, access equipment, etc.
9. Lighting.
10. Pumps.
11. Ventilating equipment.
12. Walkways.

NOTE A: If the utility stores gas by the liquefaction process the holders for such liquids, whether above or below ground, shall be included in a separate subaccount hereunder.

NOTE B: Relief holders used in connection with manufactured gas operations shall be included in account 305, Structures and Improvements.

363 Purification equipment.

This account shall include the cost installed of apparatus used for the removal of impurities from gas and apparatus for conditioning gas.

ITEMS

1. Condensers and washer coolers.
2. Dehydrators.
3. Foundations and settings, specially constructed for and not intended to outlast the equipment for which provided.
4. Other accessory equipment, such as coolers, spray ponds, pumps, platforms, railings, stairs.
5. Piping from inlet valve of first piece of apparatus to outlet valve of final piece of apparatus (or, in building from entrance to building to exit from building).
6. Scrubbers.
7. Sulphur removal apparatus.
8. Water supply system.

363.1 Liquefaction equipment.

This account shall include the cost installed of equipment used in liquefaction of natural gas.

ITEMS

1. Cold box.
2. Heat exchanger.
3. Condensers.
4. Pumps.
5. Tanks.

363.2 Vaporizing equipment.

This account shall include the cost installed of vaporizing equipment used in connection with liquefied natural gas storage.

363.3 Compressor equipment.

This account shall include the cost installed of compressor equipment and associated appliances used in connection with other storage plant.

363.4 Measuring and regulating equipment.

This account shall include the cost installed of equipment used to measure deliveries of gas to other storage and withdrawals of gas from other storage.

ITEMS

1. Automatic control equipment.
2. Boilers, heaters, etc.
3. Foundations, pits, etc.
4. Gas cleaners, scrubbers, separators, dehydrators, etc.
5. Gauges and instruments, including piping, fittings, wiring, etc., and panel boards.
6. Headers.
7. Meters, orifice or positive, including piping and connections.
8. Oil fogging equipment.
9. Odorizing equipment.
10. Regulators or governors, including controls and instruments.
11. Structures of a minor nature or portable type.

363.5 Other equipment.

This account shall include the cost installed of other equipment used in connection with the storage of gas in holders.

ITEMS

1. Complete inlet and outlet connections.
2. Compressor.
3. Foundation.
4. Gauges and instruments.
5. Regulating apparatus.
6. Line pack gas.

364.1 Land and land rights.

A. This account shall include the cost of land and land rights used in connection with liquefied natural gas terminaling and processing operations. (See gas plant instruction 7.)

364.2 Structures and improvements.

A. This account shall include the cost in place of structures and improvements used in connection with liquefied natural gas terminaling and processing operations. (See gas plant instruction 8.)

B. This account shall be subdivided as follows:

1. Docking and harbor facilities.
2. LNG processing terminal structures.
3. Measuring and regulating structures.
4. Compressor station structures.
5. Other structures.

364.3 LNG processing terminal equipment.

This account shall include the cost installed of equipment used to receive, hold, and regasify liquefied natural gas for delivery into the utility's transmission or distribution system.

ITEMS

1. Aftercoolers.
2. Air compressors.
3. Air coolers.
4. Alarm systems.
5. Blowers.
6. Cold box, condensers.
7. Controls and control apparatus.
8. Dikes.
9. Drums.
10. Electrical power and ignition circuits including wiring and conduits.
11. Emission control equipment.
12. Fire control devices and equipment.
13. Foundations.
14. Generators.
15. Heat exchangers.
16. Heaters and reheaters.
17. Instrumentation.
18. Intercoolers.
19. Liquefaction compressors.
20. Liquefied gas holders and storage tanks.
21. Nitrogen system equipment.
22. Plant piping including pipe supports.
23. Pollution control facilities.
24. Pumps and driving units.
25. Stacks.
26. Tanks, other than LNG storage tanks (including ladders, stairs, walkways, and lighting).
27. Unloading and loading arms, and appurtenant equipment.
28. Valves.
29. Vaporizers.
30. Waste heat recovery units.
31. Water craft not to include LNG tankers and barges.
32. Miscellaneous other equipment.
33. Line pack gas.

364.4 LNG transportation equipment.

This account shall include the cost of vehicles used for the transportation of liquefied natural gas.

ITEMS

1. LNG barges.
2. LNG maritime tankers.
3. LNG tank trucks.
4. Other LNG transportation equipment.

364.5 Measuring and regulating equipment.

This account shall include the cost installed of meters, gauges and other equipment used in base load LNG operations for measuring or regulating natural gas prior to its entrance into the utility's transmission or distribution system.

ITEMS

1. Automatic control equipment.
2. Boilers, heaters, etc.
3. Foundation, pits, etc.
4. Gas analyzer equipment.
5. Gas cleaners, scrubbers, separators, dehydrators, etc.
6. Gauges and instruments, including piping, fittings, wiring, etc., and panel boards.
7. Headers.
8. Meters, orifice or positive, including piping and connections.
9. Oil fogging equipment.
10. Odorizing equipment.
11. Regulators or governors, including controls and instruments.
12. Stabilization equipment.
13. Structures of a minor or portable type.
14. Other equipment.

364.6 Compressor station equipment.

This account shall include the cost installed of compressor station equipment and associated appliances used in connection with liquefied natural gas operations prior to entrance of vaporized gas into the utility's transmission or distribution system.

ITEMS

1. Boiler plant, coal handling, and ash handling equipment for steam powered compressor station.
2. Compressed air system equipment.
3. Compressor equipment and driving units, including auxiliaries, foundations, guard rails, and enclosures, etc.
4. Electric system equipment, including generating equipment and driving units, power wiring, transformers, regulators, battery equipment, switchboard, etc.
5. Fire fighting equipment.
6. Gas lines and equipment, including fuel supply lines, cooling tower and pond and associated equipment, dehydrators, fuel gas mixers, special pipebends and connections, and associated scrubbers, separators, tanks, gauges, and instruments.
7. Laboratory and testing equipment.
8. Lubricating oil system, including centrifuge, filter, tanks, purifier, and lubricating oil piping, etc.
9. Office furniture and fixtures and general equipment such as steel lockers, first-aid equipment, gasoline dispensing equipment, lawn mowers, incinerators, etc.
10. Shop tools and equipment.
11. Water supply and circulation system, including water well, tank, water pipeline, cooling tower, spray fence, and water treatment equipment, etc., but not including water system equipment used solely for domestic and general use.
12. Other equipment.

364.7 Communication equipment.

This account shall include the cost installed of radio, telephone, microwave, and other equipment used wholly or predominantly in connection with the operation and maintenance of the liquefied natural gas system. (See also accounts 370 and 397, Communication Equipment.)

ITEMS

1. Carrier terminal equipment including repeaters, power supply equipment, transmitting and receiving sets.
2. Microwave equipment, including power supply equipment, transmitters, amplifiers, paraboloids, towers, reflectors, receiving equipment, etc.
3. Radio equipment, fixed and mobile, including antenna, power equipment, transmitter units.
4. Telephone equipment including switchboards, power and testing equipment, conductors, pole lines, etc.
5. Other equipment.

364.8 Other equipment.

This account shall include the cost installed of equipment used in liquefied natural gas operations, when not assignable to any of the foregoing accounts.

ITEMS

1. Garage and service equipment.
2. General tools, including power operated equipment.
3. Laboratory equipment.
4. Materials handling equipment.
5. Office furniture and equipment.
6. Power generation equipment.
7. Shop equipment.
8. Tools, other than small hand tools.
9. Other equipment.

365.1 Land and land rights.

This account shall include the cost of land and land rights except rights-of-way used in connection with transmission operations. (See gas plant instruction 7.)

365.2 Rights-of-way.

This account shall include the cost of rights-of-way used in connection with transmission operations. (See gas plant instruction 7.)

366 Structures and improvements.

A. This account shall include the cost in place of structures and improvements used in connection with transmission operations. (See gas plant instruction 8.)

B. This account shall be subdivided as follows:

366.1 Compressor station structures.

366.2 Measuring and regulating station structures.

366.3 Other structures.

367 Mains.

A. This account shall include the cost installed of transmission system mains.

B. The records supporting this account shall be so kept as to show separately the cost of mains of different sizes and types and of each tunnel, bridge, or river crossing.

ITEMS

1. Anti-freeze lubricating equipment.
2. Automatic valve operating mechanisms, including pressure tanks, etc.
3. By-pass assembly.
4. Caissons, tunnels, trestles, etc., for submarine mains.
5. Cathodic protection equipment.
6. Drip lines and pots.
7. Excavation, including shoring, bracing, bridging, pumping, backfill, and disposal of excess excavated material.
8. Foundations.
9. Gas cleaners, scrubbers, etc. when not part of compressor station or measuring and regulating equipment.
10. Leak clamps. (See gas plant instruction 10–C (1).)
11. Line pack gas.
12. Linewalkers' bridges.
13. Manholes.
14. Municipal inspection.
15. Pavement disturbed, including cutting and replacing pavement, pavement base, and sidewalks.
16. Permits.
17. Pipe coating.
18. Pipe and fittings.
19. Pipe laying.
20. Pipe supports.
21. Protection of street openings.
22. River, highway, and railroad crossing including revetments, pipe anchors, etc.
23. Valves.
24. Welding.

368 Compressor station equipment.

This account shall include the cos installed of compressor station equi ment and associated appliances used i connection with transmission syste operations.

ITEMS

1. Boiler plant, coal handling and ash ha dling equipment for steam powered cor pressor station.
2. Compressed air system equipment.
3. Compressor equipment and drivi units, including auxiliaries, foundatior guard rails and enclosures, etc.
4. Electric system equipment, includi generating equipment and driving uni power wiring, transformers, regulators, ba tery equipment, switchboard, etc.
5. Fire fighting equipment.
6. Gas lines and equipment, including fu supply lines, cooling tower and pond and sociated equipment, dehydrators, fuel g mixers, special pipe bends and connectio and associated scrubbers, separators, tan gauges and instruments.
7. Laboratory and testing equipment.
8. Lubricating oil system, including ce trifuge, filter, tanks, purifier, and lub cating oil piping, etc.
9. Office furniture and fixtures and gene equipment such as steel lockers, first-a equipment, gasoline dispensing equipme lawn mowers, incinerators, etc.
10. Shop tools and equipment.
11. Water supply and circulation syste including water well, tank, water pipi cooling tower, spray fence, and water tre ment equipment, etc., but not includi water system equipment solely for domes and general use.

369 Measuring and regulating stati equipment.

This account shall include the co installed of meters, gauges, and oth equipment used in measuring or reg lating gas in connection with tra mission system operations.

ITEMS

1. Automatic control equipment.

2. Boilers, heaters, etc.
3. Foundations, pits, etc.
4. Gas cleaners, scrubbers, separators, dehydrators, etc.
5. Gauges and instruments, including piping, fittings, wiring, etc., and panel boards.
6. Headers.
7. Meters, orifice or positive, including piping and connections.
8. Oil fogging equipment.
9. Odorizing equipment.
10. Regulators or governors, including controls and instruments.
11. Structures of a minor nature or portable type.

NOTE: Pipeline companies, including companies who measure deliveries of gas to their own distribution system, shall include in the transmission function classification city gate and main line industrial measuring and regulating stations.

370 Communication equipment.

This account shall include the cost installed of radio, telephone, microwave, and other equipment used wholly or predominantly in connection with the operation and maintenance of the gas transmission system. (See also account 397, Communication Equipment.)

ITEMS

1. Carrier terminal equipment including repeaters, power supply equipment, transmitting and receiving sets.
2. Microwave equipment, including power supply equipment, transmitters, amplifiers, paraboloids, towers, reflectors, receiving equipment, etc.
3. Radio equipment, fixed and mobile, including antenna, power equipment, transmitters and receivers, and portable receiver-transmitter units.
4. Telephone equipment including switchboards, power and testing equipment, conductors, pole lines, etc.

371 Other equipment.

This account shall include the cost installed of equipment used in transmission system operations, when not assignable to any of the foregoing accounts.

374 Land and land rights.

This account shall include the cost of land and land rights used in connection with distribution operations. (See gas plant instruction 7.)

375 Structures and improvements.

This account shall include the cost in place of structures and improvements used in connection with distribution operations. (See gas plant instruction 8.)

376 Mains.

A. This account shall include the cost installed of distribution system mains.

B. The records supporting this account shall be so kept as to show separately the cost of mains of different sizes and types and of each tunnel, bridge, or river crossing.

ITEMS

1. Caissons, tunnels, trestles, etc. for submarine mains.
2. Clamps, leak (bell and spigot) when installed at time of construction; when clamps are installed subsequent to construction, the accounting shall be in accordance with gas plant instruction 10, paragraph (C) 1.
3. Drip lines and pots.
4. Electrolysis tests, in connection with new construction.
5. Excavation, including shoring, bracing, bridging, pumping, backfill, and disposal of excess excavated material.
6. Hauling, unloading, and stringing pipe.
7. Lamping and watching new construction.
8. Line pack gas.
9. Municipal inspection.
10. Pavement disturbed, including cutting and replacing pavement, pavement base, and sidewalks.
11. Permits.
12. Pipe coating.
13. Pipe and fittings.
14. Pipe laying.
15. Pipe supports.
16. Protection of street openings.
17. Relocating city storm and sanitary sewers, catch basins, etc., or protecting same in connection with new construction.
18. Replacement of municipal drains and culverts in connection with new construction.
19. Roadway boxes.
20. Shifting excavated material due to traffic conditions in connection with new construction.
21. Sleeves and couplings.
22. Special crossovers, bridges and foundations for special construction.
23. Surveying and staking lines.
24. Valves not associated with pumping or regulating equipment.
25. Welding.
26. Wood blocking.

377 Compressor station equipment.

This account shall include the cost installed of compressor station equipment and associated appliances used in connection with distribution system operations.

ITEMS

1. Boiler plant, coal handling and ash handling equipment for steam powered compressor station.
2. Compressed air system equipment.
3. Compressor equipment and driving units, including auxiliaries, foundations, guard rails and enclosures, etc.
4. Electric system equipment, including generating equipment and driving units power wiring, transformers, regulators, battery equipment, switchboard, etc.
5. Fire fighting equipment.
6. Gas lines and equipment, including fuel supply lines, cooling tower and pond and associated equipment, dehydrators, fuel gas mixers, special pipe bends and connections, and associated scrubbers, separators, tanks, gauges and instruments.
7. Laboratory and testing equipment.
8. Lubricating oil system, including centrifuge, filter, tanks, purifier, and lubricating oil piping, etc.
9. Office furniture and fixtures and general equipment such as steel lockers, first-aid equipment, gasoline dispensing equipment, lawn mowers, incinerators, etc.
10. Shop tools and equipment.
11. Water supply and circulation system, including water well, tank water piping, cooling tower, spray fence and water treatment equipment, etc., but not including water system equipment solely for domestic and general use.

378 Measuring and regulating station equipment—General.

This account shall include the cost installed of meters, gauges and other equipment used in measuring and regulating gas in connection with distribution system operations other than the measurement of gas deliveries to customers.

ITEMS

1. Automatic control equipment.
2. Foundations.
3. Gauges and instruments.
4. Governors or regulators.
5. Meters.
6. Odorizing equipment.
7. Oil fogging equipment.
8. Piping.
9. Pressure relief equipment.
10. Vaults or pits, including valves contained therein.

NOTE: By-passes outside governor pits are includible in account 376, Mains.

379 Measuring and regulating station equipment—City gate check stations.

This account shall include the cost installed of meters, gauges, and other equipment used in measuring and regulating the receipt of gas at entry points to distribution systems.

NOTE: Pipeline companies, including companies who measure deliveries of gas to their own distribution system, shall include in the transmission function classification city gate and main line industrial measuring and regulating stations.

ITEMS

(See account 378 for items.)

380 Services.

A. This account shall include the cost installed of service pipes and accessories leading to the customer premises.

B. A complete service begins with the connection on the main and extends to but does not include the connection with the customer's meter. A stub service extends from the main to the property line, or the curb stop.

C. Services which have been used but have become inactive shall be retired from utility plant in service immediately if there is no prospect for reuse and, in any event, shall be retired at the end of the second year following that during which the service became inactive unless reused in the interim.

ITEMS

1. Curb valves and curb boxes.
2. Excavation, including shoring, bracing, bridging, pumping, backfill, and disposal of excess excavated material.
3. Landscaping, including lawns, and shrubbery.
4. Municipal inspection.
5. Pavement disturbed, including cutting and replacing pavement, pavement base, and sidewalks.
6. Permits.
7. Pipe and fittings, including saddle, T, or other fitting on street main.
8. Pipe coating.
9. Pipe laying.

10. Protection of street openings.
11. Service drips.
12. Service valves, at head of service, when installed or furnished by the utility.

381 Meters.

A. This account shall include the cost installed of meters or devices and appurtenances thereto, for use in measuring gas delivered to users, whether actually in service or held in reserve.

B. When a meter is permanently retired from service, the installed cost included herein shall be credited to this account.

C. The records of meters shall be so kept that the utility can furnish information as to the number of meters of each type and capacity in service and in reserve as well as the location of each meter.

ITEMS

1. Meters, including badging and initial testing.

Meter installations:

2. Cocks.
3. Labor.
4. Locks.
5. Meter bars.
6. Pipe and fittings.
7. Seals.
8. Shelves.
9. Swivels and bushings.
10. Transportation.

NOTE A: At the option of the utility, costs of meter installations may be accounted for separately from the cost of meters in accordance with the provisions of account 382, Meter Installations. The practice of the utility, however, shall be consistent from year to year and throughout the utility's system.

NOTE B: The cost of removing and resetting meters shall be charged to account 878, Meter and House Regulator Expenses.

382 Meter installations.

A. This account shall include the cost of labor and materials used, and expenses incurred in connection with the original installation of customer meters.

B. When a meter installation is permanently retired from service, the cost thereof shall be credited to this account.

ITEMS

1. Cocks.
2. Locks.
3. Labor.
4. Meter bars.
5. Pipe and fittings.
6. Seals.
7. Shelves.
8. Swivels and bushings.
9. Transportation.

NOTE: At the option of the utility, meter installations may be accounted for as part of the cost installed of meters, in accordance with the provisions of account 381, Meters. The practice of the utility, however, shall be consistent from year to year and throughout the utility's system.

383 House regulators.

A. This account shall include the cost installed of house regulators whether actually in service or held in reserve.

B. When a house regulator is permanently retired from service, the installed cost thereof shall be credited to this account.

ITEMS

1. House regulator.

House regulator installations:

2. Cocks.
3. Labor.
4. Locks.
5. Pipe and fittings.
6. Regulator vents.
7. Swivels and bushings.
8. Transportation.

NOTE: At the option of the utility, costs of house regulator installations may be accounted for separately from the cost of house regulators in accordance with the provisions of account 384, House Regulator Installations. The practice of the utility, however, shall be consistent from year to year and throughout the utility's system.

384 House regulator installations.

A. This account shall include the cost of labor and materials used and expenses incurred in connection with the original installation of house regulators.

B. When a house regulator installation is permanently retired from service, the cost thereof shall be credited to this account.

ITEMS

1. Cocks.
2. Labor.
3. Locks.
4. Pipe and fittings.
5. Regulator vents.
6. Swivels and bushings.
7. Transportation.

NOTE: At the option of the utility, house regulator installations may be accounted for as part of the cost installed of house regulators in accordance with the provisions of account 383. House Regulators. The practice, however, shall be consistent from year to year and throughout the utility's system.

385 Industrial measuring and regulating station equipment.

This account shall include the cost of special and expensive installations of measuring and regulating station equipment, located on the distribution system, serving large industrial customers.

ITEMS

(See account 378 for items.)

NOTE A: Do not include in this account measuring and regulating station equipment serving main line industrial customers. (See account 369.

NOTE B: By-passes outside of governor pits are includible in account 376, Mains.

386 Other property on customers' premises.

This account shall include the cost, including first setting and connecting, of equipment owned by the utility installed on customer premises which is not includible in other accounts.

387 Other equipment.

This account shall include the cost installed of all other distribution system equipment not provided for in the foregoing accounts, including street lighting equipment.

ITEMS

1. Carbon monoxide tester and indicators.
2. Explosimeters.
3. Fire extinguisher.
4. Gas masks.
5. Lockers.
6. Portable pump.
7. Recording gauges.
8. Street lighting equipment.
9. Test meters.
10. Watchmen's clocks.

389 Land and land rights.

This account shall include the cost of land and land rights used for utility purposes, the cost of which is not properly includible in other land and land rights accounts. (See gas plant instruction 7.)

390 Structures and improvements.

This account shall include the cost in place of structures and improvements used for utility purposes, the cost of which is not properly includible in other structures and improvements accounts. (See gas plant instruction 8.)

391 Office furniture and equipment.

This account shall include the cost of office furniture and equipment owned by the utility and devoted to utility service, and not permanently attached to buildings, except the cost of such furniture and equipment which the utility elects to assign to other plant accounts on a functional basis.

ITEMS

1. Book cases and shelves.
2. Desks, chairs, and desk equipment.
3. Drafting-room equipment.
4. Filing, storage and other cabinets.
5. Floor covering.
6. Library and library equipment.
7. Mechanical office equipment such as accounting machines, typewriters, etc.
8. Safes.
9. Tables.

392 Transportation equipment.

This account shall include the cost o transportation vehicles used for utility purposes.

ITEMS

1. Airplanes.
2. Automobiles.
3. Bicycles.
4. Electrical vehicles.
5. Motor trucks.
6. Motorcyles.
7. Repair cars or trucks.
8. Tractors and trailers.
9. Other transportation vehicles.

393 Stores equipment.

This account shall include the cost equipment used for the receiving, shi ping, handling and storage of materia and supplies.

ITEMS

1. Chain falls.
2. Counters.
3. Cranes (portable).
4. Elevating and stacking equipment (portable).
5. Hoists.
6. Lockers.
7. Scales.
8. Shelving.
9. Storage bins.
10. Trucks, hand and power driven.
11. Wheelbarrows.

394 Tools, shop and garage equipment.

This account shall include the cost of tools, implements, and equipment used in construction, repair work, general shops and garages and not specifically provided for or includible in other accounts.

ITEMS

1. Air compressors.
2. Anvils.
3. Automobile repair shop equipment.
4. Battery charging equipment.
5. Belts, shafts and countershafts.
6. Boilers.
7. Cable pulling equipment.
8. Concrete mixers.
9. Derricks.
10. Drill presses.
11. Electric equipment.
12. Engines.
13. Forges.
14. Foundations and settings specially constructed for equipment in this account and not expected to outlast the equipment for which provided.
15. Furnaces.
16. Gas producers.
17. Gasoline pumps, oil pumps, and storage tanks.
18. Greasing tools and equipment.
19. Hoists.
20. Ladders.
21. Lathes.
22. Machine tools.
23. Motor driven tools.
24. Motors.
25. Pipe threading and cutting tools.
26. Pneumatic tools.
27. Pumps.
28. Riveters.
29. Smithing equipment.
30. Tool racks.
31. Vises.
32. Welding apparatus.
33. Work benches.

395 Laboratory equipment.

This account shall include the cost installed of laboratory equipment used for general laboratory purposes and not specially provided for or includible in other departmental or functional plant accounts.

ITEMS

1. Balances and scales.
2. Barometers.
3. Calorimeters-bomb, flow, recording types, etc.
4. Electric furnaces.
5. Gas burning equipment.
6. Gauges.
7. Glassware, beakers, burettes, etc.
8. Humidity testing apparatus.
9. Laboratory hoods.
10. Laboratory tables and cabinets.
11. Muffles.
12. Oil analysis apparatus.
13. Piping.
14. Specific gravity apparatus.
15. Standard bottles for meter prover testing.
16. Stills.
17. Sulphur and ammonia apparatus.
18. Tar analysis apparatus.
19. Thermometers—indicating and recording.
20. Any other item of equipment for testing gas, fuel, flue gas, water, residuals, etc.

396 Power operated equipment.

This account shall include the cost of power operated equipment used in construction or repair work exclusive of equipment includible in other accounts. Include, also, the tools and accessories acquired for use with such equipment and the vehicle on which such equipment is mounted.

ITEMS

1. Air compressors, including driving unit and vehicle.
2. Back filling machines.
3. Boring machines.
4. Bulldozers.
5. Cranes and hoists.
6. Diggers.
7. Engines.
8. Pile drivers.
9. Pipe cleaning machines.
10. Pipe coating or wrapping machines.
11. Tractors—Crawler type.
12. Trenchers.
13. Other power operated equipment.

NOTE: It is intended that this account include only such large units as are generally self-propelled or mounted on movable equipment.

397 Communication equipment.

This account shall include the cost installed of telephone, telegraph and wireless equipment for general use in connection with the utility's gas operations. (See account 370 for communication equipment used wholly or predominantly in connection with operation and maintenance of the transmission system.)

ITEMS

1. Carrier terminal equipment including repeaters, power supply equipment, transmitting and receiving sets.
2. Microwave equipment, including power supply equipment, transmitters, amplifiers, paraboloids, towers, reflectors, receiving equipment, etc.
3. Radio equipment, fixed and mobile, including antenna, power equipment, transmitters and receivers, and portable receiver-transmitter units.
4. Telephone equipment including switchboards, power and testing equipment, conductors, pole lines, etc.

398 Miscellaneous equipment.

This account shall include the cost of equipment, apparatus, etc., used and useful in gas operations, which is not includible in any other account.

ITEMS

1. Hospital and infirmary equipment.
2. Kitchen equipment.
3. Operator's cottage furnishings.
4. Radios.
5. Recreation equipment.
6. Restaurant equipment.
7. Soda fountains.
8. Other miscellaneous equipment.

NOTE: Miscellaneous equipment of the nature indicated above wherever practicable shall be assigned to the utility plant accounts on a functional basis.

399 Other tangible property.

This account shall include the cost of tangible utility plant not provided for elsewhere.

Income Chart of Accounts

1. UTILITY OPERATING INCOME

OPERATING EXPENSES

400 Operating revenues.
401 Operation expense.
402 Maintenance expense.
403 Depreciation expense.
404.1 Amortization and depletion of producing natural gas land and land rights.
404.2 Amortization of underground storage land and land rights.
404.3 Amortization of other limited-term gas plant.
405 Amortization of other gas plant.
406 Amortization of gas plant acquisition adjustments.
407.1 Amortization of property losses, unrecovered plant and regulatory study costs
407.2 Amortization of conversion expense.
407.3 Regulatory debits.
407.4 Regulatory credits.
408 [Reserved]
408.1 Taxes other than income taxes, utility operating income.
409 [Reserved]
409.1 Income taxes, utility operating income
410 [Reserved]
410.1 Provision for deferred income taxes utility operating income.
411 [Reserved]
411.1 Provision for deferred income taxes-Credit, utility operating income.
411.3 [Reserved]
411.4 Investment tax credit adjustments utility operations.
411.6 Gains from disposition of utility plan
411.7 Losses from disposition of utility plan
Total utility operating expenses.

OTHER OPERATING INCOME

412 Revenues from gas plant leased to other
413 Expenses of gas plant leased to others.
414 Other utility operating income. Net utility operating income.

2. OTHER INCOME AND DEDUCTIONS

A. OTHER INCOME

415 Revenues from merchandising, jobbi and contract work.
416 Costs and expenses of merchandising, jobbing and contract work.
417 Revenues from nonutility operations.
417.1 Expenses of nonutility operations.
418 Nonoperating rental income.
418.1 Equity in earnings of subsidiary companies.
419 Interest and dividend income.
419.1 Allowance for other funds used duri construction.
421 Miscellaneous nonoperating income.

421.1 Gain on disposition of property. Total other income.

B. OTHER INCOME DEDUCTIONS

421.2 Loss on disposition of property.
425 Miscellaneous amortization.
426 [Reserved]
426.1 Donations.
426.2 Life insurance.
426.3 Penalties.
426.4 Expenditures for certain civic, political and related activites.
426.5 Other deductions. Total other income deductions. Total other income and deductions.

C. TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS

408.2 Taxes other than income taxes, other income and deductions.
409.2 Income taxes, other income and deductions.
410.2 Provision for deferred income taxes, other income and deductions.
411.2 Provision for deferred income taxes—Credit, other income and deductions.
411.5 Investment tax credit adjustments, nonutility operations.
420 Investment tax credits. Total taxes on other income and deductions. Net other income and deductions.

3. INTEREST CHARGES

427 Interest on long-term debt.
428 Amortization of debt discount and expense.
428.1 Amortization of loss on reacquired debt.
429 Amortization of premium on debt—Credit.
429.1 Amortization of gain on reacquired debt—Credit.
430 Interest on debt to associated companies.
431 Other interest expense.
432 Allowance for borrowed funds used during construction—Credit. Net interest charges.

4. EXTRAORDINARY ITEMS

434 Extraordinary income.
435 Extraordinary deductions.
409.3 Income taxes, extraordinary items. Net income

Income Accounts

400 Operating revenues.

There shall be shown under this caption the total amount included in the gas operating revenue accounts provided herein.

401 Operation expense.

There shall be shown under this caption the total amount included in the gas operation expense accounts provided herein. (See note to operating expense instruction 3.)

402 Maintenance expense.

There shall be shown under this caption the total amount included in the gas maintenance expense accounts provided herein.

403 Depreciation expense.

A. This account shall include the amount of depreciation expense for all classes of depreciable gas plant in service except such depreciation expense as is chargeable to clearing accounts or to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work.

B. The utility shall keep such records of property and property retirements as will reflect the service life of property which has been retired and aid in estimating probable service life by mortality, turnover, or other appropriate methods; and also such records as will reflect the percentage of salvage and cost of removal for property retired from each account, or subdivision thereof, for depreciable gas plant.

NOTE A: Depreciation expense applicable to property included in account 104, Gas Plant Leased to Others, shall be charged to account 413, Expenses of Gas Plant Leased to Others.

NOTE B: Depreciation expense applicable to transportation equipment, shop equipment, tools, work equipment, power operated equipment and other general equipment may be charged to clearing accounts as necessary in order to obtain a proper distribution of expenses between construction and operation.

404.1 Amortization and depletion of producing natural gas land and land rights.

A. This account shall include charges for amortization and depletion of producing natural gas land and land rights. (See account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant).

B. The charges to this account shall be made in such manner as to distribute the cost of producing natural gas land and land rights over the period of their benefit to the utility, based upon the exhaustion of the natural gas deposits recoverable from such land and land rights.

404.2 Amortization of underground storage land and land rights.

A. This account shall include charges for amortization of land and land rights of underground storage projects for natural gas. (See account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant.)

B. The charges to this account shall be made in such manner as to distribute the cost of amortizable land and land rights over the period of their benefit to the utility, and with respect to any land or land rights which include native gas in the storage reservoir, such amounts shall be amortized or depleted on the basis of production of such native gas after the volume of stored gas has been withdrawn from the reservoir.

404.3 Amortization of other limited-term gas plant.

This account shall include amortization charges applicable to amounts included in the gas plant accounts for limited-term franchises, licenses, patent rights limited-term interests in land, and expenditures on leased property where the service life of the improvements is terminable by action of the lease. The charges to this account shall be such as to distribute the book cost of each investment as evenly as may be over the period of its benefit to the utility. (See account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant.)

405 Amortization of other gas plant.

A. When authorized by the Commission, this account shall include charges for amortization of intangible or other gas utility plant, which does not have a definite or terminable life and which is not subject to charges for depreciation expense.

B. This account shall be supported in such detail as to show the amortization applicable to each investment being amortized, together with the book cost of the investment and the period over which it is being written off.

406 Amortization of gas plant acquisition adjustments.

This account shall be debited or credited, as the case may be, with amounts includible in operating expenses, pursuant to approval or order of the Commission, for the purpose of providing for the extinguishment of the amount in account 114, Gas Plant Acquisition Adjustments.

407.1 Amortization of property losses, unrecovered plant and regulatory study costs.

This account shall be charged with amounts credited to Account 182.1, Extraordinary Property Losses, and Account 182.2 Unrecovered Plant and Regulatory Study Costs, when the Commission has authorized the amount in the latter account to be amortized by charges to gas operating expenses.

407.2 Amortization of conversion expenses.

This account shall be charged with amortization of amounts authorized by the Commission to be included in Account 186, Miscellaneous Deferred Debits, for expenses incurred in the conversion of distribution plant from manufactured gas service to natural gas service.

407.3 Regulatory debits.

This account shall be debited, when appropriate, with the amounts credited to Account 254, Other Regulatory Liabilities, to record regulatory liabilities imposed on the utility by the ratemaking actions of regulatory agencies. This account shall also be debited when appropriate, with the amounts credited to Account 182.3, Other Regulatory Assets, concurrent with the recovery of such amounts in rates.

407.4 Regulatory credits.

This account shall be credited, when appropriate, with the amounts debited to Account 182.3, Other Regulatory Assets, to establish regulatory assets. This account shall also be credited when appropriate, with the amounts debited to Account 254, Other Regulatory Liabilities, concurrent with the return of such amounts to customers through rates.

408 [Reserved]

SPECIAL INSTRUCTIONS

Accounts 408.1 and 408.2

A. These accounts shall include the amounts of ad valorem, gross revenue or gross receipts, taxes, state unemployment insurance, franchise taxes, federal excise taxes, social security taxes, and all other taxes assessed by federal, state, county, municipal, or other local governmental authorities, except income taxes.

B. These accounts shall be charged in each accounting period with the amounts of taxes which are applicable thereto, with concurrent credits to account 236, Taxes Accrued, or account 165, Prepayments, as appropriate. When it is not possible to determine the exact amounts of taxes, the amounts shall be estimated and adjustments made in current accruals as the actual tax levies become known.

C. The charges to these accounts shall be made or supported so as to show the amount of each tax and the basis upon which each charge is made. In the case of a utility rendering more than one utility service, taxes of the kind includible in these accounts shall be assigned directly to the utility department the operation of which gave rise to the tax in so far as a specific utility department, it shall be distributed among the utility departments or nonutility operations on an equitable basis after appropriate study to determine such basis.

NOTE A: Special assessments for street and similar improvements shall be included in the appropriate utility plant or nonutility property account.

NOTE B: Taxes specifically applicable to construction shall be included in the cost of construction.

NOTE C: Gasoline and other sales taxes shall be charged as far as practicable to the same amount as the materials on which the tax is levied.

NOTE D: Social security and other forms of so-called payroll taxes shall be distributed to utility departments and to nonutility functions on a basis related to payroll. Amounts applicable to construction shall be charged to the appropriate plant accounts.

NOTE E: Interest on tax refunds or deficiencies shall not be included in these accounts but in account 419, Interest and Dividend Income, or 431, Other Interest Expense, as appropriate.

408.1 Taxes other than income taxes, utility operating income.

This account shall include those taxes other than income taxes which relate to utility operating income This account shall be maintained so as to allow ready identification of the various classes of taxes relating to Utility Operating Income (by department), Utility Plant Leased to Others and Other Utility Operating Income.

408.2 Taxes other than income taxes, other income and deductions.

This account shall include those taxes other than income taxes which relate to Other Income and Deductions.

409 [Reserved]

SPECIAL INSTRUCTIONS

Accounts 409.1, 409.2 and 409.3

A. These accounts shall include the amounts of local, state and federal income taxes on income properly accruable during the period covered by the income statement to meet the actual liability for such taxes. Concurrent credits for the tax accruals shall be made to account 236, Taxes Accrued, and as the exact amounts of taxes become known, the current tax accruals shall be adjusted by charges or credits to these accounts so that these accounts as nearly as can be ascertained shall include the actual taxes payable by the utility.

B. The accruals for income taxes shall be apportioned among utility departments and to Other Income and Deductions so that, as nearly as practicable, each tax shall be included in the expenses of the utility department or Other Income and Deductions, the income from which gave rise to the tax. The tax effects relating to Interest Charges shall be allocated between utility and nonutility operations. The basis for this allocation shall be the ratio of net investment in utility plant to net investment in nonutility plant.

NOTE A: Taxes assumed by the utility on interest shall be charged to account 431, Other Interest Expense.

NOTE B: Interest on tax refunds or deficiencies shall not be included in these accounts but in account 419, Interest and Dividend Income, or account 431, Other Interest Expense, as appropriate.

409.1 Income taxes, utility operating income.

This account shall include the amount of those local, state and federal income taxes which relate to utility operating income. This account shall be maintained so as to allow ready identification of tax effects (both positive and negative) relating to Utility Operating Income (by department), Utility Plant Leased to Others and Other Utility Operating Income.

409.2 Income taxes, other income and deductions.

This account shall include the amount of those local, state and federal income taxes (both positive and negative), which relate to Other Income and Deductions.

409.3 Income taxes, extraordinary items.

This account shall include the amount of those local, state and federal income taxes (both positive and negative), which relate to Extraordinary Items.

410 [Reserved]

SPECIAL INSTRUCTIONS

Accounts 410.1, 410.2, 411.1 and 411.2

A. Accounts 410.1 and 410.2 shall be debited, and Accumulated Deferred Income Taxes shall be credited with amounts equal to any current deferrals of taxes on income or any allocations of deferred taxes originating in prior periods, as provided by the texts of accounts 190, 281, 282 and 283. There shall not be netted against entries required to be made to these accounts any credit amounts appropriately includible in accounts 411.1 or 411.2.

B. Accounts 411.1 and 411.2 shall be credited, and Accumulated Deferred Income Taxes shall be debited with amounts equal to any allocations of deferred taxes originating in prior periods or any current deferrals of taxes on income, as provided by the texts of accounts 190, 281, 282, and 283. There shall not be netted against entries required to be made to these accounts any debit amounts appropriately includible in accounts 410.1 or 410.2.

410.1 Provision for deferred income taxes, utility operating income.

This account shall include the amounts of those deferrals of taxes and allocations of deferred taxes which relate to Utility Operating Income (by department).

410.2 Provision for deferred income taxes, other income and deductions.

This account shall include the amounts of those deferrals of taxes and allocations of deferred taxes which relate to other income and deductions.

411 [Reserved]

411.1 Provision for deferred income taxes—Credit, utility operating income.

This account shall include the amounts of those allocations of deferred taxes and deferrals of taxes, credit, which relate to Utility Operating Income (by department).

411.2 Provision for deferred income taxes—Credit, other income and deductions.

This account shall include the amounts of those allocations of deferred taxes and deferrals of taxes, credit, which relate to Other Income and Deductions.

411.3 [Reserved]

SPECIAL INSTRUCTIONS

Accounts 411.4 and 411.5

A. Account 411.4 shall be debited with the amounts of investment tax credits related to gas utility property that are credited to account 255, Accumulated Deferred Investment Tax Credits, by companies which do not apply the entire amount of the benefits of the investment credit as a reduction of the overall income tax expense in the year in which such credit is realized (see account 255).

B. Account 411.4 shall be credited with the amounts debited to account 255 for proportionate amounts of tax credit deferrals allocated over the average useful life of gas utility property to which the tax credits relate or such lesser period of time as may be adopted and consistently followed by the company.

C. Account 411.5 shall also be debited and credited as directed in paragraphs A and B for investment tax credits related to nonutility property.

411.4 Investment tax credit adjustments, utility operations.

This account shall include the amount of those investment tax credit adjustments related to property used in Utility Operations (by department

411.5 Investment tax credit adjustments, nonutility operations.

This account shall include the amount of those investment tax credit adjustments related to property used in Nonutility Operations.

411.6 Gains from disposition of utility plant.

This account shall include, as approved by the Commission, amounts relating to gains from the disposition of future use utility plant including amounts which were previously recorded in and transferred from account 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use, under the provisions of paragraphs B, C, and D thereof. Income taxes relating to gains recorded in this account shall be recorded in account 409.1, Income Taxes, Utility Operating Income.

411.7 Losses from disposition of utility plant.

This account shall include, as approved by the Commission, amounts relating to losses from the disposition of future use utility plant including amounts which were previously recorded in and transferred from account 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use, under the provisions of paragraphs B, C, and D thereof. Income taxes relating to losses recorded in this account shall be recorded in account 409.1, Income Taxes, Utility Operating Income.

412 Revenues from gas plant leased to others.

413 Expenses of gas plant leased to others.

A. These accounts shall include, respectively, revenues from gas property constituting a distinct operating unit or system leased by the utility to others, and which property is properly includible in account 104, Gas Plant Leased to Others, and the expenses attributable to such property.

B. The detail of expenses shall be kept or supported so as to show separately the following:

Operation.
Maintenance.
Depreciation.
Amortization.

NOTE: Related taxes shall be recorded in account 408.1, Taxes Other Than Income Taxes, Utility Operating Income, or account 409.1, Income Taxes, Utility Operating Income, as appropriate.

414 Other utility operating income.

A. This account shall include the revenues received and expenses incurred in connection with the operations of utility plant, the book cost of which is included in account 118, Other Utility Plant.

B. The expenses shall include every element of cost incurred in such operations, including depreciation, rents, and insurance.

NOTE: Related taxes shall be recorded in account 408.1, Taxes Other Than Income Taxes, Utility Operating Income, or account 409.1, Income Taxes, Utility Operating Income, as appropriate.

415 Revenues from merchandising, jobbing and contract work.

416 Costs and expenses of merchandising, jobbing and contract work.

A. These accounts shall include, respectively, all revenues derived from the sale of merchandise and jobbing or contract work, including any profit or commission accruing to the utility on jobbing work performed by it as agent under contracts whereby it does jobbing work for another for a stipulated profit or commission, and all expenses incurred in such activities. Interest related income from installment sales shall be recorded in Account 419, Interest and Dividend Income.

B. Records in support of these accounts shall be so kept as to permit ready summarization of revenues, costs and expenses by such major items as are feasible.

NOTE A: The classification of revenues, costs and expenses of merchandising, jobbing and contract work as nonoperating, and thus inclusion in this account, is for accounting purposes. It does not preclude consideration for justification to the contrary for ratemaking or other purpose.

NOTE B: Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

ITEMS

Account 415:
1. Revenues from sale of merchandise and from jobbing and contract work.
2. Discounts and allowances made in settlement of bills for merchandise and jobbing work.

Account 416:
Labor:
1. Canvassing and demonstrating appliances in homes and other places for the purpose of selling appliances.
2. Demonstrating and selling activities in sales rooms.
3. Installing appliances on customer premises where such work is done only for purchasers of appliances from the utility.
4. Installing piping or other property work on a jobbing or contract basis.
5. Preparing advertising materials for appliance sales purposes.
6. Receiving and handling customer orders for merchandise or for jobbing services.
7. Cleaning and tidying sales rooms.
8. Maintaining display counters and other equipment used in merchandising.
9. Arranging merchandise in sales rooms and decorating display windows.
10. Reconditioning repossessed appliances.
11. Bookkeeping and other clerical work in connection with merchandise and jobbing activities.
12. Supervising merchandise and jobbing operations.

Materials and expenses:
13. Advertising in newspapers, periodicals, radio, television, etc.
14. Cost of merchandise sold and of materials used in jobbing work.
15. Stores expenses on merchandise and jobbing stocks.
16. Fees and expenses of advertising and commercial artists' agencies.
17. Printing booklets, dodgers, and other advertising data.
18. Premiums given as inducement to buy appliances.
19. Light, heat, and power.
20. Depreciation on equipment used primarily for merchandise and jobbing operations.
21. Rent of sales rooms or of equipment.
22. Transportation expense in delivery and pick-up of appliances by utility's facilities or by others.
23. Stationery and office supplies and expenses.
24. Losses from uncollectible merchandise and jobbing accounts.

417 Revenues from nonutility operations.

417.1 Expenses of nonutility operations.

A. These accounts shall include revenues and expenses applicable to operations which are nonutility in character but nevertheless constitute a distinct operating activity of the enterprise as a whole, such as the operation of an ice department where applicable statutes do not define such operation as a utility, or the operation of a servicing organization for furnishing supervision, management, engineering, and similar services to others.

B. The expenses shall include all elements of costs incurred in such operations, and the accounts shall be maintained so as to permit ready summarization as follows:

Operation.
Maintenance.
Rents.
Depreciation.
Amortization.

NOTE B: Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

418 Nonoperating rental income.

A. This account shall include all rent revenues and related expenses of land, buildings, or other property included in account 121, Nonutility Property, which is not used in operations covered by accounts 417 or 417.1.

B. The expenses shall include all elements of costs incurred in the ownership and rental of property and the accounts shall be maintained so as to permit ready summarization as follows:

Operation.
Maintenance.
Rents.
Depreciation.
Amortization.

NOTE: Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

418.1 Equity in earnings of subsidiary companies.

This account shall include the utility's equity in the earnings or losses of subsidiary companies for the year.

419 Interest and dividend income.

A. This account shall include interest revenues on securities, loans, notes, advances, special deposits, tax refund and all other interest-bearing assets and dividends on stocks of other companies, whether the securities on which the interest and dividends are received

are carried as investments or included in sinking or other special fund accounts.

B. This account may include the pro rata amount necessary to extinguish (during the interval between the date of acquisition and the date of maturity) the difference between the cost to the utility and the face value of interest-bearing securities. Amounts thus credited or charged shall be concurrently included in the accounts in which the securities are carried.

C. Where significant in amount expenses, excluding operating taxes and income taxes, applicable to security investments and to interest and dividend revenues thereon shall be charged hereto.

NOTE A: Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

NOTE B: Interest accrued, the payment of which is not reasonably assured, dividends receivable which have not been declared or guaranteed, and interest or dividends upon reacquired securities issued or assumed by the utility shall not be credited to this account.

419.1 Allowance for other funds used during construction.

This account shall include concurrent credits for allowance for other funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Gas Plant Instruction 3(17).

420 Investment tax credits.

This account shall be credited as follows with investment tax credit amounts not passed on to customers:

(a) By amounts equal to debits to accounts 411.4, Investment Tax Credit Adjustments, Utility Operations, and 411.5, Investment Tax Credit Adjustments, Nonutility Operations, for investment tax credits used in calculating income taxes for the year when the company's accounting provides for nondeferral of all or a portion of such credits; and,

(b) By amounts equal to debits to account 255, Accumulated Deferred Investment Tax Credits, for proportionate amounts of tax credit deferrals allocated over the average useful life of the property to which the tax credits relate, or such lesser period of time as may be adopted and consistently used by the company.

421 Miscellaneous nonoperating income.

This account shall include all revenue and expense items except taxes properly includible in the income account and not provided for elsewhere. Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

ITEMS

1. Profit on sale of timber. (See gas plant instruction 7C.)
2. Profits from operations of others realized by the utility under contracts.
3. Gains on disposition of investments. Also gains on reacquisition and resale or retirement of utilities debt securities when the gain is not amortized and used by a jurisdictional regulatory agency to reduce embedded debt cost in establishing rates. See General Instruction 17.

421.1 Gain on disposition of property.

This account shall be credited with the gain on the sale, conveyance, exchange or transfer of utility or other property to another. Amounts relating to gains on land and land rights held for future use recorded in accounts 105, Gas Plant Held for Future Use and 105.1, Production Properties Held for Future Use, will be accounted for as prescribed in paragraphs B, C, and D thereof. (See gas plant instructions 5F, 7E, and 10E.) Income taxes on gains recorded in this account shall be recorded in account 409.2, Income Taxes, Other Income and Deductions.

421.2 Loss on disposition of property.

This account shall be charged with the loss on the sale, conveyance, exchange or transfer of utility or other property to another. Amounts relating to losses on land and land rights held for future use recorded in accounts 105, Gas Plant Held for Future Use and 105.1, Production Properties Held for Future Use, will be accounted for as prescribed in paragraphs B, C, and D

thereof. (See gas plant instructions 5F, 7E, and 10E.) The reduction in income taxes relating to losses recorded in this account shall be recorded in account 409.2, Income Taxes, Other Income and Deductions.

425 Miscellaneous amortization.

This account shall include amortization charges not includible in other accounts which are properly deductible in determining the income of the utility before interest charges. Charges includible herein, if significant in amount, must be in accordance with an orderly and systematic amortization program.

ITEMS

1. Amortization of utility plant acquisition adjustments, or of intangibles included in utility plant in service when not authorized to be included in utility operating expenses by the Commission.
2. Other miscellaneous amortization charges allowed to be included in this account by the Commission.

SPECIAL INSTRUCTIONS

Accounts 426.1, 426.2, 426.3, 426.4 and 426.5

These accounts shall include miscellaneous expense items which are nonoperating in nature but which are properly deductible before determining total income before interest charges.

NOTE: The classification of expenses as nonoperating and their inclusion in these accounts is for accounting purposes. It does not preclude Commission consideration of proof to the contrary for ratemaking or other purposes.

426.1 Donations.

This account shall include all payments or donations for charitable, social or community welfare purposes.

426.2 Life insurance.

This account shall include all payments for life insurance of officers and employees where company is beneficiary (net premiums less increase in cash surrender value of policies).

426.3 Penalties.

This account shall include payments by the company for penalties or fines for violation of any regulatory statutes by the company or its officials.

426.4 Expenditures for certain civic, political and related activities.

This account shall include expenditures for the purpose of influencing public opinion with respect to the election or appointment of public officials, referenda, legislation, or ordinances (either with respect to the possible adoption of new referenda, legislation or ordinances or repeal or modification of existing referenda, legislation or ordinances) or approval, modification, or revocation of franchises; or for the purpose of influencing the decisions of public officials, but shall not include such expenditures which are directly related to appearances before regulatory or other governmental bodies in connection with the reporting utility's existing or proposed operations.

426.5 Other deductions.

This account shall include other miscellaneous expenses which are nonoperating in nature, but which are properly deductible before determining total income before interest charges.

ITEMS

1. Loss relating to investments in securities written-off or written-down.
2. Loss on sale of investments.
3. Loss on reacquisition, resale or retirement of utility's debt securities, when the loss is not amortized and used by a jurisdictional regulatory agency to increase embedded debt cost in establishing rates. See General Instruction 17.
4. Preliminary survey and investigation expenses related to abandoned projects, when not written-off to the appropriate operating expense account.
5. Costs of preliminary abandonment cost recorded in accounts 182.1, Extraordinary Property Losses, and 182.2, Unrecovered Plant and Regulatory Study Costs, not allowed to be amortized to account 407.1, Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs.

427 Interest on long-term debt.

A. This account shall include the amount of interest on outstanding long-term debt issued or assumed by the utility, the liability for which is included in account 221, Bonds, or account 224, Other Long-Term Debt.

B. This account shall be so kept or supported as to show the interest accruals on each class and series of long-term debt.

NOTE: This account shall not include interest on nominally issued or nominally outstanding long-term debt, including securities assumed.

428 Amortization of debt discount and expense.

A. This account shall include the amortization of unamortized debt discount and expense on outstanding long-term debt. Amounts charged to this account shall be credited concurrently to accounts 181, Unamortized Debt Expense, and 226, Unamortized Discount on Long-Term Debt—Debit.

B. This account shall be so kept or supported as to show the debt discount and expense on each class and series of long-term debt.

428.1 Amortization of loss on reacquired debt.

A. This account shall include the amortization of the losses on reacquisition of debt. Amounts charged to this account shall be credited concurrently to account 189, Unamortized Loss on Reacquired Debt.

B. This account shall be maintained so as to allow ready identification of the loss amortized applicable to each class and series of long-term debt reacquired. See General Instruction 17.

429 Amortization of premium on debt—Credit.

A. This account shall include the amortization of unamortized net premium on outstanding long-term debt. Amounts credited to this account shall be charged concurrently to account 225, Unamortized Premium on Long-Term Debt.

B. This account shall be so kept or supported as to show the premium on each class and series of long-term debt.

429.1 Amortization of gain on reacquired debt—Credit.

A. This account shall include the amortization of the gains realized from reacquisition of debt. Amounts credited to this account shall be charged concurrently to account 257, Unamortized Gain on Reacquired Debt.

B. This account shall be maintained so as to allow ready identification of the gains amortized applicable to each class and series of long-term debt reacquired. See General Instruction 17.

430 Interest on debt to associated companies.

A. This account shall include interest accrued on amounts included in account 223, Advances from Associated Companies, and on all other obligations to associated companies.

B. The records supporting the entries to this account shall be so kept as to show to whom the interest is to be paid, the period covered by the accrual, the rate of interest and the principal amount of the advances or other obligations on which the interest is accrued.

431 Other interest expense.

This account shall include all interest charges not provided for elsewhere.

ITEMS

1. Interest on notes payable on demand or maturing one year or less from date and on open accounts, except notes and accounts with associated companies.
2. Interest on customers' deposits.
3. Interest on claims and judgments, tax assessments, and assessments for public improvements past due.
4. Income and other taxes levied upon bondholders of utility and assumed by it.

432 Allowance for borrowed funds used during construction—Credit.

This account shall include concurrent credits for allowance for borrowed funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Gas Plant Instruction 3(17).

434 Extraordinary income.

This account shall be credited with gains of unusual nature and infrequent occurrence, which would significantly distort the current year's income computed before Extraordinary Items, if reported other than as extraordinary items. Income tax relating to the amounts recorded in this account shall be recorded in account 409.3, Income Taxes, Extraordinary Items. (See General Instruction 7.)

435 Extraordinary deductions.

This account shall be debited with losses of unusual nature and infrequent occurrence, which would significantly distort the current year's income computed before Extraordinary Items, if reported other than as extraordinary items. Income tax relating to the amounts recorded in this account shall be recorded in account 409.3, Income Taxes, Extraordinary Items. (See General Instruction 7.)

Retained Earnings Chart of Accounts

433 Balance transferred from income.
436 Appropriations of retained earnings.
437 Dividends declared—preferred stock.
438 Dividends declared—common stock.
439 Adjustments to retained earnings.

Retained Earnings Accounts

433 Balance transferred from income.

This account shall include the net credit or debit transferred from income for the year.

436 Appropriations of retained earnings.

This account shall include appropriations of retained earnings.

ITEMS

1. Appropriations required under terms of mortgages, orders of courts, contracts, or other agreements.
2. Appropriations required by action of regulatory authorities.
3. Other appropriations made at option of utility for specific purposes.

437 Dividends declared—preferred stock.

A. This account shall include amounts declared payable out of retained earnings as dividends on actually outstanding preferred or prior lien capital stock issued by the utility.

B. Dividends shall be segregated for each class and series of preferred stock as to those payable in cash, stock and other forms. If not payable in cash, the medium of payment shall be described with sufficient detail to identify it.

438 Dividends declared—common stock.

A. This account shall include amounts declared payable out of retained earnings as dividends on actually outstanding common capital stock issued by the utility.

B. Dividends shall be segregated for each class of common stock as to those payable in cash, stock and other forms. If not payable in cash, the medium of payment shall be described with sufficient detail to identify it.

439 Adjustments to retained earnings.

A. This account shall, with prior Commission approval, include significant nonrecurring transactions accounted for as prior period adjustments, as follows:

(1) Correction of an error in the financial statements of a prior year.

(2) Adjustments that result from realization of income tax benefits of preacquisition operating loss carryforwards of purchased subsidiaries.

All other items of profit and loss recognized during a year shall be included in the determination of net income for that year.

B. Adjustments, charges, or credits due to losses on reacquisition, resale or retirement of the company's own capital stock shall be included in this account. (See account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, for the treatment of gains.)

Operating Revenue Chart of Accounts

1. SALES OF GAS

480 Residential sales.
481 Commercial and industrial sales.
482 Other sales to public authorities.
483 Sales for resale.
484 Interdepartmental sales.
485 Intracompany transfers.

2. OTHER OPERATING REVENUES

487 Forfeited discounts.
488 Miscellaneous service revenues.
489.1 Revenues from transportation of gas o others through gathering facilities.
489.2 Revenues from transportation of gas o others through transmission facilities.
489.3 Revenues from transportation of gas o others through distribution facilities.
489.4 Revenues from storing gas of others.
490 Sales of products extracted from natura gas.

491 Revenues from natural gas processed by others.
492 Incidental gasoline and oil sales.
493 Rent from gas property.
494 Interdepartmental rents.
495 Other gas revenues.
496 Provision for rate refunds.

Operating Revenue Accounts

480 Residential sales.

A. This account shall include the net billing for gas supplied for residential or domestic purposes.

B. Records shall be maintained so that the quantity of gas sold and the revenues received under each rate schedule shall be readily available.

NOTE: When gas supplied through a single meter is used for both residential and commercial purposes, the total revenue shall be included in this account or account 481, Commercial and Industrial Sales, according to the rate schedule which is applied. If the same rate schedules are applicable to both residential and commercial service, classification shall be according to principal use.

481 Commercial and industrial sales.

A. This account shall include the net billing for gas supplied to commercial and industrial customers.

B. Records shall be maintained so that the quantity of gas sold and revenue received under each rate schedule shall be readily available.

C. Records shall be maintained so as to show separately the revenues from commercial and industrial customers, as follows:

Large commercial and industrial sales (wherein shall be included the revenues from customers which use large volumes of gas, generally in excess of 200,000 Dth per year or approximately 800 Dth per day of normal requirements. Reasonable deviations are permissible in order that transfers of customers between the large and small classifications may be minimized).

Small commercial and industrial sales (wherein shall be included the revenues from customers which use volumes of gas generally less than 200,000 Mcf per year or less than approximately 800 Mcf per day of normal requirements).

NOTE: When gas supplied through a single meter is used for both commercial and residential purposes, the total revenue shall be included in this account or in account 480, Residential Sales, according to the rate schedule which is applied. If the same rate schedules are applicable to both residential and commercial service, classification shall be according to principal use.

482 Other sales to public authorities.

A. This account shall include the net billing for gas supplied to municipalities or divisions or agencies of Federal or State Governments, under special contracts or agreements or service classifications, applicable only to public authorities, for general governmental and institutional purposes, except any revenues under rate schedules the revenues from which are includible in account 481 or 483, and except any revenues from gas used for purposes such as powerplant fuel for publicly owned electric systems, manufacturing processes of arsenals, etc., and other major uses of gas which appropriately may be classified in account 481, Commercial and Industrial Sales.

B. Records shall be maintained so that the quantity of gas sold and the revenue received from each customer and from each major special contract shall be readily available.

483 Sales for resale.

A. This account shall include the net billing for gas supplied to other gas utilities or to public authorities for resale purposes.

B. Records shall be maintained so that there shall be readily available the revenues for each customer under each revenue schedule and the billing determinants, as applicable, i.e., volume of gas (actual and billing), contract demand, maximum actual demand, billing demand, and Btu adjustment factor.

NOTE: Revenues from gas supplied to other public utilities for use by them and not for distribution, shall be included in account 481, Commercial and Industrial Sales, unless supplied under the same contract as and not readily separable from revenues includible in this account.

484 Interdepartmental sales.

A. This account shall include amounts charged by the gas department at tariff or other specified rates for gas supplied by it to other utility departments.

B. Records shall be maintained so that the quantity of gas supplied each other department and the charge made therefor shall be readily available.

485 Intracompany transfers

A. This account shall include, for informational purposes only, the amount recorded for gas supplied by the production division when the price is not determined by a cost-of-service rate proceeding.

B. Records shall be maintained so that the quality of gas transferred shall be readily available.

487 Forfeited discounts.

This account shall include the amount of discounts forfeited or additional charges imposed because of the failure of customers to pay gas bills on or before a specified date.

488 Miscellaneous service revenues.

This account shall include revenues from all miscellaneous services and charges billed to customers which are not specifically provided for in other accounts.

ITEMS

1. Fees for changing, connecting, or disconnecting service.
2. Profit on maintenance of appliances, piping, gas firing, and other utilization facilities, or other installations on customers' premises.
3. Net credit or debit (cost less net salvage and less payment from customers) on closing work orders for plant installed for temporary service of less than 1 year. (See account 185, Temporary Facilities.)
4. Recovery of expenses in connection with gas diversion cases. (Billing for the gas consumed shall be included in the appropriate gas revenue account.)
5. Services performed for other gas companies for testing and adjusting meters, changing charts, etc.

489.1 Revenues from transportation of gas of others through gathering facilities.

This account includes revenues from transporting gas for other companies through the gathering facilities of the utility.

489.2 Revenues from transportation of gas of others through transmission facilities.

This account includes revenues from transporting gas for other companies through the transmission facilities of the utility.

489.3 Revenues from transportation of gas of others through distribution facilities.

This account includes revenues from transporting gas for other companies through the distribution facilities of the utility.

489.4 Revenues from storing gas of others.

This account includes revenues from storing gas for other companies.

490 Sales of products extracted from natural gas.

A. This account shall include revenues from sales of gasoline, butane propane, and other products extracted from natural gas, net of allowances, adjustments, and discounts, including sales of similar products purchased for resale.

B. Records shall be maintained so that the quantity, sales price, and revenues for each type of product sold to each purchaser shall be readily available.

491 Revenues from natural gas processed by others.

A. This account shall include revenues from royalties and permits, other bases of settlement, for permission granted others to remove products from natural gas of the utility.

B. The records supporting this account must be maintained so that full information concerning determinations of the revenues will be readily available concerning each processor of gas of the utility, including as applicable (a) The Dth of gas delivered to such other party for processing, (b) the Dth of gas received back from the processor, (c) the field, general production area , or other source of the gas processed, (d) Dth of gas used for processing fuel, etc., which is chargeable to the utility, (e) total gallons of each product recovered by the processor and the

utility's share thereof, (f) the revenues accruing to the utility, and (g) the basis of determination of the revenues accruing to the utility. Such records shall be maintained even though no revenues are derived from the processor.

492 Incidental gasoline and oil sales.

This account shall include revenues from natural gas gasoline produced direct from gas wells or recovered from drips or obtained in connection with purification or dehydration processes, and revenues from oil obtained from wells which produce oil and gas, the investment in which is carried in accounts 330, Producing Gas Wells—Well Construction, and 331, Producing Gas Wells—Well Equipment.

493 Rent from gas property.

A. This account shall include rents received for the use by others of land, buildings, and other property devoted to gas operations by the utility.

B. When property owned by the utility is operated jointly with others under a definite arrangement for sharing the actual expenses among the parties to the arrangement, any amount received by the utility for interest or return or in reimbursement of taxes or depreciation on the property shall be credited to this account.

NOTE: Do not include rent from property constituting an operating unit or system in this account. (See account 412, Revenues From Gas Plant Leased to Others.)

494 Interdepartmental rents.

This account shall include credits for rental charges made against other departments of the utility. In the case of property operated under a definite arrangement to allocate actual costs among the departments using the property, any allowance to the gas department for interest or return and depreciation and taxes shall be credited to this account.

495 Other gas revenues.

This account includes revenues derived from gas operations not includible in any of the foregoing accounts.

ITEMS

1. Commission on sale or distribution of gas of others when sold under rates filed by such others.
2. Compensation for minor or incidental services provided for others such as customer billing, engineering, etc.
3. Profit or loss on sale of material and supplies not ordinarily purchased for resale and not handled through merchandising and jobbing accounts.
4. Sales of steam, water, or electricity, including sales or transfers to other departments of the utility.
5. Miscellaneous royalties received.
6. Revenues from dehydration and other processing of gas of others, except products extraction where products are received as compensation and sales of such are includible in account 490, Sales of Products Extracted From Natural Gas, and except compression of gas of others, revenues from which are includible in accounts 489.1, 489.2, or 489.3, Revenues from Transportation of Gas of Others.
7. Include in a separate subaccount, revenues in payment for rights and/or benefits received from others which are realized through research, development, and demonstration ventures.
8. Include in a separate subaccount, gains on settlements of imbalance receivables and payables (See Accounts 174 and 242) and gains on replacement of encroachment volumes (See Account 117.4). Records must be maintained and readily available to support the gains included in this account.
9. Include in a separate subaccount revenues from penalties earned pursuant to tariff provisions, including penalties associated with cash-out settlements.

496 Provision for rate refunds.

A. This account shall be charged with provisions for the estimated pretax effects on net income of the portions of amounts being collected subject to refund which are estimated to be required to be refunded. Such provisions shall be credited to Account 229, Accumulated Provision for Rate Refunds.

B. This account shall also be charged with amounts refunded when such amounts had not been previously accrued.

C. Income tax effects relating to the amounts recorded in this account shall be recorded in account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or account 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, as appropriate.

Operation and Maintenance Expense Chart of Accounts

1. PRODUCTION EXPENSES

A. MANUFACTURED GAS PRODUCTION

A.1. Steam Production

OPERATION

700 Operation supervision and engineering.
701 Operation labor.
702 Boiler fuel.
703 Miscellaneous steam expenses.
704 Steam transferred—Credit.

MAINTENANCE

705 Maintenance supervision and engineering.
706 Maintenance of structures and improvements.
707 Maintenance of boiler plant equipment.
708 Maintenance of other steam production plant.

A.2. Manufactured Gas Production

OPERATION

710 Operation supervision and engineering.

PRODUCTION LABOR AND EXPENSES

711 Steam expenses.
712 Other power expenses.
713 Coke oven expenses.
714 Producer gas expenses.
715 Water gas generating expenses.
716 Oil gas generating expenses.
717 Liquefied petroleum gas expenses.
718 Other process production expenses.

GAS FUELS

719 Fuel under coke ovens.
720 Producer gas fuel.
721 Water gas generator fuel.
722 Fuel for oil gas.
723 Fuel for liquefied petroleum gas process.
724 Other gas fuels.

GAS RAW MATERIALS

725 Coal carbonized in coke ovens.
726 Oil for water gas.
727 Oil for oil gas.
728 Liquefied petroleum gas.
729 Raw materials for other gas processes.
730 Residuals expenses.
731 Residuals produced—Credit.
732 Purification expenses.
733 Gas mixing expenses.
734 Duplicate charges—Credit.
735 Miscellaneous production expenses.
736 Rents.

MAINTENANCE

740 Maintenance supervision and engineering.
741 Maintenance of structures and improvements.
742 Maintenance of production equipment.

B. NATURAL GAS PRODUCTION EXPENSES

B.1. Natural Gas Prodcution and Gathering

OPERATION

750 Operation supervision and engineering.
751 Production maps and records.
752 Gas wells expenses.
753 Field lines expenses.
754 Field compressor station expenses.
755 Field compressor station fuel and power.
756 Field measuring and regulating station expenses.
757 Purification expenses.
758 Gas well royalties.
759 Other expenses.
760 Rents.

MAINTENANCE

761 Maintenance supervision and engineering.
762 Maintenance of structures and improvements.
763 Maintenance of producing gas wells.
764 Maintenance of field lines.
765 Maintenance of field compressor station equipment.
766 Maintenance of field measuring and regulating station equipment.
767 Maintenance of purification equipment.
768 Maintenance of drilling and cleaning equipment.
769 Maintenance of other equipment.

B.2. Products Extraction

OPERATION

770 Operation supervision and engineering.
771 Operation labor.
772 Gas shrinkage.
773 Fuel.
774 Power.
775 Materials.
776 Operation supplies and expenses.
777 Gas processed by others.
778 Royalties on products extracted.
779 Marketing expenses.
780 Products purchased for resale.
781 Variation in products inventory.
782 Extracted products used by the utility—Credit.
783 Rents.

MAINTENANCE

784 Maintenance supervision and engineering.
785 Maintenance of structures and improvements.
786 Maintenance of extraction and refining equipment.
787 Maintenance of pipe lines.
788 Maintenance of extracted products storage equipment.

789 Maintenance of compressor equipment.
790 Maintenance of gas measuring and regulating equipment.
791 Maintenance of other equipment.

C. EXPLORATION AND DEVELOPMENT EXPENSES

OPERATION

795 Delay rentals.
796 Nonproductive well drilling.
797 Abandoned leases.
798 Other exploration.

D. OTHER GAS SUPPLY EXPENSES

OPERATION

800 Natural gas well head purchases.
800.1 Natural gas well head purchases, intracompany transfers.
801 Natural gas field line purchases.
802 Natural gas gasoline plant outlet purchases.
803 Natural gas transmission line purchases.
804 Natural gas city gate purchases.
804.1 Liquefied natural gas purchases.
805 Other gas purchases.
805.1 Purchased gas cost adjustments.
806 Exchange gas.
807 Purchased gas expenses.
808.1 Gas withdrawn from storage—Debt.
808.2 Gas delivered to storage—Credit.
809.1 Withdrawals of liquefied natural gas held for processing—Debt.
809.2 Deliveries of natural gas for processing—Credit.
810 Gas used for compressor station fuel—Credit.
811 Gas used for products extraction—Credit.
812 Gas used for other utility operations—Credit.
813 Other gas supply expenses.

2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES

A. UNDERGROUND STORAGE EXPENSES

814 Operation supervision and engineering.
815 Maps and records.
816 Wells expenses.
817 Lines expenses.
818 Compressor station expenses.
819 Compressor station fuel and power.
820 Measuring and regulating station expenses.
821 Purification expenses.
822 Exploration and development.
823 Gas losses.
824 Other expenses.
825 Storage well royalties.
826 Rents.

MAINTENANCE

830 Maintenance supervision and engineering.
831 Maintenance of structures and improvements.
832 Maintenance of reservoirs and wells.
833 Maintenance of lines.
834 Maintenance of compressor station equipment.
835 Maintenance of measuring and regulating station equipment.
836 Maintenance of purification equipment.
837 Maintenance of other equipment.

B. OTHER STORAGE EXPENSES

OPERATION

840 Operation supervision and engineering.
841 Operation labor and expenses.
842 Rents.
842.1 Fuel.
842.2 Power.
842.3 Gas losses.

MAINTENANCE

843.1 Maintenance supervision and engineering.
843.2 Maintenance of structures and improvements.
843.3 Maintenance of gas holders.
843.4 Maintenance of purification equipment.
843.5 Maintenance of liquefaction equipment.
843.6 Maintenance of vaporizing equipment.
843.7 Maintenance of compressor equipment.
843.8 Maintenance of measuring and regulating equipment.
843.9 Maintenance of other equipment.

C. LIQUEFIED NATURAL GAS TERMINALING AND PROCESSING EXPENSES

OPERATION

844.1 Operation supervision and engineering.
844.2 LNG processing terminal labor and expenses.
844.3 Liquefaction processing labor and expenses.
844.4 LNG transportation labor and expenses.
844.5 Measuring and regulating labor and expenses.
844.6 Compressor station labor and expenses.
844.7 Communication system expenses.
844.8 System control and load dispatching.
845.1 Fuel.
845.2 Power.
845.3 Rents.
845.4 Demurrage charges.
845.5 Wharfage receipts—credit.
845.6 Processing liquefied or vaporized gas by others.
846.1 Gas losses.
846.2 Other expenses.

MAINTENANCE

847.1 Maintenance supervision and engineering.
847.2 Maintenance of structures and improvements.
847.3 Maintenance of LNG processing terminal equipment.
847.4 Maintenance of LNG transportation equipment.

847.5 Maintenance of measuring and regulating equipment.
847.6 Maintenance of compressor station equipment.
847.7 Maintenance of communication equipment.
847.8 Maintenance of other equipment.

3. TRANSMISSION EXPENSES

OPERATION

850 Operation supervision and engineering.
851 System control and load dispatching.
852 Communication system expenses.
853 Compressor station labor and expenses.
854 Gas for compressor station fuel.
855 Other fuel and power for compressor stations.
856 Mains expenses.
857 Measuring and regulating station expenses.
858 Transmission and compression of gas by others.
859 Other expenses.
860 Rents.

MAINTENANCE

861 Maintenance supervision and engineering.
862 Maintenance of structures and improvements.
863 Maintenance of mains.
864 Maintenance of compressor station equipment.
865 Maintenance of measuring and regulating station equipment.
866 Maintenance of communication equipment.
867 Maintenance of other equipment.
870 Operation supervision and engineering.

4. DISTRIBUTION EXPENSES

OPERATION

871 Distribution load dispatching.
872 Compressor station labor and expenses.
873 Compressor station fuel and power (Major only).
874 Mains and services expenses.
875 Measuring and regulating station expenses—General.
876 Measuring and regulating station expenses—Industrial.
877 Measuring and regulating station expenses—City gate check stations.
878 Meter and house regulator expenses.
879 Customer installations expenses.
880 Other expenses.
881 Rents.

MAINTENANCE

885 Maintenance supervision and engineering.
886 Maintenance of structures and improvements.
887 Maintenance of mains.
888 Maintenance of compressor station equipment.
889 Maintenance of measuring and regulating station equipment—General.
890 Maintenance of measuring and regulating station equipment—Industrial.
891 Maintenance of measuring and regulating station equipment—City gate check stations.
892 Maintenance of services.
893 Maintenance of meters and house regulators.
894 Maintenance of other equipment.

5. CUSTOMER ACCOUNTS EXPENSES

OPERATION

901 Supervision.
902 Meter reading expenses.
903 Customer records and collection expenses.
904 Uncollectible accounts.
905 Miscellaneous customer accounts expenses.

6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES

OPERATION

907 Supervision.
908 Customer assistance expenses.
909 Informational and instructional advertising expenses.
910 Miscellaneous customer service and informational expenses.

7. SALES EXPENSES

OPERATION

911 Supervision.
912 Demonstrating and selling expenses.
913 Advertising expenses.
914 [Reserved]
915 [Reserved]
916 Miscellaneous sales expenses.

8. ADMINISTRATIVE AND GENERAL EXPENSES

OPERATION

920 Administrative and general salaries.
921 Office supplies and expenses.
922 Administrative expenses transferred Credit.
923 Outside services employed.
924 Property insurance.
925 Injuries and damages.
926 Employee pensions and benefits.
927 Franchise requirements.
928 Regulatory commission expenses.
929 Duplicate charges—Credit.
930.1 General advertising expenses.
930.2 Miscellaneous general expenses.
931 Rents.

MAINTENANCE

932 Maintenance of general plant.

Operation and Maintenance Expense Accounts

700 Operation supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of steam production. (See operating expense instruction 1.)

701 Operation labor.

This account shall include the cost of labor used in boiler rooms and elsewhere about the premises engaged in the production of steam or assignable to the production of steam.

ITEMS

1. Blowing flues.
2. Cleaning boilers.
3. Handling coal, coke, and breeze from place of storage to boilers.
4. Janitorial, messenger, watchmen, and similar services.
5. Operating boilers.
6. Operating elevators.
7. Pulverizing coal.
8. Pumping tar from storage tank to boilers.
9. Removing ashes.
10. Testing steam meters, gauges, and other instruments.

702 Boiler fuel.

A. This account shall include the cost of coal, oil, gas, or other fuel used in the production of steam, including applicable amounts of fuel stock expenses. It shall also include the net cost of, or the net amount realized from, the disposal of ashes.

B. Records shall be maintained to show the quantity and cost of each type of fuel used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel, except gas, and related fuel stock expenses, shall be charged initially to appropriate fuel accounts carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for basis of fuel costs and includible items of fuel stock expenses.

703 Miscellaneous steam expenses.

This account shall include the cost of materials used and expenses incurred in the production of steam, not includible in the foregoing accounts.

ITEMS

1. Boiler compounds.
2. Building service expenses.
3. Chemicals.
4. Communication service.
5. Lubricants.
6. Miscellaneous supplies.
7. Pumping supplies and expenses.
8. Purification supplies and expenses.
9. Tools, hand.
10. Waste.
11. Water purchased.
12. Research, development, and demonstration expenses.

704 Steam transferred—Credit.

A. This account shall include such portion of the cost of producing steam as is charged to other gas operating expense accounts, or to others or to a coordinate department under a joint facility arrangement.

B. The records supporting the entries to this account shall be so kept that the utility can furnish readily an explanation of the bases of the credits to this account and the amounts charged to (1) other gas accounts, (2) other utility departments, and (3) outside parties under a joint facility arrangement. The records shall show, likewise, the amounts of steam production operation and steam production maintenance expenses, respectively, chargeable to each of the foregoing.

NOTE A: If the utility produces gas by a single process at only one plant, credits need not be made to this account for the cost of steam used in such gas production facility.

NOTE B: Where steam is produced by producer gas equipment or waste heat boilers, and such steam becomes part of the general plant supply, this account should be charged and the steam expense account in the appropriate functional group of accounts (coal gas production, water gas production, etc.) credited with the value of such steam. However, if the steam so produced is used in the same functional operation as that through which derived, such entries need not be made.

705 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of steam production facilities.

Direct field supervision of specific jobs shall be charged to the appropriate maintenance accounts. (See operating expense instruction 1.)

706 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures and improvements used in steam production operations, the book cost of which is includible in account 305, Structures and Improvements. (See operating expense instruction 2.)

707 Maintenance of boiler plant equipment.

This account shall indicate the cost of labor, materials used and expenses incurred in the maintenance of equipment used in steam production the book cost of which is includible in account 306, Boiler Plant Equipment. (See operating expense instruction 2.)

708 Maintenance of other steam production plant.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment used in steam production operations, the book cost of which is includible in account 314, Coal, Coke, and Ash Handling Equipment, or account 320, Other Equipment. (See operating expense instruction 2.)

710 Operation supervision and engineering.

A. This account shall include the cost of labor and expenses occurred in the general supervision and direction of the operation of manufactured gas stations. Direct supervision of specific activities such as steam production and power operations, coke oven operations, water gas generation, etc., shall be charged to the appropriate account. (See operating expense instruction 1.)

711 Steam expenses.

A. This account shall include the cost of steam used in manufactured gas production. This includes the cost of steam transferred from the gas department's own supply and charges for steam transferred from others or from coordinate departments under joint facility arrangements. (See account 704, Steam Transferred—Credit.)

B. This account shall be so kept as to show separately for each source of steam the point of delivery, the quantity, the charges therefor, and the bases of such charges.

712 Other power expenses.

This account shall include the cost of electricity or other power, except steam, used in manufactured gas operation. This includes the cost of power purchased, the operation cost of electricity or other power such as compressed air produced by the gas department and charges from others or from coordinate departments for power produced under joint facility arrangements.

713 Coke oven expenses.

This account shall include the cost of labor used and expenses incurred in the operation of coke ovens for the production of coal gas, exclusive of the cost of fuel for the coke ovens and coal carbonized.

ITEMS

Labor:

1. Supervising.
2. Work of the following character in operation of coke ovens:
   a. Charging and leveling coal.
   b. Heating ovens to produce coke.
   c. Pushing, transporting, quenching, and dumping coke on wharf.
   d. Reclaiming coke spillage, removing, replacing, and luting oven doors and lids.
   e. Handling and mixing luting mud.
   f. Controlling oven heats and gas heating value with dilution gas.
   g. Controlling flue temperature, stack drafts, collecting main pressure and the flow of flushing liquor and drains.
   h. Operating, cleaning, and lubricating equipment not incidental to maintenance work, such as: charger, pusher, door operating and luting, mud mixing, gas reversal transportation machinery and equipment, quenching pumps and tower, together with valves, instruments, meters, controls, gauges, and records connected with their operation.
   i. Tar chasing (spooning tar in hot drain).
   j. Cleaning doors, jambs, and stand pipes.
3. Handling and transporting coal from storage or boats to battery bins.
4. Operating, cleaning and lubricating mechanical equipment, such as: hoist machine, conveyors and their housing, hammermill,

and breakers, mixing and battery bins, together with their control valves, instruments, etc.

5. Wetting and handling coke to the coke wharf or storage including cleaning and lubricating of equipment not incident to maintenance.

6. Pumping gas from ovens and maintaining the proper pressures on the collecting main and throughout the apparatus train, including cleaning and lubricating the oven gas exhausters and revivifying blowers, not incident to maintenance.

7. Removing and disposing of carbon, fines, sediment, and waste material.

8. Cleaning ovens and exhauster house, including janitor service in the employees' locker and wash room within this operating area.

Materials and expenses:

9. Packing, waste, lubricants, etc.

10. Small hand tools.

11. Building service, communication service, transportation.

714 Producer gas expenses.

This account shall include the cost of labor used and expenses incurred in making producer gas exclusive of the cost of fuel for producer gas.

ITEMS

Labor:

1. Supervising.

2. Work of the following character in connection with operation of producer gas sets (excepting the waste heat boiler and auxiliaries):

a. Inspecting, testing, clinkering, lighting and starting set.

b. Controlling fire and heats with fuel charges.

c. Barring, measuring, and rodding fires.

d. Observing pyrometers, pressures and CO_2 in stack gases.

e. Regulating input materials, such as coke, steam and air and making required flow rate and operating cycle changes.

f. Cleaning and removal of ash, dust, sediment and materials from the set and connections, seal pots, duct pockets, bootlegs, collectors and pumps.

g. Cleaning and reluting producer set doors.

h. Operating, cleaning and lubricating fuel charging lorries, grates, jackets and auxiliaries, ash removal apparatus, and associated instruments, meters, gauges, controls, etc.

3. Handling fuel from storage into bins with conveyors.

4. Operating, cleaning and lubricating auxiliary equipment, not incident to maintenance work, such as coolers, pumps, blowers, exhausters or boosters, fuel handling equipment, etc.

5. Removing and disposing of ashes, sediment and other waste material.

6. Cleaning the producer and booster houses including janitorial and similar services.

Materials and expenses:

7. Packing, waste, lubricants, etc.

8. Small hand tools.

9. Building service, communication service, transportation.

715 Water gas generating expenses.

This account shall include the cost of labor used and expenses incurred in the operation of water gas sets exclusive of the cost of fuel and oil for water gas production.

ITEMS

Labor:

1. Supervising.

2. Work of the following character in connection with the operation of water gas sets (excepting the waste heat boiler and auxiliaries):

a. Inspecting, testing, clinkering, lighting and starting up.

b. Controlling fire and heats with fuel charges, barring and rodding fires, operating grates and jackets, taking stains, observing pyrometers, pressures, seal pot water flow and stack gases, regulating input materials such as coke, oil, natural gas, steam and air.

c. Making required flow rate and operating cycle changes.

d. Cleaning and removing ashes, carbon, and sediment from the set and connections, the wash box, seal pot, oil spray, duct pockets, bootlegs, and collectors, and cleaning and reluting producer set doors.

e. Operating, cleaning and lubricating fuel charging lorries, blowers, valves, automatic operators, and grates, together with their instruments, gauges, and controls, also the ash belts.

3. Operating, cleaning and lubricating auxiliary equipment, such as hydraulic pumps, circulating water pumps, oil pumps from storage to sets, steam accumulators and regulators and reducers on natural gas for reforming, exhausters, revivifying air blowers, and purifier exhausters.

4. Handling fuel from storage into bins with conveyors.

5. Removing and disposing of ashes, carbon, sediment, and other waste material.

6. Cleaning of generator and exhauster houses, including janitorial and similar services.

Materials and expenses:

7. Packing, waste, lubricants, etc.

8. Small hand tools.

9. Building service, communication service, transportation.

716 Oil gas generating expenses.

This account shall include the cost of labor used and expenses incurred in the operation of equipment for the production of oil gas exclusive of cost of the oil.

ITEMS

Labor:

1. Supervising.

2. Cleaning, firing and operating oil gas machines.

3. Handling oil from place of storage to oil gas sets.

4. Measuring oil.

5. Removing and disposing of carbon deposits, and other cleaning and incidental labor.

Materials and expenses:

6. Packing, waste, lubricants, etc.

7. Small hand tools.

8. Building service, communication service, transportation.

717 Liquefied petroleum gas expenses.

This account shall include the cost of labor used and expenses incurred in the operation of equipment used for vaporizing petroleum derivatives such as propane, butane or gasoline exclusive of cost of the materials vaporized or used for fuel in the vaporizing process.

ITEMS

Labor:

1. Supervising.

2. Operating, cleaning and lubricating liquid petroleum vaporizers and injectors.

3. Taking pressures and temperatures, and reading gauges on storage tanks.

4. Inspecting and testing equipment and setting and adjusting controls and regulators.

5. Watching pressure gauges, maintaining pressures and relieving excess pressures through lines.

6. Repressuring storage tanks.

Materials and expenses:

7. Packing, waste, lubricants, etc.

8. Small hand tools.

9. Building service, communication service, transportation.

718 Other process production expenses.

This account shall include the cost of labor used and expenses incurred in operating equipment used for the production of gas by processes not provided for in the foregoing accounts.

719 Fuel under coke ovens.

A. This account shall include the cost of gas, other than coke oven gas or producer gas, or other fuel used under coke ovens for making coal gas. Concurrent credits shall be made to account 734, Duplicate Charges—Credit, for gas made by the utility and so used, or account 812, Gas Used for Other Utility Operations—Credit, for other gas used under coke ovens.

B. Records shall be kept to show the quantity and cost of each type of fuel used and fuel handling expenses.

ITEMS

1. Gas made by the utility and used under coke ovens.

2. Natural and other purchased gas used under coke ovens.

720 Producer gas fuel.

A. This account shall include the cost of fuel used in making producer gas including applicable amounts of fuel stock expenses. It shall also include the net cost of, or the net amount realized from, the disposal of ashes.

B. Records shall be kept to show the quantity and the cost of each type of fuel used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel and related fuel stock expenses shall be charged initially to the appropriate fuel account carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to the account on the basis of fuel used. See accounts 151 and 152 for basis of fuel costs and includible items of fuel stock expenses.

721 Water gas generator fuel.

A. This account shall include the cost of fuel used in making water gas including applicable amounts of fuel stock expenses. It shall also include the net cost of, or net proceeds from the disposal of ashes.

B. Records shall be kept to show the quantity and cost of each type of fuel used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel and related fuel stock expenses shall be charged initially to the appropriate fuel account carried under

accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for basis of fuel costs and includible items of fuel stock expenses.

722 Fuel for oil gas.

This account shall include the cost of fuel for the manufacture of gas by the oil gas process.

723 Fuel for liquefied petroleum gas process.

This account shall include the cost of fuel for vaporization of liquefied petroleum gas and for the compression of air in liquefied petroleum gas process.

724 Other gas fuels.

This account shall include the cost of fuel for the manufacture of gas by processes not provided for in the above fuel accounts.

725 Coal carbonized in coke ovens.

A. This account shall include the cost of coal used in coke ovens for making coal gas, including applicable amounts of fuel stock expenses.

B. Records shall be kept to show the type, quantity, and cost of coal used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of coal carbonized and related fuel stock expenses shall be charged initially to the appropriate account carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of coal used. See accounts 151 and 152 for basis of costs and includible items of fuel stock expenses.

726 Oil for water gas.

A. This account shall include the cost of oil used in carbureting water gas, including applicable amounts of fuel stock expenses.

B. Records shall be kept to show the type, quantity, and cost of oil used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of oil and related fuel stock expenses shall be charged initially to the appropriate accounts carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of oil used. See accounts 151 and 152 for basis of costs and includible items of fuel stock expenses.

727 Oil for oil gas.

A. This account shall include the cost of oil used in making oil gas, including applicable amounts of fuel stock expenses.

B. Records shall be kept to show the type, quantity, and cost of oil used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of oil and related fuel stock expenses shall be charged initially to the appropriate raw materials account carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of oil used. See accounts 151 and 152 for basis of costs and includible items of fuel stock expenses.

728 Liquefied petroleum gas.

A. This account shall include the cost of liquefied petroleum gas, such as propane, butane, or gasoline, vaporized for mixing with other gases or for sale unmixed, including applicable amounts of fuel stock expenses.

B. Records shall be kept to show the type, quantity, and cost of liquefied petroleum gas. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of liquefied petroleum gas and related fuel stock expenses shall be charged initially to the appropriate accounts under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of liquefied petroleum gas used. See accounts 151 and 152 for basis of costs and includible items of fuel stock expenses.

729 Raw materials for other gas processes.

A. This account shall include the cost of raw materials used in the production of manufactured gas by any process not provided for by the foregoing accounts including the production of coal gas by use of retorts, including applicable amounts of fuel stock expenses.

B. Records shall be kept to show the type, quantity, and cost of each raw material used, comparable to the accounting specified in the foregoing accounts for specified types of gas processes. Respective amount of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of raw materials and fuel stock expenses shall be charged initially to the appropriate accounts carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of raw materials used. See accounts 151 and 152 for basis of raw materials costs and includible items of raw materials stock expenses.

730 Residuals expenses.

A. This account shall include the cost of labor, materials used and expenses incurred including uncollectible accounts in obtaining, handling, preparing, refining, and marketing residuals produced in manufactured gas production processes.

B. Divisions of this account shall be maintained for each of the principal types of expenses chargeable hereto and for each residual or by-product carried in account 731, Residuals Produced—Credit.

731 Residuals produced—Credit.

A. This account shall be credited and the appropriate subdivision of account 153, Residuals and Extracted Products, debited monthly with the estimated value of residuals and other by-products obtained in connection with the production of manufactured gas, whether intended for sale or for use in operations.

B. If the net amount realized from the sale of residuals is greater or less than the amount at which they were originallly credited hereto, an adjusting entry shall be made crediting or debiting this account and charging or crediting the appropriate subdivision of account 153, Residuals and Extracted Products, with the difference.

732 Purification expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating purification equipment and apparatus used for conditioning manufactured gas.

ITEMS

Labor:

1. Supervising.
2. Operating conveyors, condensers, coolers, tar extractors and precipitators, shaving scrubbers and naphthalene and light oil scrubbers.
3. Emptying, rearranging, shifting, cleaning, purging, and refilling purifier boxes.
4. Removing spent oxide to refuse pile.
5. Revivifying oxide.
6. Oiling dip sheets of purifier boxes.
7. Inspecting, testing, controlling adjustments, and taking stains.
8. Cleaning and lubricating purification equipment.

Materials and expenses:

9. Iron oxide.
10. Unslacked lime.
11. Shavings.
12. Soda ash for liquid purifiers.
13. Wash oil for naphthalene scrubber.
14. Sulphuric acid.

733 Gas mixing expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating equipment for mixing natural and manufactured gas, or vaporized liquefied petroleum gases for delivery to the distribution system.

ITEMS

Labor:

1. Supervising.
2. Mixing enrichment gas and other gases or air, including mixing of liquid petroleum gas with air in a liquid petroleum air gas plant, and operation of air jetting equipment and controls.
3. Operating, cleaning and lubricating of cleaners, reducers, calorimeters, calorimixers, appliances and mixing apparatus with their related recorders, gauges, valves and controls, and gravitometers.
4. Inspecting, testing and adjusting mixing equipment.
5. Reading instruments and gauges, changing charts, and recording instrument and gauge readings.

Materials and expenses:

6. Packing, waste, lubricants, etc.
7. Small hand tools.
8. Building service, communication service, transportation.

734 Duplicate charges—Credit.

This account shall include concurrent credits for charges which are made to manufactured gas production operating expenses for manufactured gas not entering common system supply

steam or electricity used for which there is no direct money outlay.

NOTE: For manufactured gas used from the common system supply, concurrent credits shall be made to account 812, Gas Used for Other Utility Operations—Credit.

735 Miscellaneous production expenses.

This account shall include the cost of labor, materials used and expenses incurred in manufacturing gas production operations not includible in any of the foregoing accounts.

ITEMS

Labor:
1. Supervising.
2. Cleaning gas works yard of coke dust and other waste materials.
3. Humidifying gas or oil fogging gas at the production plant.
4. Cutting grass and care of the grounds around the gas works.
5. Clearing gas works yard of snow.
6. Janitor service and messenger service.
7. Operating elevators and other conveyances for general use at the gas works.
8. General clerical and stenographic work at gas works.
9. Guarding and patrolling plant and yard.
10. Testing plant instruments not elsewhere provided for.
11. Laboratory labor, except that chargeable to other accounts.
12. Reading manufactured gas meters, and calculating and recording hourly volumes produced.
13. Pumping drips (water) at plant (not provided for elsewhere).
14. Odorizing manufactured gas.
15. Operating, cleaning, and lubricating of air compressors with their tanks, instruments, meters, gauges, and controls when used to supply compressed air into the plant's air system.
16. Operating effluent water treatment systems, including chemical treatment ozonation, filter, and related equipment, including treatment of carbon and residual sludge, and removing spent oxide, and spent filtering materials.
17. Pumping water for cooling and condensing.
18. Cleaning filters and other operating duties of water system.

Materials and expenses:
19. Producer gas transferred from coke oven plant to water gas plant for dilution purposes.
20. Building service, communication service, transportation.
21. First aid supplies and safety equipment.
22. Office supplies, printing and stationery.
23. Meals, travelling and incidental expenses.
24. Fuel for heating plant, water for fire protection or general use, and similar items.
25. Lubricants, packing, waste, etc.
26. Odorizing chemicals.
27. Hand tools, drills, saw blades, files, etc.
28. Fire protection supplies.
29. Fogging oils, alcohol, etc.
30. Chemicals, filter materials, etc., and payments to others for disposal of plant effluents and waste.
31. Chemicals for water treatment.
32. Research, development, and demonstration expenses.

736 Rents.

This account shall include rents for property of others used, occupied or operated in connection with manufactured gas production operations. (See operating expense instruction 3.)

740 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of manufactured gas production facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance accounts. (See operating expense instruction 1.)

741 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 305, Structures and Improvements. (See operating expense instruction 2.)

742 Maintenance of production equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment for the production of manufactured gas, the book cost of which is included in accounts 306 to 320, inclusive, except such equipment as is used for the production of steam the maintenance of which is includible in accounts 707, Maintenance of Boiler Plant Equipment, and 708, Maintenance of Other Steam Production Plant. (See operating expense instruction 2.)

750 Operation supervision and engineering.

A. This account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of production and gathering systems. Direct supervision of specific activities such as turning on and shutting off wells, operating measuring and regulating stations, etc., shall be charged to the appropriate account. (See operating expense instruction 1.)

B. For Nonmajor companies, this account shall include the cost of supervision and labor in the operation of gas wells, lines, compressors and other equipment of the natural gas production and gathering system including miscellaneous labor such as care of grounds, building service, and general clerical and stenographic work at field offices.

ITEMS

1. Supervision. (See operating expense instruction 1.)
2. Gas depletion and gas reserve activities.
3. Geological activities in connection with gas production.
4. Rights-of-way office activities and supervision, not in connection with construction or retirement work, or storage.

751 Production maps and records.

This account shall include the cost of labor, materials used and expenses incurred in the preparation and maintenance of production maps and records.

ITEMS

Labor:
With respect to production maps:
1. Supervising.
2. Preparing farm maps, field inventory maps, well location plats, and other maps used in connection with natural gas production and gathering operations.
3. Posting changes and making corrections of maps.
4. Maintaining files of maps and tracings.
5. Surveying deeds, leases, rights-of-way, well locations, etc., for map revisions.
6. Reproducing maps (blueprints, photostats, etc.).

With respect to land records:
7. Supervising.
8. Abstracting titles to date for extension and renewal of leases.
9. Adjusting land and well rentals.
10. Checking free gas rights.
11. Maintaining land and lease records.
12. Delivering rental and royalty checks.
13. Assigning, pooling, merging, renewing, and extending leases.
14. Patrolling land.
15. Preparing expiration calendars.
16. Replacing leases (not involving additional consideration).
17. Transferring payees.

Materials and expenses:
18. Blueprints, photostats, etc.
19. Drafting materials and supplies.
20. Surveying materials and supplies.
21. Employee transportation and travel expenses.
22. Freight, express, parcel post, trucking and other transportation.
23. Janitor and washroom supplies, etc.
24. Office supplies, stationery and printed forms.
25. Utility services: light, water, and telephone.

752 Gas wells expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating producing gas wells.

ITEMS

Labor:
1. Supervising.
2. Testing, bailing, swabbing, blowing and gauging producing gas wells.
3. Cleaning off old well locations.
4. Painting signs, etc.
5. Minor upkeep of well roads and fences, etc.
6. Turning wells off and on.
7. Pumping wells.

Materials and expenses:
8. Gas, gasoline, and oil used in pumping, bailing, heating, and swabbing.
9. Lumber, nails, and other materials used for upkeep of fences, making signs, etc.
10. Materials for upkeep of well roads, etc.
11. Well swabs.
12. Employees' transportation and travel expenses.
13. Freight, express, parcel post, trucking and other transportation.
14. Transportation: company and rented vehicles.

753 Field lines expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating field lines.

ITEMS

Labor:

1. Supervising.
2. Walking or patrolling lines.
3. Attending valves, lubricating valves and other equipment, blowing and cleaning lines and drips, draining water from lines, operating and cleaning scrubbers, thawing freezes.
4. Taking line pressures, changing pressure charts, operating alarm gauges.
5. Building and repairing gate boxes, foot bridges, stiles, tool boxes, etc., used in line operations, erecting line markers and warning signs, repairing old line roads.
6. Cleaning debris, cutting grass and weeds on rights-of-way.
7. Inspecting and testing not specifically to determine necessity for repairs.
8. Protecting utility property during work by others.
9. Standby time of emergency crews, responding to fire calls, etc.
10. Locating valve boxes or drip riser boxes.
11. Cleaning and repairing tools used in mains operations, making tool boxes, etc.
12. Cleaning structures and equipment.
13. Driving trucks.

Materials and expenses:

14. Line markers and warning signs.
15. Lumber, nails, etc., used in building and repairing gate boxes, foot bridges, stiles, tool boxes, etc.
16. Charts.
17. Scrubber oil.
18. Hand tools.
19. Lubricants, wiping rags, waste, etc.
20. Freight, express, parcel post, trucking and other transportation charges.
21. Employees' transportation and travel expenses.
22. Janitor and washroom supplies.
23. Utility services: light, water, telephone.
24. Gas used in field line operations.

754 Field compressor station expenses.

This account shall include the cost of labor, materials used, except fuel, and expenses incurred in operating field compressor stations.

ITEMS

Labor:

1. Supervising.
2. Operating and checking engines, equipment valves, machinery, gauges, and other instruments, including cleaning, wiping, polishing, and lubricating.
3. Operating boilers and boiler accessory equipment, including fuel handling and ash disposal, recording fuel used, and unloading and storing coal and oil.
4. Repacking valves and replacing gauge glasses, etc.
5. Recording pressures, replacing charts, keeping logs, and preparing reports of station operations.
6. Inspecting and testing equipment when not specifically to determine necessity for repairs or replacement of parts.
7. Pumping drips at the station.
8. Taking dew point readings.
9. Testing water.
10. Cleaning structures, cutting grass and weeds, and minor grading around station.
11. Cleaning and repairing hand tools used in operations.
12. Driving trucks.
13. Watching during shut downs.
14. Clerical work at station.

Materials and expenses:

15. Scrubber oil.
16. Lubricants, wiping rags, and waste.
17. Charts and printed forms, etc.
18. Gauge glasses.
19. Chemicals to test waters.
20. Water tests and treatment by other than employees.
21. Janitor and washroom supplies, first aid supplies, landscaping supplies, etc.
22. Employees' transportation and travel expenses.
23. Freight, express, parcel post, trucking, and other transportation.
24. Utility services: light, water, telephone.

755 Field compressor station fuel and power.

A. This account shall include the cost of gas, coal, oil, or other fuel, or electricity, used for the operation of field compressor stations, including applicable amounts of fuel stock expenses.

B. Records shall be maintained to show the quantity of each type of fuel consumed or electricity used at each compressor station, and the cost of such fuel or power. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel, except gas, and related fuel stock expenses shall be charged initially to appropriate fuel accounts carried in accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for the basis of fuel costs and includible fuel stock expenses.

756 Field measuring and regulating station expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating field measuring and regulating stations.

ITEMS

Labor:

1. Supervising.
2. Recording pressures and changing charts, reading meters, etc.
3. Estimating lost meter registrations, etc., except gas purchases and sales.
4. Calculating gas volumes from meter charts, except for gas purchases and sales.
5. Adjusting and calibrating measuring equipment, changing meters, orifice plates, gauges, clocks, etc., not in connection with maintenance or construction.
6. Testing gas samples, inspecting and testing gas sample tanks and other meter engineer's equipment, determining specific gravity and Btu content of gas.
7. Inspecting and testing equipment not specifically to determine necessity for repairs including pulsation tests.
8. Cleaning and lubricating equipment.
9. Keeping log and other operating records, preparing reports of operations, etc.
10. Attending boilers and operating other accessory equipment.
11. Installing and removing district gauges for pressure survey.
12. Thawing freeze in gauge pipes.
13. Inspecting and pumping drips, dewatering manholes and pits, inspecting sumps, cleaning pits, etc., blowing meter drips.
14. Moving equipment, minor structures, etc., not in connection with construction, retirement, or maintenance work.

Materials and expenses:

15. Charts and printed forms, stationery and office supplies, etc.
16. Lubricants, wiping rags, waste.
17. Employees' transportation and travel expense.
18. Freight, express, parcel post, trucking and other transportation.
19. Utility services: light, water, telephone.

757 Purification expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating equipment used for purifying, dehydrating, and conditioning of natural gas.

ITEMS

Labor:

1. Supervising.
2. Changing charts on fuel meters.
3. Emptying, cleaning and refilling purifier boxes.
4. Oiling dip sheets of purifier covers.
5. Removing spent oxide to refuse piles.
6. Revivifying oxide.
7. Taking readings of inlet and outlet pressures and temperature.
8. Unloading and storing glycol.
9. Watching station and equipment.
10. Cutting grass and weeds, and minor grading around equipment and stations.
11. Hauling operating employees, materials, supplies and tools, etc.
12. Inspecting and testing equipment, not specifically to determine necessity for repairs or replacement of parts.
13. Lubricating equipment, valves, etc.
14. Operating and checking equipment, valves, instruments, etc.

Materials and expenses:

15. Liquid purifying supplies.
16. Iron oxide.
17. Odorizing materials.
18. Charts, printed forms, etc.
19. Employees' transportation and travel expenses.
20. Freight, express, parcel post, trucking, and other transportation.
21. Gas used in operations.
22. Janitor, washroom, and landscaping supplies.
23. Lubricants, wiping rags, waste, etc.
24. Utility services: light, water, telephone.

NOTE: Inclusion of dehydration expenses in this account shall be consistent with the functional classification of dehydration plant as to which, see the note to account 336, Purification Plant, relating to cases where dehydrators may be located some distance from the production sources of gas.

758 Gas well royalties.

A. This account shall include royalties paid for natural gas produced by the utility from wells on land owned by others.

B. Records supporting the entries to this account shall be so kept that the utility can furnish the name of the parties to each contract involving royalties, the terms of each contract, the location of the property involved, the method of determining the royalties, and the amounts payable.

759 Other expenses.

This account shall include the cost of labor, materials used and expenses incurred in producing and gathering natural gas and not includible in any of the foregoing accounts.

ITEMS

Labor:

1. Moving cleaning tools between locations
2. Operating communications system.
3. Reading limited and unlimited free gas meters.

Materials and expenses:

4. Miscellaneous small tools, etc.

5. Research, development, and demonstration expenses.

760 Rents.

This account shall include rents for property of others used, occupied or operated in connection with the production and gathering of natural gas, other than rentals on land and land rights held for the supply of natural gas. (See operating expense instruction 3.)

NOTE: See account 795, Delay Rentals, for rentals paid on lands held for the purpose of obtaining a supply of gas in the future.

761 Maintenance supervision and engineering.

This account shall include the cost of labor, materials used and expenses incurred in the general supervision and direction of maintenance of the production and gathering facilities as a whole. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

762 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures and improvements, the book cost of which is includible in accounts 326, Gas Well Structures, 327, Field Compressor Station Structures, 328, Field Measuring and Regulating Station Structures, and 329, Other Structures. (See operating expense instruction 2.)

763 Maintenance of producing gas wells.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of gas wells and equipment includible in accounts 330. Producing Gas Wells—Well Construction, and 331, Producing Gas Wells—Well Equipment. (See operating expense instruction 2.)

764 Maintenance of field lines.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of field lines the book cost of which is includible in account 332, Field Lines. (See operating expense instruction 2.)

ITEMS

1. Electrolysis and leak inspections (not routine).
2. Installing and removing temporary lines, when necessitated by maintenance.
3. Lamping and watching while making repairs.
4. Lowering and changing location of portion of lines, when the same pipe is used.
5. Protecting lines from fires, floods, land slides, etc.
6. Rocking creek crossings.

765 Maintenance of field compressor station equipment.

This account shall include the cost of labor and expenses incurred in the maintenance of field compressor station equipment includible in account 333, Field Compressor Station Equipment. (See operating expense instruction 2.)

766 Maintenance of field measuring and regulating station equipment.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of field measuring and regulating station equipment includible in account 334, Field Measuring and Regulating Station Equipment. (See operating expense instruction 2.)

767 Maintenance of purification equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of purification equipment includible in account 336, Purification Equipment. (See operating expense instruction 2.)

NOTE: Inclusion of dehydration maintenance expenses in this account shall be consistent with the functional classification of dehydration plant as to which see the note to account 336, Purification Equipment, relating to cases where dehydrators may be located some distance from the production sources of gas.

768 Maintenance of drilling and cleaning equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of drilling and cleaning equipment includible in account 335, Drilling and Cleaning Equipment, except such costs of maintaining drilling tools or other equipment which are assignable to the cost of drilling wells. (See operating expense instruction 2.)

769 Maintenance of other equipment.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of other production and gathering equipment includible in account 337, Other Equipment. (See operating expense instruction 2.)

770 Operation supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of products extraction and refining operations, except supervision of marketing and selling operations which shall be charged to account 779, Marketing Expenses. Direct supervision of specific extraction and refining activities shall be charged to the appropriate account. (See operating expense instruction 1.)

771 Operation labor.

This account shall include the cost of labor used in the operation of facilities for the extraction of gasoline, butane, propane, or other salable products from natural gas and for refining such products.

ITEMS

Labor:

1. Supervising.
2. Operating, checking, lubricating, wiping, polishing, and cleaning engines, equipment, valves, machinery, gauges, and other instruments, etc.
3. Inspecting and testing equipment and instruments, not specifically to determine necessity for repairs or replacement of parts.
4. Reading meters, gauges, and other instruments, changing charts, preparing operating reports, etc.
5. Testing gasoline samples, water, etc.
6. Cleaning structures housing equipment, cutting grass and weeds and doing minor grading work around equipment and structures, etc.
7. Driving trucks used in products extraction operations.
8. Cleaning and repairing hand tools used in operations, etc.
9. Watching plant during shut-down periods.
10. Making electricity or steam.

772 Gas shrinkage.

A. This account shall include the cost of gas lost or absorbed in the process of extraction of salable products from natural gas, exclusive of gas used as fuel, the cost of which shall be included in account 773, Fuel.

B. Concurrent credits offsetting charges to this account shall be made to account 811, Gas Used for Products Extraction—Credit.

773 Fuel.

A. This account shall include the cost of natural gas or other fuel used in extracting gasoline, butane, propane and other salable products from natural gas, including fuel used for generation of electricity or making steam.

B. Concurrent Credits offsetting charges to this account shall be made to account 811, Gas Used for Products Extraction—Credit.

774 Power.

This account shall include the cost o electricity purchased for operation o facilities used in the extraction of gas oline, butane, propane, or other salabl products from natural gas.

775 Materials.

This account shall include the cost c materials used in extracting salabl products from natural gas and blendin and refining such products.

ITEMS

1. Absorption oil.
2. Charcoal.
3. Water (payments to others for water).
4. Steam (payments to others for steam).
5. Blending agents.
6. Natural gasoline removed from inve tory for blending and refining purposes.
7. Tetraethyl lead.

776 Operation supplies and expenses.

This account shall include suppli used and expenses incurred in the ope ation of facilities for recovering salab products from natural gas and blendir and refining such products, not pr vided for elsewhere.

ITEMS

1. Employee transportation and travel expenses.
2. Freight, express, parcel post, trucking and other transportation.
3. Utility services: light, water, telephone.
4. Charts, gas measurement, etc.
5. Janitor, washroom and landscaping supplies.
6. Lubricants: oil and grease, wiping rags and waste, etc.
7. Testing equipment, hand tools, etc., of a portable nature and relatively minor cost or of short life.
8. Research, development, and demonstration expenses.

777 Gas processed by others.

A. This account shall include the cost of gas shrinkage, gas consumed for fuel, royalties, and other expenses in connection with the processing of gas of the utility by others for extraction of salable products, for which the related revenues are includible in account 491, Revenues from Natural Gas Processed by Others.

B. Concurrent credits offsetting charges to this account for the difference between gas delivered to others for processing and gas returned after processing, such as shrinkage in the processing operations and gas of the utility used for fuel, shall be made to account 811, Gas Used for Products Extraction of Credit.

C. Records supporting this account shall be so maintained that full information will be readily available concerning gas shrinkage, gas used for fuel, royalties, and other expenses assumed or paid by the utility with regard to each processor of gas of the utility. (See paragraph B of account 491, Revenues from Natural Gas Processed by Others.)

ITEMS

1. Gas shrinkage, being cost of the reduction in gas from products extraction operations of gas of the utility processed by others.
2. Gas for fuel, being cost of gas of the utility used for fuel in connection with the products extraction processing of the utility's gas by others.
3. Royalties, being payments of fractional interests of royalty holders in products extracted by others from gas of the utility.

778 Royalties on products extracted.

This account shall include royalties paid by the utility to others for the right to extract salable products from natural gas.

779 Marketing expenses.

A. This account shall include the cost of labor, materials used and expenses incurred in the marketing of products extracted from natural gas and of similar products purchased for resale.

B. The records supporting this account shall be so maintained that summaries of the various types of expenses shall be readily available.

ITEMS

Labor:
1. Salaries of persons directly engaged in marketing operations.

Materials and expenses:
2. Employee transportation and travel expenses.
3. Tank car rentals.
4. Freight and hauling charges for products shipped.
5. Miscellaneous marketing expenses.
6. Building service charges for space occupied by marketing personnel.
7. Uncollectible accounts for extracted products sold.

780 Products purchased for resale.

A. This account shall include the cost of gasoline, butane, propane, or other salable products purchased from others for resale.

B. The records supporting this account shall be so maintained that the kind, quantity, and cost of products purchased from each vendor are readily available.

781 Variation in products inventory.

This account shall include credits for increases, and debits for decreases in the inventories of salable products extracted from natural gas or purchased for resale. The net debit or credit in this account shall equal the difference between the inventory at the beginning of the accounting year and the end of the accounting month.

782 Extracted products used by the utility—Credit.

This account shall include concurrent credits for charges which are made of operating expenses or other accounts of the gas department for gasoline or other extracted products which are used from stocks recovered in the natural gas extraction process or purchased for resale, and for such products used for blending and refining processes, the contra debit for which is account 775, Materials.

783 Rents.

This account shall include all rents for the property of others used, occupied, or operated in connection with the extraction of salable products from natural gas, exclusive of tank car rentals and other similar rentals includible in account 779, Marketing Expenses. (See operating expense instruction 3.)

784 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of facilities used in the extraction and refining of salable products from natural gas. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

785 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 341, Structures and Improvements. (See operating expense instruction 2.)

786 Maintenance of extraction and refining equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 342, Extraction and Refining Equipment. (See operating expense instruction 2.)

787 Maintenance of pipe lines.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 343, Pipe Lines. (See operating expense instruction 2.)

788 Maintenance of extracted products storage equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 344, Extracted Products Storage Equipment. (See operating expense instruction 2.)

789 Maintenance of compressor equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 345, Compressor Equipment. (See operating expense instruction 2.)

790 Maintenance of gas measuring and regulating equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 346, Gas Measuring and Regulating Equipment. (See operating expense instruction 2.)

791 Maintenance of other equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 347, Other Equipment (See operating expense instruction 2.)

795 Delay rentals.

A. This account shall be charged with the amount of rents paid periodically on natural gas lands acquired by lease before October 8, 1969, in order to hold natural gas land and land rights for the purpose of obtaining a supply of gas in the future.

B. Include also in this account, the cost of obtaining natural gas leases for a period of 1 year or less when such

leases were acquired before October 8, 1969.

C. Records supporting this account shall be so kept that the utility can furnish complete details of the charges made for each natural gas leasehold. (See note to gas plant instruction 7G.)

NOTE: Rents paid periodically on natural gas lands acquired by lease after October 7, 1969, shall be charged to account 105.1, Production Properties Held for Future Use.

796 Nonproductive well drilling.

This account shall include the net cost of drilling wells on natural gas leases acquired before October 8, 1969, which prove to be nonproductive.

NOTE A: Records in support of the charges to this account shall conform, as appropriate, to Note B of General Instruction 12, Records for Each Plant.

NOTE B: The net cost of drilling wells on natural gas leases acquired after October 7, 1969, which prove to be nonproductive, shall be charged to account 338, Unsuccessful Exploration and Development Costs.

797 Abandoned leases.

A. This account shall be charged with amounts credited to account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, to cover the probable loss on abandonment of natural gas leases acquired before October 8, 1969, included in account 105, Gas Plant Held for Future Use, which has never been productive. (See account 182.1.)

B. When natural gas leaseholds which were acquired before October 8, 1969, and which have never been productive are abandoned, and the amounts provided in account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, are not sufficient to cover the cost thereof, the deficiency shall be charged to this account unless otherwise authorized or directed by the Commission. (See account 182.1.)

NOTE: Losses on abandonment of natural gas leases acquired after October 7, 1969, shall be charged to account 338, Unsuccessful Exploration and Development Costs.

798 Other exploration.

This account shall be charged with the cost of abandoned projects involving natural gas leases acquired before October 8, 1969, on which preliminary expenditures were made for the purpose of determining the feasibility of acquiring acreage to provide a future supply of natural gas (see account 183.1, Preliminary Natural Gas Survey and Investigation Charges).

NOTE: Preliminary expenditures on abandoned projects involving natural gas leases acquired after October 7, 1969, shall be charged to account 338, Unsuccessful Exploration and Development Costs.

800 Natural gas well head purchases.

A. This account shall include the cost at well head of natural gas purchased from producers in gas fields or production areas where only the utility's facilities are used in bringing the gas from the well head into the utility's natural gas system.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and well head the quantity of gas, basis of charges, and amount paid for the gas.

NOTE: If gas purchases are made under one contract covering both well head and field line purchases and such amounts are not readily separable, the utility may classify such purchases according to predominant source or according to a reasonable estimate.

800.1 Natural gas well-head purchases; intracompany transfers.

A. This account shall include, for informational purposes only, the amount recorded for gas supplied by the production division when the price is not determined by a cost-of-service rate proceeding.

B. The records supporting this account shall be so maintained that there will be readily available for each wellhead, the quantity of gas, the basis of intracompany charges, and the amount of intracompany charges for gas.

801 Natural gas field line purchases.

A. This account shall include the cost, at point of receipt by the utility, of natural gas purchased in gas fields or production areas at points along gathering lines, and at points along the utility's transmission lines within field

or production areas, exclusive of purchases at outlets of gasoline plants includible in account 802, where facilities of the vendor or others are used in bringing the gas from the well head to the point of entry into the utility's natural gas system.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and each point of receipt, the quantity of gas, basis of charges, and amount paid for the gas.

NOTE: If gas purchases are made under one contract covering both well head and field line purchases and such amounts are not readily separable, the utility may classify such purchases according to predominant source or according to a reasonable estimate.

802 Natural gas gasoline plant outlet purchases.

A. This account shall include the cost, at point of receipt by the utility, of natural gas purchased at the outlet side of vendor's natural gas products extraction plants.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and for each products extraction plant, the quantity of gas, basis of the charges, and the amount paid for the gas.

803 Natural gas transmission line purchases.

A. This account shall include the cost, at point of receipt by the utility, of natural gas purchased at points along the utility's transmission lines not within gas fields or production areas, excluding purchases at the outlets of products extraction plants includible in account 802.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and each point of receipt, the quantity of gas, basis of charges, and the amount paid for the gas.

804 Natural gas city gate purchases.

A. This account shall include the cost, at point of receipt by the utility, of natural gas purchased which is received at the entrance to the distribution system of the utility.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and each point of receipt, the quantity of gas, basis of the charges, and the amount paid for the gas.

NOTE: Do not credit this account for gas used in reforming for which the cost is charged to manufactured gas production expenses. Credits for such gas should be made to account 812, Gas Used for Other Utility Operations—Credit.

804.1 Liquefied natural gas purchases.

A. This account shall include the cost, including transportation, at point of receipt by the utility, of liquefied natural gas purchased for the purpose of vaporization and injection into the utility's transmission or distribution system for resale.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and point of receipt, the quantity of liquefied natural gas purchased, basis of charges, the amount paid for the liquefied gas, and transportation charges incurred up to the point of receipt of the liquefied gas.

805 Other gas purchases.

A. This account shall include the cost, at point of receipt by the utility, of manufactured gas, refinery gas, any gas other than natural gas, other than any mixed gas in which natural gas is an important proportion of the mixture.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and each point of receipt, the kind and quantity of gas, Btu content, basis of the charges, and the amount paid for the gas.

C. Utilities recognizing revenue from shipper-supplied gas must include the current market price of such gas in this account. Current market price is the delivered spot price of gas in the utility's supply area, as published in a recognized industry journal. The publication used must be the same one identified in the pipeline's tariff for use in its cash-out provision, if it has one. If it has no cash-out provision, the utility must use one publication consistently. Contra entries to those recorded here

must be made to the appropriate transportation revenue account (Account 489.1 through Account 489.4). Records are to be maintained and readily available that include the name of shipper, quantity of gas, and the publication and price used to value shipper-supplied gas.

D. The value of gas received from shippers under tariff allowances that is not consumed in operations nor returnable to customers through rate tracking mechanisms must be credited to Account 495, Other Gas Revenues and charged to this account. Utilities must simultaneously charge Accounts 117.3 or 117.4 as appropriate, with contra credits to Account 808.2, Gas Delivered to Storage—Credit. Records are to be maintained and readily available that include the name of shipper, quantity of gas, and the publication and price used to value shipper-supplied gas.

805.1 Purchased gas cost adjustments.

A. This account shall be debited or credited with decreases or increases in purchased gas costs related to Commission approved purchased gas adjustment clauses when such costs are not included in the utility's rate schedules on file with the Commission.

B. This account shall be debited or credited with amounts amortized from Account 191, Unrecovered Purchased Gas Costs.

806 Exchange gas.

This account includes debits or credits for the cost of gas in unbalanced transactions where gas is received from or delivered to another party in exchange, load balancing, or no-notice transportation transactions. The costs are to be determined consistent with the accounting method adopted by the utility for its system gas. If the utility has adopted the inventory method of accounting, the amounts to be recorded in Account 806 must be based on the historical cost of the gas. If the utility has adopted the fixed asset method of accounting, the amounts to be recorded in Account 806 must be based on the current market price of gas at the time gas is tendered for transportation. (See the Special Instructions to Accounts 117.1, 117.2, and 117.3 for a description of the inventory and fixed asset methods and the definition of the current market price of gas.) Contra entries to those in this account are to be made to account 174, Miscellaneous Current and Accrued Assets, for gas receivable and to account 242, Miscellaneous Current and Accrued Liabilities, for gas deliverable under such transactions. Such entries must be reversed and appropriate contra entries made to this account when gas is received or delivered in satisfaction of the amounts receivable or deliverable.

807 Purchased gas expenses.

A. This account shall include expenses incurred directly in connection with the purchase of gas for resale.

B. The utility shall not include as purchased gas expense, segregated or apportioned expenses of operating and maintaining gathering system plant whether such plant is devoted solely or partially to purchases of gas, except that the utility shall include the cost of turning on and off purchase gas wells and operating measuring stations devoted exclusively to measuring purchased gas.

C. In general, it is intended that this account include only the expenses directly related to purchased gas, including the expenses of computing volumes of gas purchased, and special items directly related to gas purchases which are not includible in other accounts.

D. This account shall be subdivided as follows:

807.1 Well expenses—Purchased gas.
807.2 Operation of purchased gas measuring stations.
807.3 Maintenance of purchased gas measuring stations.
807.4 Purchased gas calculations expenses.
807.5 Other purchased gas expenses.

808.1 Gas withdrawn from storage-Debit.

A. This account shall include debits for the cost of gas withdrawn from storage during the year. Contra credits for entries to this account shall be made to accounts 117.1 through 117.4, or account 164.2, Liquefied Natural Gas Stored, as appropriate. (See the Special Instructions to accounts 117.1, 117.2, and 117.3).

B. Withdrawal of gas from storage shall not be netted against deliveries to storage. (See account 808.2.)

NOTE: Adjustments for gas inventory losses due to cumulative inaccuracies in gas measurement, or from other causes, shall be entered in account 823, Gas Losses. If, however, any adjustment is substantial, the utility may, with approval of the Commission, amortize the amount of the adjustment to account 823 over future operating periods.

808.2 Gas delivered to storage-Credit.

A. This account shall include credits for the cost of gas delivered to storage during the year. Contra debits for entries to this account shall be made to accounts 117.1 through 117.4, or account 164.2, Liquefied Natural Gas Stored, as appropriate. (See the Special Instructions to accounts 117.1, 117.2, and 117.3).

809.1 Withdrawals of liquefied natural gas held for processing—Debit.

A. This account shall include debits for the cost of liquefied gas withdrawn during the year. Contra credits for entries to this account shall be made to account 164.3, Liquefied Natural Gas Held for Processing.

B. Withdrawals of liquefied natural gas held for processing shall not be netted against deliveries. (See account 809.2).

NOTE: Adjustments for gas inventory losses due to cumulative inaccuracies in gas measurement, or from other causes, shall be entered in account 846.1, Gas Losses, in the month determined, if, however, any adjustment is substantial, the utility may, with approval of the Commission, amortize the amount of the adjustment to account 846.1 over future operating periods.

809.2 Deliveries of natural gas for processing—Credit.

A. This account shall include credits for the cost of gas delivered for processing during the year. Contra debits for entries to this account shall be made to account 164.3, Liquefied Natural Gas Held for Processing.

B. Deliveries of natural gas for processing shall not be netted against withdrawals from processing. (See account 809.1).

810 Gas used for compressor station fuel—Credit.

This account shall include concurrent credits for charges which are made to operating expenses for gas consumed for compressor station fuel from the common system gas supply.

811 Gas used for products extraction—Credit.

This account shall include concurrent credits for charges which are made to products extraction expenses for gas shrinkage and gas used for fuel in products extraction operations of the utility and for similar uses of gas of the utility by others processing gas of the utility for extraction of salable products.

812 Gas used for other utility operations—Credit.

This account shall include concurrent credits for charges which are made to operating expenses or other accounts of the gas department for gas consumed from the common system supply for operating and utility purposes other than uses for which credits are includible in any of the foregoing accounts. (See account 484, Interdepartmental Sales, for gas supplied to departments other than the gas utility department.)

813 Other gas supply expenses.

A. This account shall include the cost of labor, materials used and expenses incurred in connection with gas supply functions not provided for in any of the above accounts, including research and development expenses.

These accounts are to be used by both transmission and distribution companies to account for natural gas storage expenses. If the utility operates both transmission and distribution systems subaccounts shall be maintained classifying the expenses to the transmission or distribution function.

B. Include in separate subaccounts (1) losses on settlements of imbalance receivables and payables (See Accounts 174 and 242) and losses on replacement of encroachment volumes (See the Special Instructions to Accounts 117.2 and 117.3); (2) revaluations of storage encroachments; and (3) system gas

losses not associated with storage. Appropriate records must be maintained and readily available that include the amount of losses and associated volumes in Dth.

814 Operation supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of underground storage operations. Direct supervision of specific activities such as turning on and shutting off storage wells, compressor station operations, etc., shall be charged to the appropriate account. (See operating expense instruction 1.)

815 Maps and records.

This account shall include the cost of labor, materials used and expenses incurred in the preparation and maintenance of storage maps and land records.

ITEMS

Labor:

With respect to land records:

1. Supervising.
2. Abstracting titles to date for extension and renewal of leases.
3. Adjusting land and well rentals.
4. Renewing and extending leases or replacing leases not involving additional consideration.
5. Transferring, assigning, pooling, and merging leases.
6. Delivering rental checks.
7. Clerical work in maintaining storage land and lease records.
8. Preparing and maintaining lease expiration calendars.

With respect to maps:

9. Supervising.
10. Preparing maps, well location plats, etc.
11. Reproducing maps (blueprints or photostats).
12. Posting and revising maps.
13. Surveying deeds, leases, rights-of-way, well locations, etc., for map revisions.
14. Maintaining files of maps and tracings.
15. Field checking boundaries, markers, etc. in connection with preparation of maps.

Materials and expenses (general):

16. Reproduction of land and lease records and maps (blueprints, photostats, etc.).
17. Drafting materials and supplies.
18. Surveying materials and supplies.
19. Employees' transportation and travel expenses.

816 Wells expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating storage gas wells.

ITEMS

Labor:

1. Supervising.
2. Testing, bailing, swabbing, blowing, and gauging storage wells.
3. Painting signs, etc.
4. Minor upkeep of well roads, fences, etc.
5. Turning storage wells on and off.
6. Moving cleaning out tools between locations.
7. Driving trucks.

Materials and expenses:

8. Gas, gasoline, and oil used in pumping, bailing, heating, and swabbing.
9. Lumber, nails, and other materials used for repairing old well roads and fences.
10. Well swabs.
11. Employees' transportation and travel expenses.
12. Freight, express, parcel post, trucking, and other transportation.

817 Lines expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating underground storage lines.

ITEMS

Labor:

1. Supervising.
2. Walking or patrolling lines.
3. Attending valves, lubricating valves and other equipment, blowing and cleaning lines and drips, draining water from lines, operating and cleaning scrubbers, thawing freezes.
4. Taking line pressures, changing pressure charts, operating alarm gauges.
5. Building and repairing gate boxes, foot bridges, stiles, tool boxes, etc., used in line operations, erecting line markers and warning signs, repairing old line roads.
6. Cleaning debris, cutting grass and weeds on rights-of-way.
7. Inspecting and testing not specifically to determine necessity for repairs.
8. Protecting utility property during work by others.
9. Standby time of emergency crews, responding to fire calls, etc.
10. Locating valve boxes or drip riser boxes.
11. Cleaning and repairing tools used in storage lines operations.
12. Cleaning structures and equipment.
13. Driving trucks.

Materials and expenses:

14. Line markers and warning signs.
15. Lumber, nails, etc., used in building and repairing gate boxes, foot bridges, stiles, etc.
16. Charts.
17. Scrubber oil.
18. Hand tools.
19. Lubricants, wiping rags, waste, etc.
20. Freight, express, parcel post, trucking and other transportation.
21. Employees' transportation and travel expenses.
22. Janitor and washroom supplies.
23. Utility services: light, water, telephone.
24. Gas used in operations.

818 Compressor station expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating underground storage compressor stations.

ITEMS

Labor:

1. Supervising.
2. Operating and checking engines, equipment, valves, machinery, gauges, and other instruments, including cleaning, wiping, polishing, and lubricating.
3. Operating boilers and boiler accessory equipment, including fuel handling and ash disposal, recording fuel used, and unloading and storing coal and oil.
4. Repacking valves and replacing gauge glasses, etc.
5. Recording pressures, replacing charts, keeping logs, and preparing reports of station operations.
6. Inspecting and testing equipment when not specifically to determine necessity for repairs or replacement of parts.
7. Pumping drips at the station.
8. Taking dew point readings.
9. Testing water.
10. Cleaning structures housing equipment, cutting grass and weeds, and minor grading around station.
11. Cleaning and repairing hand tools used in operations.
12. Driving trucks
13. Watching during shut downs.
14. Clerical work at station.

Materials and expenses:

15. Scrubber oil.
16. Lubricants, wiping rags, and waste.
17. Charts and printed forms, etc.
18. Gauge glasses.
19. Chemicals to test water.
20. Water tests and treatment by other than employees.
21. Janitor and washroom supplies, first aid supplies, landscaping supplies, etc.
22. Employees' transportation and travel expenses.
23. Freight, express, parcel post, trucking, and other transportation.
24. Utility services: light, water, telephone..

819 Compressor station fuel and power.

A. This account shall include the cost of gas, coal, oil, or other fuel, or electricity, used for the operation of underground storage compressor stations, including applicable amounts of fuel stock expenses.

B. Records shall be maintained to show the quantity of each type of fuel consumed or electricity used at each compressor station, and the cost of such fuel or power. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel, except gas, and related fuel stock expenses shall be charged initially to appropriate fuel accounts carried in accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for the basis of fuel costs and includible fuel stock expenses.

820 Measuring and regulating station expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating underground storage measuring and regulating stations.

ITEMS

Labor:

1. Supervising.
2. Recording pressures and changing charts, reading meters, etc.
3. Estimating lost meter registrations, etc. except gas purchases and sales.
4. Calculating gas volumes from meter charts except gas purchases and sales.
5. Adjusting and calibrating measuring equipment, changing meters, orifice plates, gauges, clocks, etc., not in connection with construction or maintenance.
6. Testing gas samples, inspecting and testing gas sample tanks and other meter engineers equipment, determining specific gravity and Btu content of gas.
7. Inspecting and testing equipment not specifically to determine necessity for repairs, including pulsation tests.
8. Cleaning and lubricating equipment.
9. Keeping log and other operating records, preparing reports of operation, etc.
10. Attending boilers and operating other accessory equipment.
11. Installing and removing district gauges for pressure survey.
12. Thawing freeze in gauge pipe.

13. Inspecting and pumping drips, dewatering manholes and pits, inspecting sumps, cleaning pits, etc., blowing meter drips.
14. Moving equipment, minor structures, etc., not in connection with maintenance or construction.

Materials and expenses:

15. Charts and printed forms, stationery and office supplies, etc.
16. Lubricants, wiping rags, waste.
17. Employees' transportation and travel expense.
18. Freight, express, parcel post, trucking and other transportation.
19. Utility services: light, water, telephone.

821 Purification expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating equipment used for purifying, dehydrating, and conditioning of natural gas in connection with underground storage operations.

ITEMS

Labor:

1. Supervising.
2. Changing charts on fuel meters.
3. Emptying, cleaning and refilling purifier boxes.
4. Oiling dip sheets of purifier covers.
5. Removing spent oxide to refuse piles.
6. Revivifying oxide.
7. Taking readings of inlet and outlet pressures and temperature.
8. Unloading and storing glycol.
9. Watching station and equipment.
10. Cutting grass and weeds, and minor grading around equipment and stations.
11. Hauling operating employees, materials, supplies and tools, etc.
12. Inspecting and testing equipment, not specifically to determine necessity for repairs or replacement of parts.
13. Lubricating equipment, valves, etc.
14. Operating and checking equipment, valves, instruments, etc.

Materials and expenses:

15. Liquid purifying supplies.
16. Iron oxide.
17. Odorizing materials.
18. Charts, printed forms, etc.
19. Employees' transportation and travel expenses in connection with purification and dehydration operations.
20. Freight, express, parcel post, trucking and other transportation.
21. Gas used in operations.
22. Janitor, washroom and landscaping supplies.
23. Lubricants, wiping rags, waste, etc.
24. Utility services: light, water, telephone.

822 Exploration and development.

This account shall include expenses of investigation, exploration, and development of underground storage projects under consideration which prove not feasible. There also shall be included in this account the net cost of drilling nonoperative wells within an existing storage project. (For Major companies see account 183.2, Other Preliminary Survey and Investigation Charges.)

NOTE: Include in account 352, Wells, the cost of wells which may be drilled within a storage project for purposes of pressure observation rather than for injection or withdrawal of gas.

823 Gas losses.

This account shall include the amounts of inventory adjustments representing the cost of gas lost or unaccounted for in underground storage operations due to cumulative inaccuracies of gas measurements or other causes. (See the Special Instructions to Accounts 117.1, 117.2 and 117.3). If however, any adjustment is substantial, the utility may, with approval of the Commission, amortize the amount of the adjustment to this account over future operating periods.

824 Other expenses.

This account shall include the cost of labor, material used and expenses incurred in operating underground storage plant, and other underground storage operating expenses, not includible in any of the foregoing accounts, including research, development, and demonstration expenses.

825 Storage well royalties.

A. This account shall include royalties, rents, and other payments includible in operating expenses for gas wells and gas land acreage located within and comprising underground storage projects of the utility. (See operating expense instruction 3.)

B. The records supporting this account shall be so maintained that information will be readily available for each storage project, of the parties to each contract, basis of the charges, and location of wells to which the royalties or rents of each contract relate.

826 Rents.

This account shall include rents for property of others used in connection with the storage of gas underground, other than rents and royalties paid with respect to storage wells and gas lands utilized for the holding of gas in underground storage. (See operating expense instruction 3.)

830 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of underground storage facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

831 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 351, Structures and Improvements. (See operating expense instruction 2.)

832 Maintenance of reservoirs and wells.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of storage wells, the book cost of which is included in account 352, Wells, and the maintenance of reservoirs, the book cost of which is included in account 352.2, Reservoirs. (See operating expense instruction 2.)

833 Maintenance of lines.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of underground storage lines, the book cost of which is includible in account 353, Lines. (See operating expense instruction 2.)

834 Maintenance of compressor station equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 354, Compressor Station Equipment. (See operating expense instruction 2.)

835 Maintenance of measuring and regulating station equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 355, Measuring and Regulating Equipment. (See operating expense instruction 2.)

836 Maintenance of purification equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of purification equipment, the book cost of which is includible in account 356, Purification Equipment. (See operating expense instruction 2.)

837 Maintenance of other equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 357, Other Equipment. (See operating expense instruction 2.)

840 Operation supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of other storage facilities. Direct supervision of specific activities such as operation of gas holders shall be charged to the appropriate account. (See operating expense instruction 1.)

841 Operation labor and expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating storage holders and other storage equipment.

ITEMS

Labor:

1. Supervising.
2. Operating, checking, lubricating, cleaning, and polishing equipment, machinery, valves, instruments, and other local storage equipment.
3. Reading meters, gauges and other instruments, changing charts, preparing operating reports, etc.

4. Pumping inlet and outlet holder drips.
5. Inspecting and testing equipment when not specifically for repairs or replacement of parts.
6. Cleaning structures and housing equipment, cutting grass and weeds, and doing minor grading work around structures and equipment.
7. Cleaning and repairing hand tools used for operations, etc.
8. Operating steam lines for heating storage facilities.

Materials and expenses:

9. Charts for pressure gauges and meters, printed forms, etc.
10. Lubricants, wiping rags, waste, etc.
11. Janitor and washroom supplies, landscaping supplies, etc.
12. Employee travel and transportation expenses.
13. Freight, express, parcel post, trucking, and other transportation.
14. Utility services: light, water, and telephone.
15. Chemicals.
16. Refrigerants.
17. Research, development, and demonstration expenses.

842 Rents.

This account shall include rents for property of others used or operated in connection with other storage operations. (See operating expense instruction 3.)

842.1 Fuel.

A. This account shall include the cost of natural gas or other fuel used in the operation of other storage plant.

B. Concurrent credits offsetting charges to this account for natural gas used for fuel shall be made to account 812, Gas Used for Other Utility Operations—Credit.

842.2 Power.

This account shall include the cost of electricity consumed for operation of facilities used in the operation of other storage plant.

842.3 Gas Losses.

This account shall include the amounts of inventory adjustments representing the cost of gas lost or unaccounted for in other storage operations due to shrinkage or other causes.

843.1 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of other storage facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

843.2 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 361, Structures and Improvements. (See operating expense instruction 2.)

843.3 Maintenance of gas holders.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of gas holders, the book cost of which is includible in account 362, Gas Holders. (See operating expense instruction 2.)

843.4 Maintenance of purification equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of purification equipment, the book cost of which is includible in account 363, Purification Equipment. (See operating expense instruction 2.)

843.5 Maintenance of liquefaction equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of liquefaction equipment, the book cost of which is includible in account 363.1, Liquefaction Equipment. (See operating expense instruction 2.)

843.6 Maintenance of vaporizing equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of vaporizing equipment, the book cost of which is includible in account 363.2, Vaporizing Equipment. (See operating expense instruction 2.)

843.7 Maintenance of compressor equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of compressor equipment, the book cost of which is includible in account 363.3, Compressor Equipment. (See operating expense instruction 2.)

843.8 Maintenance of measuring and regulating equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of measuring and regulating equipment, the book cost of which is includible in account 363.4, Measuring and Regulating Equipment. (See operating expense instruction 2.)

843.9 Maintenance of other equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment the book cost of which is includible in account 363.5, Other Equipment. (See operating expense instruction 2.)

844.1 Operations supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of operations of liquefied natural gas facilities. Direct supervision of specific activities shall be charged to the appropriate operations accounts.

844.2 LNG processing terminal labor and expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating liquefied natural gas processing equipment.

ITEMS

Labor

1. Supervising.
2. Operating, checking, lubricating, cleaning, and polishing equipment, machinery, valves, instruments, and other processing equipment.
3. Reading meters, gauges and other instruments, changing charts, preparing operating reports, etc.
4. Inspecting and testing equipment when not specifically for repairs or replacement of parts.
5. Cleaning structures housing equipment, cutting grass and weeds, and doing minor grading work around structures and equipment.
6. Cleaning and repairing hand tools used for operations, etc.
7. Operating offshore facilities such as piers, docks, loading and unloading arms, water craft, etc.

Materials and expenses

8. Charts for pressure gauges and meters, printed forms, office supplies, etc.
9. Lubricants, wiping rags, cleaning materials, etc.
10. Janitor and washroom supplies, landscaping supplies, etc.
11. Employee travel and transportation expenses.
12. Freight, express, parcel post, trucking, and other transportation.
13. Utility services: light, water, and telephone.
14. Chemicals.
15. Refrigerants.
16. Small hand tools.

844.3 Liquefaction processing labor and expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating natural gas liquefaction equipment.

ITEMS

Labor

1. Supervising.
2. Operating, checking, lubricating, cleaning, and polishing equipment, machinery, valves, instruments, and other processing equipment.
3. Reading meters, gauges and other instruments, changing charts, preparing operating reports, etc.
4. Inspecting and testing equipment when not specifically for repairs or replacement of parts.
5. Cleaning structures housing equipment, cutting grass and weeds, and doing minor grading work around structures and equipment.
6. Cleaning and repairing hand tools used for operations, etc.
7. Operating offshore facilities such as piers, docks, loading and unloading arms, water craft, etc.

Materials and expenses

8. Charts for pressure gauges and meters, printed forms, office supplies, etc.
9. Lubricants, wiping rags, cleaning materials, etc.
10. Janitor and washroom supplies, landscaping supplies, etc.

11. Employee travel and transportation expenses.
12. Freight, express, parcel post, trucking, and other transportation.
13. Utility services: light, water, and telephone.
14. Chemicals.
15. Refrigerants.
16. Small hand tools.

844.4 LNG transportation labor and expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating LNG transportation equipment.

ITEMS

Labor

1. Supervision.
2. Operating LNG maritime tankers, LNG barges, LNG tank trucks and other LNG transportation equipment.
3. Cleaning and lubricating equipment.
4. Inspecting and testing equipment.

Materials and expenses

5. Charts, printed forms, office supplies, etc.
6. Dry dock charges.
7. Lubricants, wiping rags, cleaning materials, etc.
8. Employee's transportation travel and temporary housing expenses.

844.5 Measuring and regulating labor and expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating, measuring and regulating stations in connection with liquefied natural gas operations.

ITEMS

Labor

1. Supervising.
2. Recording pressures and changing charts, reading meters, etc.
3. Estimating lost meter registrations, etc., except gas purchases and sales.
4. Calculating gas volumes from meter charts, except gas purchases and sales.
5. Adjusting and calibrating measuring equipment, changing meters, orifice plates, gauges, clocks, etc., not in connection with construction or maintenance.
6. Testing gas samples, determining specific gravity and Btu content of gas.
7. Inspecting and testing equipment not specifically to determine necessity for repairs including pulsation tests.
8. Cleaning and lubricating equipment.
9. Keeping log and other operating records, preparing records of operations, etc.
10. Attending boilers and operating other accessory equipment.
11. Installing and removing district gauges for pressure survey.
12. Thawing freeze in gauge pipe.
13. Inspecting and pumping drips, dewatering manholes and pits, inspecting sumps, cleaning pits, blowing meter drips, etc.
14. Moving equipment, minor structures, etc., not in connection with maintenance or construction.

Materials and expenses

15. Charts and printed forms.
16. Lubricants, wiping rags, waste.
17. Employees' transportation and travel expense.
18. Freight, express, parcel post, trucking and other transportation.
19. Utility services: light, water, telephone.

844.6 Compressor station labor and expenses.

This account shall include the cost of labor, materials used and expenses incurred, including fuel and power, in operating compressor stations in connection with liquefied natural gas operations.

ITEMS

Labor

1. Supervising.
2. Operating and checking engines, equipment valves, machinery, gauges, and other instruments, including cleaning, wiping, polishing, and lubricating.
3. Operating boilers and boiler accessory equipment, including fuel handling, recording fuel used, etc.
4. Repacking valves and replacing gauge glasses, etc.
5. Recording pressures, replacing charts, keeping logs, and preparing reports of station operations.
6. Pumping drips at the station.
7. Taking dew point readings.
8. Testing water.
9. Cleaning structures housing equipment, cutting grass and weeds, and minor grading around station.
10. Cleaning and repairing hand tools used in operations.
11. Driving trucks.
12. Watching during shutdowns.
13. Clerical work at station.

Materials and expenses

14. Scrubber oil.
15. Lubricants, wiping rags, waste.
16. Charts and printed forms, etc.
17. Gauge glasses.

18. Chemicals to treat water.
19. Water tests and treatment by other than employees.
20. Janitor and washroom supplies, first aid supplies, landscaping supplies, etc.
21. Employees' transportation and travel expenses.
22. Freight, express, parcel post, trucking, and other transportation.
23. Utility services: light, water, telephone.

844.7 Communication system expenses.

This account shall include the cost of labor, materials used and expenses incurred in connection with the operation of liquefied natural gas communications facilities, such as radio, telephone, microwave and other communication systems, including payments to others for communications services.

ITEMS

Labor

1. Supervising.
2. Operating switchboards, radio equipment, power generators, microwave equipment, etc. (except general office switchboards).
3. Tagging telephone poles.
4. Testing and replacing telephone batteries, radio tubes, etc.
5. Cutting weeds and grass along telephone rights-of-way and around structures and equipment.
6. Changing radio frequencies.
7. Securing FCC authorization to change frequencies.
8. Taking FCC radio operator tests.
9. Transferring mobile radios between vehicles and/or vessels.
10. Changing locations of telephones and other communications equipment not in connection with maintenance or construction.
11. Inspecting and testing not specifically to determine necessity for repairs.
12. Cleaning and lubricating equipment.
13. Cleaning structures housing equipment.

Materials and expenses

14. Payments to others for communications services.
15. Telephone batteries, radio tubes and other electronic components.
16. Radio crystals and other materials used in changing radio frequencies.
17. Lubricants, wiping rags, and waste.
18. Employees' transportation and travel expenses.
19. Freight, express, parcel post, trucking and other transportation.

844.8 System control and load dispatching.

This account shall include the cost of labor and expenses incurred in dispatching and controlling the supply and flow of liquefied gas and vaporized gas prior to introduction of such vaporized gas into the utility's transmission or distribution system.

ITEMS

Labor

1. Supervising.
2. Analysis of pressures for irregularities, as received.
3. Collecting pressures by telephone and radio.
4. Controlling mixture of various gases to maintain proper Btu content.
5. Correspondence and records, typing and maintaining files.
6. Controlling inputs and withdrawals of liquefied gas for processing.
7. Instructing field men to increase or decrease pressures at regulators.
8. Maintaining pressures at compressor stations, key line junctions and regulating stations to divide the available gas during heavy demand periods.
9. Maintaining pressure log sheets.
10. Maintaining proper compression ratios at compressor stations, consistent with economical operations.
11. Maintaining lowest necessary line pressures consistent with satisfactory service.
12. Requesting pressure changes at compressor stations, regulating stations, and key line junctions.
13. Rerouting gas during emergencies and planned shutdowns.

Materials and expenses

14. Consultants' fees and expenses.
15. Meals, traveling and incidental expenses in connection with system load dispatching.
16. Office supplies, stationery and printed forms.
17. Transportation: company and rental vehicles.
18. Utility services: light, water, telephone

845.1 Fuel.

A. This account shall include the cost of gas or other fuel used for the operation of liquefied natural gas terminaling and processing facilities except compressor station fuel.

B. Concurrent credits offsetting charges to this account for natural gas used for fuel shall be made to account 812, Gas Used for Other Utility Operations—Credit.

845.2 Power.

This account shall include the cost of purchased power used in operation of liquefied natural gas processing facilities, except compressor station power.

845.3 Rents.

This account shall include rents for property of others used, occupied or operated in connection with liquefied natural gas processing operations. (See operating expense instruction 3.)

845.4 Demurrage charges.

This account shall include demurrage charges incurred by the utility relative to LNG shipments received or processed by the utility.

845.5 Wharfage receipts—Credit.

This account shall include wharfage receipts received or receivable from LNG shippers or other parties relative to LNG shipments received or processed by the utility.

845.6 Processing of liquefied or vaporized gas by others.

A. This account shall include amounts paid to others for the processing of liquefied or vaporized gas of the utility.

B. Records supporting this account shall be so maintained that there shall be readily available for each agreement, the name of the other party, Dth of gas delivered to the other party for processing and the Dth, of gas received back by the utility after processing, points of delivery to and receipt of gas from the other party, amount and basis of charges for the processing service.

NOTE: If in connection with any gas delivered to another for processing such other party also processes the gas for extraction of gasoline or other salable products, credits attributable to the products so extracted shall be made to account 491, Revenues from Natural Gas Processed by Others, to the end that amounts recorded in this account shall only be charges for processing other than for extraction of salable products.

846.1 Gas losses.

This account shall include the amounts of inventory adjustments representing the cost of gas lost or unaccounted for in liquefied natural gas operations due to cumulative inaccuracies of gas measurements or other causes. (See paragraph E of account 164.3, Liquefied Natural Gas Held for Processing.) If, however, any adjustment is substantial, the utility may, with approval of the Commission, amortize the amount of the adjustment to this account over future operating periods.

846.2 Other expenses.

This account shall include the cost of labor, materials used, and expenses incurred in operating liquefied natural gas plant not includible elsewhere.

847.1 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of liquefied natural gas terminaling and processing facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance accounts. (See operating expense instruction 1.)

847.2 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures and improvements, the book cost of which is included in account 364.2, Structures and Improvements. (See operating expense instruction 2.)

847.3 Maintenance of LNG processing terminal equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of LNG terminal processing equipment, the book cost of which is included in account 364.3, LNG Processing Terminal Equipment. (See operating expense instruction 2.)

847.4 Maintenance of LNG transportation equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of transportation equipment, the book cost of which is included in account 364.4, LNG Transportation Equipment. (See operating expense instruction 2.)

847.5 Maintenance of measuring and regulating equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of measuring and regulating equipment, the book cost of which is included in account 364.5, Measuring and Regulating Equipment. (See operating expense instruction 2.)

847.6 Maintenance of compressor station equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of compressor station equipment, the book cost of which is included in account 364.6, Compressor Station Equipment. (See operating expense instruction 2.)

847.7 Maintenance of communication equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of communication equipment, the book cost of which is included in account 364.7, Communication Equipment. (See operating expense instruction 2.)

847.8 Maintenance of other equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is included in account 364.8, Other Equipment. (See operating expense instruction 2.)

850 Operation supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of transmission facilities. Direct supervision of specific activities such as operation of transmission lines, compressor stations, etc. shall be charged to the appropriate account. (See operating expense instruction 1.)

851 System control and load dispatching.

This account shall include the cost of labor and expenses incurred in dispatching and controlling the supply and flow of gas through the system.

ITEMS

Labor:

1. Supervising.
2. Analyses of pressures for irregularities, as received.
3. Collecting pressures by telephone and radio.
4. Controlling mixture of various gases to maintain proper Btu content.
5. Correspondence and records, typing and maintaining files.
6. Controlling production and storage inputs and withdrawals.
7. Instructing field men to increase or decrease pressures at regulators.
8. Maintaining pressures at compressor stations, key line junctions and regulating stations to divide the available gas during heavy demand periods.
9. Maintaining pressure log sheets.
10. Maintaining proper compression ratios at compressor stations, consistent with economical operations.
11. Maintaining lowest necessary line pressures consistent with satisfactory service.
12. Maintaining well operation record by well classification.
13. Requesting pressure changes at compressor stations, regulating stations, and key line junctions.
14. Rerouting gas during emergencies and planned shut downs.

Materials and expenses:

15. Consultants' fees and expenses.
16. Meals, traveling, and incidental expenses in connection with system load dispatching.
17. Office supplies, stationery and printed forms.
18. Transportation: company and rental vehicles.
19. Utility services: light, water, telephone

852 Communication system expenses.

A. This account shall include th cost of labor, materials used and ex penses incurred in connection with th operation of transmission communica tions facilities, such as radio and tele phone communications systems, in cluding payments to others for commu nications services for transmission an load dispatching operations.

B. Credits shall be made to this ac count and charges made to productio distribution and other gas utility fun tions and to other utility department for equitable portions of transmissio communications expenses attributab to use of transmission communicatio facilities other than in connection wi gas transmission and load dispatchi operation.

ITEMS

Labor:

1. Supervising.
2. Operating switchboards, radio equipment, power generators, microwave equipment, etc. (except general office switchboards.)
3. Tagging telephone poles.
4. Testing and replacing telephone batteries, radio tubes, etc.
5. Cutting weeds and grass along telephone rights-of-way and around structures and equipment.
6. Changing radio frequencies.
7. Securing FCC authorization to change frequencies.
8. Taking FCC radio operator tests.
9. Transferring mobile radios between vehicles.
10. Changing locations of telephones and other communications equipment not in connection with maintenance or construction.
11. Inspecting and testing not specifically to determine necessity for repairs.
12. Cleaning and lubricating equipment.
13. Cleaning structures housing equipment.

Materials and expenses:

14. Payments to others for communications services.
15. Telephone batteries, radio tubes, etc.
16. Radio crystals and other materials used in changing radio frequencies.
17. Lubricants, wiping rags, and waste.
18. Employees' transportation and travel expenses.
19. Freight, express, parcel post, trucking, and other transportation.

853 Compressor station labor and expenses.

This account shall include the cost of labor, materials used and expenses incurred (other than fuel and power) in operating transmission compressor stations.

ITEMS

Labor:

1. Supervising.
2. Operating and checking engines, equipment valves, machinery, gauges, and other instruments, including cleaning, wiping, polishing, and lubricating.
3. Operating boilers and boiler accessory equipment, including fuel handling and ash disposal, recording fuel used, and unloading and storing coal and oil.
4. Repacking valves and replacing gauge glasses, etc.
5. Recording pressures, replacing charts, keeping logs, and preparing reports of station operations.
6. Inspecting and testing equipment not specifically to determine necessity for repairs.
7. Pumping drips at the station.
8. Taking dew point readings.
9. Testing water.
10. Cleaning structures housing equipment, cutting grass and weeds, and minor grading around station.
11. Cleaning and repairing hand tools used in operations.
12. Driving trucks.
13. Watching during shut downs.
14. Clerical work at station.

Materials and expenses:

15. Scrubber oil.
16. Lubricants, wiping rags, and waste.
17. Charts and printed forms, etc.
18. Gauge glasses.
19. Chemicals to treat water.
20. Water tests and treatment by other than employees.
21. Janitor and washroom supplies, first aid supplies, landscaping supplies, etc.
22. Employees' transportation and travel expenses.
23. Freight, express, parcel post, trucking, and other transportation.
24. Utility services: light, water, telephone.

854 Gas for compressor station fuel.

A. This account shall include the cost of gas used for the operation of transmission compressor stations.

B. Records shall be maintained to show the Dth of gas consumed at each compressor station, and the cost of such gas.

855 Other fuel and power for compressor stations.

A. This account shall include the cost of coal, oil, and other fuel, or electricity, used for the operation of transmission compressor stations, including applicable amounts of fuel stock expenses.

B. Records shall be maintained to show the quantity of each type of fuel consumed or electricity used at each compressor station, and the cost of such fuel or power. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel, includible in this account, and related fuel stock expenses shall be charged initially to appropriate fuel accounts carried in accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for the basis of fuel costs and includible fuel stock expenses.

856 Mains expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating transmission mains.

ITEMS

Labor:

1. Supervising.
2. Walking or patrolling lines.
3. Attending valves, lubricating valves and other equipment, blowing and cleaning lines and drips, draining water from lines, operating and cleaning scrubbers, thawing freezes.
4. Taking line pressures, changing pressure charts, operating alarm gauges.
5. Building and repairing gate boxes, foot bridges, stiles, etc., used in line operations, erecting line markers and warning signs, repairing old line roads.
6. Cleaning debris, cutting grass and weeds on rights-of-way.
7. Inspecting and testing not specifically to determine necessity for repairs.
8. Protecting utility property during work by others.
9. Standby time of emergency crews, responding to fire calls, etc.
10. Locating valve boxes or drip riser boxes.
11. Cleaning and repairing tools used in mains operations, making tool chests, etc.
12. Cleaning structures and equipment.
13. Driving trucks.

Materials and expenses:

14. Line markers and warning signs.
15. Lumber, nails, etc., used in building and repairing gate boxes, foot bridges, stiles, etc.
16. Charts.
17. Scrubber oil.
18. Hand tools.
19. Lubricants, wiping rags, waste, etc.
20. Freight, express, parcel post, trucking and other transportation.
21. Employees' transportation and travel expenses.
22. Janitor and washroom supplies.
23. Utility services: light, water, telephone.
24. Gas used in mains operations.

857 Measuring and regulating station expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating transmission measuring and regulating stations.

ITEMS

Labor:

1. Supervising.
2. Recording pressures and changing charts, reading meters, etc.
3. Estimating lost meter registrations, etc., except gas purchases and sales.
4. Calculating gas volumes from meter charts, except gas purchases and sales.
5. Adjusting and calibrating measuring equipment, changing meters, orifice plates, gauges, clocks, etc. not in connection with construction or maintenance.
6. Testing gas samples, inspecting and testing gas sample tanks and other meter engineers' equipment, determining specific gravity and Btu content of gas.
7. Inspecting and testing equipment not specifically to determine necessity for repairs including pulsation tests.
8. Cleaning and lubricating equipment.
9. Keeping log and other operating records, preparing reports of operations, etc.
10. Attending boilers and operating other accessory equipment.
11. Installing and removing district gauges for pressure survey.
12. Thawing freeze in gauge pipe.
13. Inspecting and pumping drips, dewatering manholes and pits, inspecting sumps, cleaning pits, etc., blowing meter drips.
14. Moving equipment, minor structures, etc., not in connection with maintenance or construction.

Materials and expenses:

15. Charts and printed forms.
16. Lubricants, wiping rags, waste.
17. Employees' transportation and travel expense.
18. Freight, express, parcel post, trucking and other transportation.
19. Utility services: light, water, telephone.

858 Transmission and compression of gas by others.

A. This account shall include amounts paid to others for the transmission and compression of gas of the utility.

B. Records supporting this account shall be so maintained that there shall be readily available for each agreement, name of other party, Dth of gas delivered to the other party for transmission or compression and the Dth of gas received back by the utility after transmission or compression, points of delivery to and receipt of gas from other party, amount and basis of charges for the transmission or compression service.

NOTE: If in connection with any gas delivered to another for transmission or compression such other party also processes the gas for extraction of gasoline or other salable products, credits attributable to the products so extracted shall be made to account 491, Revenues from Natural Gas Processed by Others, to the end that amounts recorded in this account shall only be charges for transportation or compression service.

859 Other expenses.

This account shall inlcude the cost of labor, material used and expenses incurred in operating transmission system equipment and other transmission system expenses not includible in any of the foregoing accounts, including research, development, and demonstration expenses.

860 Rents.

This account shall include rents for property of others used, occupied or operated in connection with the operation of the transmission system. Include herein rentals paid for regulator sites, railroad crossings, rights-of-way, annual payments to governmental bodies and others for use of public or private lands, and reservations for rights-of-way. (See operating expense instruction 3.)

861 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of transmission system facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance accounts. (See operating expense instruction 1.)

862 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 366, Structures and Improvements. (See operating expense instruction 2.)

863 Maintenance of mains.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of mains, the book cost of which is includible in account 367, Mains. (See operating expense instruction 2.)

ITEMS

1. Supervising.
2. Electrolysis and leak inspection.
3. Installing and removing temporary lines, when necessitated by maintenance.
4. Lamping and watching while making repairs.
5. Lowering and changing location of lines, when the same pipe is used.
6. Protecting lines from fires, floods, landslides, etc.
7. Rocking creek crossings.

864 Maintenance of compressor station equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 368, Compressor Station Equipment. (See operating expense instruction 2.)

865 Maintenance of measuring and regulating station equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 369, Measuring and Regulating Station Equipment. (See operating expense instruction 2.)

866 Maintenance of communication equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 370, Communication Equipment. (See operating expense instruction 2.)

867 Maintenance of other equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 371, Other Equipment. (See operating expense instruction 2.)

870 Operation supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of distribution system operations. Direct supervision of specific activities such as load dispatching, mains operation, removing and resetting meters, etc., shall be charged to the appropriate account. (See operating expense instruction 1.)

871 Distribution load dispatching.

This account shall include the cost of labor, materials used and expenses incurred in dispatching and controlling the supply and flow of gas through the distribution system.

ITEMS

Labor:

1. Supervising.
2. Analyzing pressures for irregularities.
3. Collecting pressures by telephone and radio.
4. Controlling mixture of various gases to maintain proper Btu content.
5. Correspondence and records, typing and maintaining files.
6. Controlling gas-make and inputs to distribution system.
7. Maintaining pressures at key points to divide the available gas during heavy demand periods.
8. Maintaining pressure log sheets.
9. Maintaining lowest necessary line pressures consistent with satisfactory service.
10. Rerouting gas during emergencies and planned shut downs.

Materials and expenses:

11. Consultants' fees and expenses.
12. Meals, traveling, and incidental expenses.
13. Office supplies, stationery and printed forms.
14. Transportation: company and rented vehicles.
15. Utility services: light, water, telephone.

872 Compressor station labor and expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating distribution compressor stations.

ITEMS

Labor:

1. Supervising.
2. Operating and checking engines, equipment valves, machinery, gauges, and other instruments, including cleaning, wiping, polishing, and lubricating.
3. Operating boilers and boiler accessory equipment, including fuel handling and ash disposal, recording fuel used, and unloading and storing coal and oil.
4. Repacking valves and replacing gauge glasses, etc.
5. Recording pressures, replacing charts, keeping logs, and preparing reports of station operations.
6. Inspecting and testing equipment and instruments when not specifically to determine necessity for repairs or replacement of parts.
7. Pumping drips at the station.
8. Taking dew point readings.
9. Testing water.
10. Cleaning structures housing equipment, cutting grass and weeds, and doing minor grading around station.
11. Cleaning and repairing hand tools used in operations.
12. Driving trucks.
13. Watching during shut downs.
14. Clerical work at station.

Materials and expenses:

15. Scrubber oil.
16. Lubricants, wiping rags, and waste.
17. Charts and printed forms, etc.
18. Gauge glasses.
19. Chemicals to test water.
20. Water tests and treatment by other than employees.
21. Janitor and washroom supplies, first aid supplies, landscaping supplies, etc.
22. Employees' transportation and travel expenses.
23. Freight, express, parcel post, trucking, and other transportation.
24. Utility services: light, water, telephone.

873 Compressor station fuel and power (Major only).

A. This account shall include the cost of gas, coal, oil, or other fuel, or electricity, used for the operation of distribution compressor stations, including applicable amounts of fuel stock expenses.

B. Records shall be maintained to show the quantity of each type of fuel consumed or electricity used at each compressor station, and the cost of such fuel or power. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel, except gas, and related fuel stock expenses shall be charged initially to appropriate fuel accounts carried in accounts 151, Fuel Stock, and 152, Fuel

Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for the basis of fuel costs and includible fuel stock expenses.

874 Mains and services expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating distribution system mains and services.

ITEMS

Labor:

1. Supervising.
2. Walking or patrolling lines.
3. Attending valves, lubricating valves and other equipment, blowing and cleaning lines and drips, draining water from lines, thawing freezes.
4. Taking line pressures, changing pressure charts, operating alarm gauges.
5. Building and repairing gate boxes, foot bridges, stiles, etc. used in distribution mains operations, erecting line markers and warning signs, etc.
6. Cleaning debris, cutting grass and weeds on rights-of-way.
7. Inspecting and testing equipment not specifically to determine necessity for repairs.
8. Protecting utility property during work by others.
9. Standby time of emergency crews, responding to fire calls, etc.
10. Locating and inspecting valve boxes or drip riser boxes, service lines, mains, etc.
11. Cleaning and repairing tools used in mains operations, making tool boxes, etc.
12. Cleaning structures and equipment.
13. Driving trucks used in mains and service operations.
14. Making routine leak survey.
15. Oil fogging.

Materials and Expenses:

1. Line markers and warning signs.
2. Lumber, nails, etc., used in building and repairing gate boxes (foot bridges, stiles, tool boxes, etc.).
3. Charts and printed forms.
4. Scrubber oils.
5. Hand tools.
6. Lubricants, wiping rags, waste, etc.
7. Freight, express, parcel post, trucking and other transportation.
8. Uniforms.
9. Employee transportation and travel expenses.
10. Janitor and washroom supplies.
11. Utility services: light, water, telephone.
12. Gas used in mains operation.
13. Oil for fogging.

875 Measuring and regulating station expenses—General.

This account shall include the cost of labor, materials used and expenses incurred in operating general distribution measuring and regulating stations.

ITEMS

Labor:

1. Supervising.
2. Recording pressures and changing charts, reading meters, etc.
3. Estimating lost meter registrations, etc. except purchases and sales.
4. Calculating gas volumes from meter charts, except gas purchases and sales.
5. Adjusting and calibrating measuring equipment, changing meters, orifice plates, gauges, clocks, etc.
6. Taking and testing gas samples, inspecting and testing valves, regulators, gas sample tanks and other meter engineers' equipment, determining specific gravity and Btu content of gas.
7. Inspecting and testing equipment and instruments not specially to determine necessity for repairs, including pulsation tests.
8. Cleaning and lubricating equipment.
9. Keeping log and other operating records.
10. Attending boilers and operating other accessory equipment.
11. Installing and removing district gauges for pressure survey.
12. Thawing freeze in gauge pipe.
13. Inspecting and pumping drips; dewatering manholes and pits, inspecting sumps, cleaning pits, blowing meter drips, etc.
14. Moving equipment, minor structures, etc., not in connection with maintenance or construction.

Materials and expenses:

15. Charts and printed forms, stationery and office supplies, etc.
16. Lubricants, wiping rags, waste.
17. Uniforms.
18. Employee transportation and travel expenses.
19. Freight, express, parcel post, trucking and other transportation.
20. Utility services: light, water, telephone.

876 Measuring and regulating station expenses—Industrial.

This account shall include the cost of labor, materials used and expenses incurred in operating large measuring and regulating stations located on local distribution systems to serve specific commercial and industrial customers.

ITEMS

(See account 875 for items.)

877 Measuring and regulating station expenses—City gate check stations.

This account shall include the cost of labor, materials used and expenses incurred in operating measuring and regulating stations used to measure and regulate the receipt of gas at entry points to distribution systems.

NOTE: Pipe line companies shall include in the transmission functional classification city gate and main line industrial measuring and regulating stations, except that where pipe line companies measure deliveries of gas at entry points to their own distribution systems, they shall have the option, if consistently observed, of including such stations either in the transmission or distribution function for accounting purposes.

ITEMS

(See account 875 for items.)

878 Meter and house regulator expenses.

This account shall include the cost of labor, materials used and expenses incurred in connection with removing, resetting, changing, testing, and servicing customer meters and house regulators.

ITEMS

Labor:

(a) Removing, reinstalling, and changing or exchanging customer meters and house regulators:

1. Initiating or terminating service, including incidental meter reading.
2. Periodic replacement of meters and house regulators because of age.
3. Changing or exchanging meters and house regulators because of complaints or removal for inspection.
4. Resetting meters on existing connections.
5. Handling meters and house regulators to and from customer premises and meter shop.
6. Listing, tagging, and placing meter labels, etc., for removed and reset meters.
7. Changing position of meters or house regulators on the same premises.
8. Installing or removing blank linings.
9. Unproductive calls, etc.

(b) Turning on and turning off meters, except for failures of customers to pay bills:

10. Turning on meters, including necessary time to insure that gas lines are proper to use and that appliances are in usable condition.
11. Turning off meters including time to make safety precautions.

(c) Other:

12. Supervising.
13. Clerical work on meter history and associated equipment record cards, test cards, and reports.
14. Handling and recording meters for stock.
15. Inspecting and testing meters and house regulators.
16. Inspecting and adjusting meter testing equipment.
17. Driving trucks used in meter operations.

Materials and expenses:

18. Meter locks and seals.
19. Lubricants, wiping rags, waste, etc.
20. Uniforms.
21. Freight, express, parcel post, trucking and other transportation.
22. Utility services: light, water, telephone heating.
23. Office supplies, stationery and printing
24. Employees' transportation expenses.
25. Janitor, washroom, first aid supplies etc.

NOTE: The cost of the first setting of meter or house regulator shall be charged account 382, Meter Installations, or accou 384, House Regulator Installations, as appropriate.

879 Customer installations expenses.

A. This account shall include t cost of labor, materials used and e penses incurred in work on custom premises other than expenses inclu ible in account 878, Meter and Hou Regulator Expenses, including the c of servicing customer-owned appliance when the cost of such work is borne the utility.

B. Damage to customer equipment employees of the utility whether in dental to the work or the result of n ligence, shall be charged to the job which the employee was engaged at time of damage.

ITEMS

Labor:

1. Supervising.
2. Altering customer-owned service ex sions or meter connections.
3. Investigating and correcting pres difficulties or stoppages in customer-ow piping.

4. Adjusting and repairing burner pilots because of impurities in the gas or failure of the distribution system.
5. Oiling or spraying noisy customer meters.
6. Investigating and stopping gas leaks on customers' premises caused by defective meter, customer-owned piping, or customer appliances.
7. Inspecting new installations to determine that the customers' equipment and piping are properly installed and connected.
8. Consolidating meter installations, without change of size, due to elimination of separate meters for different service classifications.
9. Investigating and adjusting complaints of service on customers' premises.
10. Gas load surveys including the incidental preparations and replacement of meters.
11. Unproductive calls.
12. Stenographic and clerical work.
13. Janitorial services, etc.
14. Installing demand or test meters.
15. Inspecting, cleaning, repairing and adjusting customer-owned appliances for domestic, industrial, or commercial use, including house heating furnaces and other space heating appliances, hotel and restaurant appliances.
16. Replacing defective parts in customer-owned appliances and salvaging reusable appliance parts.

Materials and expenses:

17. Lubricants, wiping rags, waste, etc.
18. Uniforms.
19. Replacement parts for appliances.
20. Office supplies, printing and stationery.
21. Janitor, washroom, first aid supplies, etc.
22. Employees' transportation and travel expenses.
23. Utility services: light, water, telephone.

NOTE: Amounts billed customers for any work, the cost of which is charged to this account, shall be credited to this account. Any excess over costs resulting therefrom shall be transferred to account 488, Miscellaneous Service Revenues.

880 Other expenses.

This account shall include the cost of distribution maps and records, distribution office expenses, and the cost of labor and materials used and expenses incurred in distribution systems operations not provided for elsewhere, including the expenses of operating street lighting systems and research, development, and demonstration expenses.

881 Rents.

This account shall include rents for property of others used, occupied or operated in connection with the operation of the distribution system. Include herein rentals paid for regulator sites, railroad crossings, rights-of-way, annual payments to governmental bodies and others for use of public or private lands, and reservations for rights-of-way. (See operating expense instruction 3.)

885 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of distribution system facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance accounts. (See operating expense instruction 1.)

886 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 375, Structures and Improvements. (See operating expense instruction 2.)

887 Maintenance of mains.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of distribution mains, the book cost of which is includible in account 376, Mains. (See operating expense instruction 2.)

ITEMS

1. Supervising.
2. Trenching, backfilling, and breaking and restoring pavement in connection with the installation of leak or reinforcing clamps.
3. Work performed as the result of municipal improvements, such as street widening, sewers, etc., where the gas mains are not retired.
4. Municipal inspections relating to maintenance work.
5. Other work of the following character:
a. Locating leaks incident to maintenance.
b. Cutting off mains without replacement. (Minor cuts not retired.)
c. Repairing leaking joints.
d. Repairing broken mains.

e. Repairing leaks on main drip riser or valve test pipe.
f. Bringing main valve box, main drip riser box, valve test pipe box, or pressure pipe roadway box up to grade.
g. Cleaning, repainting, coating, and wrapping exposed mains.
h. Repacking main valves.
i. Locating and clearing gas main faults.
j. Lowering and changing location of mains.
k. Trenching, backfilling, cutting-in or removal of pipe not retired in connection with the installation of leak clamps, valves, or drips.
l. Watching and lamping open cuts associated with maintenance.
m. Restoration of permanent pavement in connection with work chargeable to maintenance.
n. Emergency stand-by time associated with maintenance.
o. Repairing sewers, drains, walls, etc., when damaged by maintenance work.
p. Making electrolysis tests to maintain life of plant.
q. Repairing property of others damaged by maintenance work.

888 Maintenance of compressor station equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 377, Compressor Station Equipment. (See operating expense instruction 2.)

889 Maintenance of measuring and regulating station equipment—General.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 378, Measuring and Regulating Station Equipment—General. (See operating expense instruction 2.)

890 Maintenance of measuring and regulating station equipment—Industrial.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 385, Industrial Measuring and Regulating Station Equipment. (See operating expense instruction 2.)

891 Maintenance of measuring and regulating station equipment—City gate check stations.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 379, Measuring and Regulating Station Equipment—City Gate Check Stations. (See operating expense instruction 2.)

892 Maintenance of services.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of serv- ices, the book cost of which is includible in account 380, Services. (See operating expense instruction 2.)

ITEMS

1. Supervising.
2. Testing pipe for leaks and condition of wrapping.
3. Testing for, locating, and clearing trouble on company maintained services.
4. Inspecting and testing after repairs have been made.
5. Reporting on the condition of gas services to determine the need for repairs.
6. Making minor repairs and changes.
7. Rearranging and changing the location of services not retired.
8. Repairing service valves for reuse.
9. Stopping leaks on service pipes and drip risers.
10. Lowering and raising curb boxes to grade.
11. Replacing less than a complete service when not retired.
12. Installing fittings, valves, drips, frost protection devices, or replacing similar items on existing services.
13. Cutting and replacing pavement, pavement base and sidewalks in connection with maintenance work.
14. Restoring condition of services damaged by fire, storm, leakage, flood, accident or other casualties.
15. Repairing property of others damaged by maintenance work.
16. Transferring services in connection with the installation of new mains.
17. Installing, maintaining, and removing temporary facilities to prevent the interruption of service.
18. Converting low pressure gas distribution service to medium or high pressure service.
19. Relocating and rerouting gas service temporarily during alterations of buildings

20. Performing work resulting from municipal improvements, such as street widening, sewers, etc.
21. Replacing service valve box or drip riser box.
22. Installing, removing or replacing service valve, drip pot, or drip riser.
23. Repacking service valve.

893 Maintenance of meters and house regulators.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of meters and house regulators, the book cost of which is includible in accounts 381, Meters, and 383, House Regulators. (See operating expense instruction 2.)

ITEMS

1. Inspecting and testing meters and house regulators on customers' premises or in shops in connection with repairs.
2. Cleaning, repairing, and painting meters, house regulators, and accessories and equipment.
3. Repairing testing equipment.
4. Rebuilding and overhauling meters without changing their rated capacities.
5. Resealing house regulators with mercury, replacing diaphragms, springs and other defective or worn parts.
6. Replacing or adding any item not constituting a retirement unit.

894 Maintenance of other equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of street lighting equipment and all other distribution system equipment not provided for elsewhere, the book cost of which is includible in accounts 386, Other Property on Customers' Premises, and 387, Other Equipment. (See operating expense instruction 2.)

901 Supervision.

This account shall include the cost of labor and expenses incurred in the general direction and supervision of customer accounting and collecting activities. Direct supervision of a specific activity shall be charged to account 902, Meter Reading Expenses, or account 903, Customer Records and Collection Expenses, as appropriate. (See operating expense instruction 1.)

902 Meter reading expenses.

This account shall include the cost of labor, materials used and expenses incurred in reading customer meters, and determining consumption when performed by employees engaged in reading meters.

ITEMS

Labor:

1. Addressing forms for obtaining meter readings by mail.
2. Changing and collecting meter charts used for billing purposes.
3. Inspecting time clocks, checking seals, etc., when performed by meter readers and the work represents a minor activity incidental to regular meter reading routine.
4. Meter reading—small consumption, and obtaining load information for billing purposes. (Exclude and charge to account 878, Meter and House Regulator Expenses, or to account 903, Customer Records and Collection Expenses, as applicable, the cost of obtaining meter readings, first and final, if incidental to the operation of removing or resetting, sealing or locking, and disconnecting, or reconnecting meters.)
5. Measuring gas—large consumption, including reading meters, changing charts, calculating charts, estimating lost meter registrations, determining specific gravity, etc., for billing purposes.
6. Computing consumption from meter reader's book or from reports by mail when done by employees engaged in reading meters.
7. Collecting from prepayment meters when incidental to meter reading.
8. Maintaining record of customers' keys.
9. Computing estimated or average consumption when performed by employees engaged in reading meters.

Materials and expenses:

10. Badges, lamps, and uniforms.
11. Demand charts, meter books and binders and forms for recording readings, but not the cost of preparation.
12. Postage and supplies used in obtaining meter readings by mail.
13. Transportation, meals and incidental expenses.

903 Customer records and collection expenses.

This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

ITEMS

Labor:

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses:

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

NOTE: The cost of work on meter history and meter location records is chargeable to account 878, Meter and House Regulator Expenses.

904 Uncollectible accounts.

This account shall be charged with amounts sufficient to provide for losses from uncollectible utility revenues. Concurrent credits shall be made to account 144, Accumulated Provision for Uncollectible Accounts—Credit. Losses from uncollectible accounts shall be charged to account 144.

905 Miscellaneous customer accounts expenses.

This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.

ITEMS

Labor:

1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses:

3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

907 Supervision.

This account shall include the cost of labor and expenses incurred in the general direction and supervision of customer service activities, the object of which is to encourage safe, efficient and economical use of the utility's service. Direct supervision of a specific activity within customer service and

informational expense classification shall be charged to the account wherein the costs of such activity are included. (See operating expense instruction 1.)

908 Customer assistance expenses.

This account shall include the cost of labor, materials used, and expenses incurred in providing instructions or assistance to customers, the object of which is to promote safe, efficient and economical use of the utility's service.

ITEMS

Labor:

1. Direct supervision of department.
2. Processing customer inquiries relating to the proper use of gas equipment, the replacement of such equipment and information related to such equipment.
3. Advice directed to customers as to how they may achieve the most efficient and safest use of gas equipment.
4. Demonstrations, exhibits, lectures, and other programs designed to instruct customers in the safe, economical or efficient use of gas service, and/or oriented toward conservation of energy.
5. Engineering and technical advice to customers, the object of which is to promote safe, efficient and economical use of the utility's service.

Materials and expenses:

6. Supplies and expenses pertaining to demonstrations, exhibits, lectures, and other programs.
7. Loss in value on equipment and appliances used for customer assistance programs.
8. Office supplies and expenses.
9. Transportation, meals, and incidental expenses.

NOTE: Do not include in this account expenses that are provided for elsewhere, such as accounts 416, Costs and Expenses of Merchandising, Jobbing and Contract Work, 879, Customer Installations Expenses, and 912, Demonstrating and Selling Expenses.

909 Informational and instructional advertising expenses.

This account shall include the cost of labor, materials used and expenses incurred in activities which primarily convey information as to what the utility urges or suggests customers should do in utilizing gas service to protect health and safety, to encourage environmental protection, to utilize their gas equipment safely and economically, or to conserve natural gas.

ITEMS

Labor:

1. Direct supervision of informational activities.
2. Preparing informational materials for newspapers, periodicals, billboards, etc., and preparing and conducting informational motion pictures, radio and television programs.
3. Preparing informational booklets, bulletins, etc., used in direct mailings.
4. Preparing informational window and other displays.
5. Employing agencies, selecting media and conducting negotiations in connection with the placement and subject matter of information programs.

Materials and expenses:

6. Use of newspapers, periodicals, billboards, radio, etc., for informational purposes.
7. Postage on direct mailings to customers exclusive of postage related to billings.
8. Printing of informational booklets, dodgers, bulletins, etc.
9. Supplies and expenses in preparing informational materials by the utility.
10. Office supplies and expenses.

NOTE A: Exclude from this account and charge to account 930.2, Miscellaneous General Expenses, the cost of publication of stockholder reports, dividend notices, bond redemption notices, financial statements, and other notices of a general corporate character. Exclude also all expenses of a promotional, institutional, goodwill or political nature, which are includible in such accounts as 913, Advertising Expenses, 930.1, General Advertising Expenses, and 426.4, Expenditures for Certain Civic, Political and Related Activities.

NOTE B: Entries relating to informational advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies of the advertising message shall be readily available.

910 Miscellaneous customer service and informational expenses.

This account shall include the cost of labor, materials used and expenses incurred in connection with customer service and informational activities which are not includible in other customer information expense accounts.

ITEMS

Labor:

1. General clerical and stenographic work not assigned to specific customer service and information programs.
2. Miscellaneous labor.

Materials and expenses:

3. Communication service.
4. Printing, postage and office supplies expenses.

911 Supervision.

This account shall include the cost of labor and expenses incurred in the general direction and supervision of sales activities, except merchandising. Direct supervision of a specific activity, such as demonstrating, selling, or advertising shall be charged to the account wherein the costs of such activity are included. (See operating expense instruction 1.)

912 Demonstrating and selling expenses.

This account shall include the cost of labor, materials used and expenses incurred in promotional, demonstrating, and selling activities, except by merchandising, the object of which is to promote or retain the use of utility services by present and prospective customers.

ITEMS

Labor:

1. Demonstrating uses of utility services.
2. Conducting cooking schools, preparing recipes, and related home service activities.
3. Exhibitions, displays, lectures, and other programs designed to promote use of utility services.
4. Experimental and development work in connection with new and improved appliances and equipment, prior to general public acceptance.
5. Solicitation of new customers or of additional business from old customers, including commissions paid employees.
6. Engineering and technical advice to present or prospective customers in connection with promoting or retaining the use of utility services.
7. Special customer canvasses when their primary purpose is the retention of business or the promotion of new business.

Materials and expenses:

8. Supplies and expenses pertaining to demonstration, and experimental and development activities.
9. Booth and temporary space rental.
10. Loss in value on equipment and appliances used for demonstration purposes.
11. Transportation, meals, and incidental expenses.

913 Advertising expenses.

This account shall include the cost of labor, materials used and expenses incurred in advertising designed to promote or retain the use of utility service, except advertising the sale of merchandise by the utility.

ITEMS

Labor:

1. Direct supervision of department.
2. Preparing advertising material for newspapers, periodicals, billboards, etc., and preparing and conducting motion pictures, radio and television programs.
3. Preparing booklets, bulletins, etc., used in direct mail advertising.
4. Preparing window and other displays.
5. Clerical and stenographic work.
6. Investigating advertising agencies and media and conducting negotiations in connection with the placement and subject matter of sales advertising.

Materials and expenses:

7. Advertising in newspapers, periodicals, billboards, radio, etc., for sales promotion purposes, but not including institutional or goodwill advertising includible in account 930.1, General Advertising Expenses.
8. Materials and services given as prizes or otherwise in connection with canning, cooking contests, bazaars, etc., in order to publicize and promote the use of utility services.
9. Fees and expenses of advertising agencies and commercial artists.
10. Novelties for general distribution.
11. Postage on direct mail advertising.
12. Premiums distributed generally, such as recipe books, etc., when not offered as inducement to purchase appliances.
13. Printing booklets, dodgers, bulletins, etc.
14. Supplies and expenses in preparing advertising material.
15. Office supplies and expenses.

NOTE A: The cost of advertisements which set forth the value or advantages of utility service without reference to specific appliances, or, if reference is made to appliances, invites the reader to purchase appliances from his dealer, or refer to appliances carried for sale by the utility, shall be considered sales promotion advertising and charged to this account. However, advertisements which are limited to specific makes of appliances sold by the utility and prices, terms, etc., thereof, without referring to the value or advantages of utility service, shall be considered as merchandise advertising and the cost shall be charged to Costs

Expenses of Merchandising, Jobbing and Contract Work, accounts 416.

NOTE B: Advertisements which substantially mention or refer to the value or advantages of utility service, together with specific reference to makes of appliances sold by the utility and the price, terms, etc., thereof, and designed for the joint purpose of increasing the use of utility service and the sales of appliances, shall be considered as a combination advertisement and the costs shall be distributed between this account and account 416 on the basis of space, time, or other proportional factors.

NOTE C: Exclude from this account and charge to account 930.2, Miscellaneous General Expenses, the cost of publication of stockholder reports, dividend notices, bond redemption notices, financial statements, and other notices of a general corporate character. Exclude also all institutional or goodwill advertising. (See account 930.1, General Advertising Expenses.)

914–915 [Reserved]

916 Miscellaneous sales expenses.

This account shall include the cost of labor, materials used and expenses incurred in connection with sales activities, except merchandising, which are not includible in other sales expense accounts.

ITEMS

Labor:

1. General clerical and stenographic work not assigned to specific functions.
2. Special analysis of customer accounts and other statistical work for sales purposes not a part of the regular customer accounting and billing routine.
3. Miscellaneous labor.

Materials and expenses:

4. Communication service.
5. Printing, postage, and office supplies and expenses applicable to sales activities, except those chargeable to account 913, Advertising Expenses.

920 Administrative and general salaries.

A. This account shall include the compensation (salaries, bonuses, and other consideration for services, but not including directors' fees) of officers, executives, and other employees of the utility properly chargeable to utility operations and not chargeable directly to a particular operating function.

B. This account may be subdivided in accordance with a classification appropriate to the departmental or other functional organization of the utility.

921 Office supplies and expenses.

A. This account shall include office supplies and expenses incurred in connection with the general administration of the utility's operations which are assignable to specific administrative or general departments and are not specifically provided for in other accounts. This includes the expenses of the various administrative and general departments, the salaries and wages of which are includible in account 920.

B. This account may be subdivided in accordance with a classification appropriate to the departmental or other functional organization of the utility.

NOTE: Office expenses which are clearly applicable to any group of operating expenses other than the administrative and general group shall be included in the appropriate account in such group. Further, general expenses which apply to the utility as a whole rather than to a particular administrative function shall be included in account 930.2, Miscellaneous General Expenses.

ITEMS

1. Automobile service, including charges through clearing account.
2. Bank messenger and service charges.
3. Books, periodicals, bulletins and subscriptions to newspapers, newsletters, tax services, etc.
4. Building service expenses for customer accounts, sales, and administrative and general purposes.
5. Communication service expenses.
6. Cost of individual items of office equipment used by general departments which are of small value or short life.
7. Membership fees and dues in trade, technical, and professional associations paid by a utility for employees. (Company memberships are includible in account 930.2.)
8. Office supplies and expenses.
9. Payment of court costs, witness fees, and other expenses of legal department.
10. Postage, printing and stationery.
11. Meals, traveling and incidental expenses.

922 Administrative expenses transferred—Credit.

This account shall be credited with administrative expenses recorded in accounts 920 and 921 which are transferred to construction costs or to nonutility accounts. (See gas plant instruction 4.)

923 Outside services employed.

A. This account shall include the fees and expenses of professional consultants and others for general services which are not applicable to a particular operating function or to other accounts. It shall include also the pay and expenses of persons engaged for a special or temporary administrative or general purpose in circumstances where the person so engaged is not considered as an employee of the utility.

B. This account shall be so maintained as to permit ready summarization according to the nature of service and the person furnishing the same.

ITEMS

1. Fees, pay and expenses of accountants and auditors, actuaries, appraisers, attorneys, engineering consultants, management consultants, negotiators, public relations counsel, tax consultants, etc.
2. Supervision fees and expenses paid under contracts for general management services.

NOTE: Do not include inspection and brokerage fees and commissions chargeable to other accounts or fees and expenses in connection with security issues which are includible in the expenses of issuing securities.

924 Property insurance.

A. This account shall include the cost of insurance or reserve accruals to protect the utility against losses and damages to owned or leased property used in its utility operations. It shall include also the cost of labor and related supplies and expenses incurred in property insurance activities.

B. 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 the appropriate account for accumulated provision for depreciation.

C. Records shall be kept so as to show the amount of coverage for each class of insurance carried, the property covered, and the applicable premiums. Any dividends distributed by mutual insurance companies shall be credited to the accounts to which the insurance premiums were charged.

ITEMS

1. Premiums payable to insurance companies for fire, storm, burglary, boiler explosion, lightning, fidelity, riot, and similar insurance.
2. Amounts credited to account 228.1, Accumulated Provision for Property Insurance; for similar protection.
3. Special costs incurred in procuring insurance.
4. Insurance inspection service.
5. Insurance counsel, brokerage fees, and expenses.

NOTE A: The cost of insurance or reserve accruals capitalized shall be charged to construction either directly or by transfer to construction work orders from this account.

NOTE B: The cost of insurance or reserve accruals for the following classes of property shall be charged as indicated.

(1) Materials and supplies and stores equipment, to account 163, Stores Expense Undistributed or appropriate materials account.
(2) Transportation and other general equipment to appropriate clearing accounts that may be maintained.
(3) Gas plant leased to others, to account 413, Expenses of Gas Plant Leased to Others.
(4) Nonutility property, to the appropriate nonutility income account.
(5) Merchandise and jobbing property, to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work.

NOTE C: The cost of labor and related supplies and expenses of administrative and general employees, who are only incidentally engaged in property insurance work, may be included in accounts 920 and 921, as appropriate.

925 Injuries and damages.

A. This account shall include the cost of insurance or reserve accruals to protect the utility against injuries and damages claims of employees or others, losses of such character not covered by insurance, and expenses incurred in settlement of injuries and damages claims. It shall also include the cost of labor and related supplies and expenses incurred in injuries and damages activities.

B. 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.

ITEMS

1. Premiums payable to insurance companies for protection against claims from injuries and damages by employees or others, such as public liability, property damages, casualty, employee liability, etc., and amounts credited to account 228.2, Accumulated Provision for Injuries and Damages; for similar protection.
2. Losses not covered by insurance or reserve accruals on account of injuries or deaths to employees or others and damages to the property of others.
3. Fees and expenses of claim investigators.
4. Payment of awards to claimants for court costs and attorneys' services.
5. Medical and hospital service and expenses for employees as the result of occupational injuries, or resulting from claims of others.
6. Compensation payments under workmen's compensation laws.
7. Compensation paid while incapacitated as the result of occupational injuries. (See Note A.)
8. Cost of safety, accident prevention and similar educational activities.

NOTE A: Payments to or in behalf of employees for accident or death benefits, hospital expenses, medical supplies or for salaries while incapacitated for service or on leave of absence beyond periods normally allowed, when not the result of occupational injuries, shall be charged to account 926, Employee Pensions and Benefits. (See also Note B of account 926.)

NOTE B: The cost of injuries and damages or reserve accruals capitalized shall be charged to construction directly or by transfer to construction work orders from this account.

NOTE C: Exclude herefrom the time and expenses of employees (except those engaged in injuries and damages activities) spent in attendance at safety and accident prevention educational meetings, if occurring during the regular work period.

NOTE D: The cost of labor and related supplies and expenses of administrative and general employees, who are only incidentally engaged in injuries and damages activities, may be included in accounts 920 and 921, as appropriate.

926 Employee pensions and benefits.

A. This account shall include pensions paid to or on behalf of retired employees, or accruals to provide for pensions, or payments for the purchase of annuities for this purpose, when the utility has definitely, by contract, committed itself to a pension plan under which the pension funds are irrevocably devoted to pension purposes, and payments for employee accident, sickness, hospital, and death benefits, or insurance therefor. Include, also, expenses incurred in medical, educational or recreational activities for the benefit of employees, and administrative expenses in connection with employee pensions and benefits.

B. The utility shall maintain a complete record of accruals or payments for pensions and be prepared to furnish full information to the Commission of the plan under which it has created or proposes to create a pension fund and a copy of the declaration of trust or resolution under which the pension plan is established.

C. There shall be credited to this account the portion of pensions and benefits expenses which is applicable to nonutility operations or which is charged to construction unless such amounts are distributed directly to the accounts involved and are not included herein in the first instance.

D. Records in support of this account shall be so kept that the total pensions expense, the total benefits expense, the administrative expenses included herein, and the amounts of pensions and benefits expenses transferred to construction or other accounts will be readily available.

ITEMS

1. Payment of pensions under a nonaccrual or nonfunded basis.
2. Accruals for or payments to pension funds or to insurance companies for pension purposes.
3. Group and life insurance premiums (credit dividends received).
4. Payments for medical and hospital services and expenses of employees when not the result of occupational injuries.
5. Payments for accident, sickness, hospital, and death benefits or insurance.
6. Payments to employees incapacitated for service or on leave of absence beyond periods normally allowed, when not the result of occupational injuries, or in excess of statutory awards.
7. Expenses in connection with educational and recreational activities for the benefit of employees.

NOTE A: The cost of labor and related supplies and expenses of administrative and general employees who are only incidentally engaged in employee pension and benefit activities, may be included in accounts 920 and 921, as appropriate.

NOTE B: Salaries paid to employees during periods of nonoccupational sickness may be charged to the appropriate labor account rather than to employee benefits.

927 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, utility service furnished without charge under provisions of franchises.

B. When no direct outlay is involved, concurrent credit for such charges shall be made to account 929, Duplicate Charges—Cr.

C. The account shall be maintained so as to readily reflect the amounts of cash outlays, utility service supplied without charge, and other items furnished without charge.

NOTE A: Franchise taxes shall not be charged to this account but to account 408.1, Taxes Other Than Income Taxes, Utility Operating Income.

NOTE B: Any amount paid as initial consideration for a franchise running for more than one year shall be charged to account 302, Franchises and Consents.

928 Regulatory commission expenses.

A. This account shall include all expenses (except pay of regular employees only incidentally engaged in such work) properly includible in utility 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 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 186, Miscellaneous Deferred Debits, and amortized by charges to this account.

C. The utility shall be prepared to show 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. Office supplies and 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.
3. All application fees except those involving construction certificate applications which have been approved. (See Gas Plant Instruction 16.)

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 181, Unamortized Debt Expense, or account 214, Capital Stock Expense.

929 Duplicate charges—Credit.

This account shall include concur
rent credits for charges which may b
made to operating expenses or to othe
accounts for the use of utility servic
from its own supply. Include, also, off
setting credits for any other charge
made to operating expenses for whic
there is no direct money outlay.

930.1 General advertising expenses.

This account shall include the cost
labor, materials used, and expenses i
curred in advertising and related a
tivities, the cost of which by their co
tent and purpose are not provided f
elsewhere.

ITEMS

Labor:

1. Supervision.

2. Preparing advertising material for newspapers, periodicals, billboards, etc., and preparing or conducting motion pictures, radio and television programs.
3. Preparing booklets, bulletins, etc., used in direct mail advertising.
4. Preparing window and other displays.
5. Clerical and stenographic work.
6. Investigating and employing advertising agencies, selecting media and conducting negotiations in connection with the placement and subject matter of advertising.

Materials and expenses:

7. Advertising in newspapers, periodicals, billboards, radio, etc.
8. Advertising matter such as posters, bulletins, booklets and related items.
9. Fees and expenses of advertising agencies and commercial artists.
10. Postage and direct mail advertising.
11. Printing of booklets, dodgers, bulletins, etc.
12. Supplies and expenses in preparing advertising materials.
13. Office supplies and expenses.

NOTE A: Properly includible in this account is the cost of advertising activities on a local or national basis of a goodwill or institutional nature, which is primarily designed to improve the image of the utility or the industry, including advertisements which inform the public concerning matters affecting the company's operations, such as, the cost of providing service, the company's efforts to improve the quality of service, the company's efforts to improve and protect the environment, etc. Entries relating to advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies of the advertising message shall be readily available.

NOTE B: Exclude from this account and include in account 426.4. Expenditures for Certain Civic, Political and Related Activities, expenses for advertising activities, which are designed to solicit public support or the support of public officials in matters of a political nature.

930.2 Miscellaneous general expenses.

This account shall include the cost of labor and expenses incurred in connection with the general management of the utility not provided for elsewhere.

ITEMS

Labor:

1. Miscellaneous labor not elsewhere provided for:

Expenses:

2. Industry Association dues for company memberships.
3. Contributions for conventions and meetings of the industry.
4. Research, development, and demonstration expenses not charged to other operation and maintenance expense accounts on a functional basis.
5. Communication service not chargeable to other accounts.
6. Trustee, registrar, and transfer agent fees and expenses.
7. Stockholders meeting expenses.
8. Dividend and other financial notices.
9. Printing and mailing dividend checks.
10. Directors' fees and expenses.
11. Publishing and distributing annual reports to stockholders.
12. Public notices of financial, operating, and other data required by regulatory statutes, not including, however, notices required in connection with security issues or acquisitions of property.

931 Rents.

This account shall include rents properly includible in utility operating expenses for the property of others used, occupied, or operated in connection with the customer accounts, customer service and informational, sales, and general and administrative functions of the utility. (See operating expense instruction 3.)

932 Maintenance of general plant.

A. This account shall include the cost assignable to customer accounts, sales and administrative and general functions of labor, materials used and expenses incurred in the maintenance of property, the book cost of which is includible in account 390, Structures and Improvements, account 391, Office Furniture and Equipment, account 397, Communication Equipment, and account 398, Miscellaneous Equipment. (See operating expense instruction 2.)

B. Maintenance expenses on office furniture and equipment used elsewhere than in general, commercial and sales offices shall be charged to the following accounts:

Manufactured Gas Production, accounts 708, 742
Natural Gas Production and Gathering, account 769
Natural Gas Production
Extraction, account 791
Underground Storage, account 837
Local Storage, account 846.2
Transmission Expenses, account 867
Distribution Expenses, account 894
Merchandising and Jobbing, account 416
Garage, Shops, etc.—appropriate clearing account, if used.

NOTE: Maintenance of plant included in other general plant equipment accounts shall be included herein unless charged to clearing accounts or to a particular functional maintenance expense indicated by the use of the equipment.

PART 204 [RESERVED]

NOTE: For the Uniform System of Accounts for Natural Gas Companies subject to the Natural Gas Act, see part 201 of this subchapter. (Order 390, 49 FR 32526, Aug. 14, 1984; 50 FR 5745, Feb. 12, 1985)

PART 225—PRESERVATION OF RECORDS OF NATURAL GAS COMPANIES

Sec.
225.1 Promulgation.
225.2 General instructions.
225.3 Schedule of records and periods of retention.

AUTHORITY: 15 U.S.C. 717–717w, 3301–3432; 16 U.S.C. 792–828c; 42 U.S.C. 7101–7352; E.O. 12009, 3 CFR 1978 Comp. p. 142.

§ 225.1 Promulgation.

This part is prescribed and promulgated as the regulations governing the preservation of records by natural gas companies subject to the jurisdiction of the Commission, to the extent and in the manner set forth therein.

[Order 617, 65 FR 48160, Aug. 7, 2000]

§ 225.2 General instructions.

(a) *Scope of this part.* (1) The regulations in this part must apply to all books of account and other records prepared by or on behalf of the natural gas company. See item 40 of the schedule for those records that come into possession of the natural gas company in connection with the acquisition of property, such as purchases, consolidation, merger, etc.

(2) The regulations in this part should not be construed as excusing compliance with other lawful requirements of any other governmental body, Federal or State, prescribing other record keeping requirements, or for preservation of records for periods longer than those prescribed in this part.

(3) To the extent that any Commis sion regulations may provide for a dif ferent retention period, the record should be retained for the longer of th retention periods.

(4) Records other than those listed i the schedule may be destroyed at th option of the natural gas company *Provided, however,* That records whic are used in lieu of those listed shall b preserved for the periods prescribed fo the records used for substantially sim lar purposes. And, *provided furthe* That retention of records pertaining t added services, functions, plant, etc the establishment of which cannot b presently foreseen, shall conform t the principles embodied herein.

(5) Notwithstanding the provisions the Records Retention Schedule, th Commission may, upon the request the company, authorize a shorter p riod of retention for any record list therein upon a showing by the co pany that preservation of such reco for a longer period is not necessary appropriate in the public interest or f the protection of investors or co sumers.

(b) *Designation of supervisory offici* Each natural gas company subject the regulations in this part shall d ignate one or more persons with of cial responsibility to supervise the n ural gas company's program for pres vation and the authorized destructi of its records.

(c) *Protection and storage of recor* The natural gas company shall prov reasonable protection for records s ject to the regulations in this p from damage by fires, floods, and otl hazards and, in the selection of stor spaces, safeguard the records from necessary exposure to deteriorat from excessive humidity, dryness, lack of proper ventilation.

(d) *Record storage media.* Each natu gas company has the flexibility to lect its own storage media subject the following conditions.

(1) The storage media must hav life expectancy at least equal to applicable record retention period vided in § 225.3 unless there is a qua transfer from one media to anot with no loss of data.

(2) Each natural gas company is quired to implement internal con

Preparing advertising material for newsers, periodicals, billboards, etc., and preng or conducting motion pictures, radio television programs.
Preparing booklets, bulletins, etc., used irect mail advertising.
Preparing window and other displays.
Clerical and stenographic work.
Investigating and employing advertising ncies, selecting media and conducting nelations in connection with the placement subject matter of advertising.
erials and expenses:
Advertising in newspapers, periodicals, boards, radio, etc.
Advertising matter such as posters, bulns, booklets and related items.
Fees and expenses of advertising agenand commercial artists.
. Postage and direct mail advertising.
. Printing of booklets, dodgers, bulletins,
. Supplies and expenses in preparing adising materials.
. Office supplies and expenses.

OTE A: Properly includible in this acnt is the cost of advertising activities on cal or national basis of a goodwill or inutional nature, which is primarily dened to improve the image of the utility or industry, including advertisements ch inform the public concerning matters cting the company's operations, such as, cost of providing service, the company's rts to improve the quality of service, the pany's efforts to improve and protect the ironment, etc. Entries relating to adverng included in this account shall contain refer to supporting documents which iden- the specific advertising message. If refnces are used, copies of the advertising ssage shall be readily available.
OTE B: Exclude from this account and inde in account 426.4. Expenditures for Cern Civic, Political and Related Activities, penses for advertising activities, which are igned to solicit public support or the sup- of public officials in matters of a polital nature.

930.2 Miscellaneous general expenses.

his account shall include the cost of labor l expenses incurred in connection with the eral management of the utility not proed for elsewhere.

ITEMS

or:
Miscellaneous labor not elsewhere prod for:
nses:
Industry Association dues for company berships.
3. Contributions for conventions and meetings of the industry.
4. Research, development, and demonstration expenses not charged to other operation and maintenance expense accounts on a functional basis.
5. Communication service not chargeable to other accounts.
6. Trustee, registrar, and transfer agent fees and expenses.
7. Stockholders meeting expenses.
8. Dividend and other financial notices.
9. Printing and mailing dividend checks.
10. Directors' fees and expenses.
11. Publishing and distributing annual reports to stockholders.
12. Public notices of financial, operating, and other data required by regulatory statutes, not including, however, notices required in connection with security issues or acquisitions of property.

931 Rents.

This account shall include rents properly includible in utility operating expenses for the property of others used, occupied, or operated in connection with the customer accounts, customer service and informational, sales, and general and administrative functions of the utility. (See operating expense instruction 3.)

932 Maintenance of general plant.

A. This account shall include the cost assignable to customer accounts, sales and administrative and general functions of labor, materials used and expenses incurred in the maintenance of property, the book cost of which is includible in account 390, Structures and Improvements, account 391, Office Furniture and Equipment, account 397, Communication Equipment, and account 398, Miscellaneous Equipment. (See operating expense instruction 2.)

B. Maintenance expenses on office furniture and equipment used elsewhere than in general, commercial and sales offices shall be charged to the following accounts:

Manufactured Gas Production, accounts 708, 742
Natural Gas Production and Gathering, account 769
Natural Gas Production
Extraction, account 791
Underground Storage, account 837
Local Storage, account 846.2
Transmission Expenses, account 867
Distribution Expenses, account 894
Merchandising and Jobbing, account 416
Garage, Shops, etc.—appropriate clearing account, if used.

NOTE: Maintenance of plant included in other general plant equipment accounts shall be included herein unless charged to clearing accounts or to a particular functional maintenance expense indicated by the use of the equipment.

PART 204 [RESERVED]

NOTE: For the Uniform System of Accounts for Natural Gas Companies subject to the Natural Gas Act, see part 201 of this subchapter. (Order 390, 49 FR 32526, Aug. 14, 1984; 50 FR 5745, Feb. 12, 1985)

PART 225—PRESERVATION OF RECORDS OF NATURAL GAS COMPANIES

Sec.
225.1 Promulgation.
225.2 General instructions.
225.3 Schedule of records and periods of retention.

AUTHORITY: 15 U.S.C. 717–717w, 3301–3432; 16 U.S.C. 792–828c; 42 U.S.C. 7101–7352; E.O. 12009, 3 CFR 1978 Comp. p. 142.

§ 225.1 Promulgation.

This part is prescribed and promulgated as the regulations governing the preservation of records by natural gas companies subject to the jurisdiction of the Commission, to the extent and in the manner set forth therein.

[Order 617, 65 FR 48160, Aug. 7, 2000]

§ 225.2 General instructions.

(a) *Scope of this part.* (1) The regulations in this part must apply to all books of account and other records prepared by or on behalf of the natural gas company. See item 40 of the schedule for those records that come into possession of the natural gas company in connection with the acquisition of property, such as purchases, consolidation, merger, etc.

(2) The regulations in this part should not be construed as excusing compliance with other lawful requirements of any other governmental body, Federal or State, prescribing other record keeping requirements, or for preservation of records for periods longer than those prescribed in this part.

(3) To the extent that any Commission regulations may provide for a different retention period, the records should be retained for the longer of the retention periods.

(4) Records other than those listed in the schedule may be destroyed at the option of the natural gas company: *Provided, however,* That records which are used in lieu of those listed shall be preserved for the periods prescribed for the records used for substantially similar purposes. And, *provided further,* That retention of records pertaining to added services, functions, plant, etc., the establishment of which cannot be presently foreseen, shall conform to the principles embodied herein.

(5) Notwithstanding the provisions of the Records Retention Schedule, the Commission may, upon the request of the company, authorize a shorter period of retention for any record listed therein upon a showing by the company that preservation of such record for a longer period is not necessary or appropriate in the public interest or for the protection of investors or consumers.

(b) *Designation of supervisory official.* Each natural gas company subject to the regulations in this part shall designate one or more persons with official responsibility to supervise the natural gas company's program for preservation and the authorized destruction of its records.

(c) *Protection and storage of records.* The natural gas company shall provide reasonable protection for records subject to the regulations in this part from damage by fires, floods, and other hazards and, in the selection of storage spaces, safeguard the records from unnecessary exposure to deterioration from excessive humidity, dryness, or lack of proper ventilation.

(d) *Record storage media.* Each natural gas company has the flexibility to select its own storage media subject to the following conditions.

(1) The storage media must have a life expectancy at least equal to the applicable record retention period provided in § 225.3 unless there is a quality transfer from one media to another with no loss of data.

(2) Each natural gas company is required to implement internal control

rocedures that assure the reliability f and ready access to data stored on nachine readable media. Internal con- rol procedures must be documented by responsible supervisory official.

(3) Each transfer of data from one nedia to another must be verified for ccuracy and documented. Software nd hardware required to produce read- ble records must be retained for the ame period the media format is used.

(e) *Destruction of records.* At the expi- ation of the records retention period, natural gas companies may use any ap- propriate method to destroy records.

(f) *Premature destruction or loss of ecords.* When records are destroyed or ost before the expiration of the pre- cribed period of retention, a certified tatement listing, as far as may be de- ermined, the records destroyed and de- cribing the circumstances of acci- dental or other premature destruction r loss must be filed with the Commis- ion within ninety (90) days from the date of discovery of the destruction.

(g) *Schedule of records and periods of etention.* (1) Records related to plant in ervice must be retained until the fa- cilities are permanently removed from ervice, all removal and restoration ac- tivities are completed, and all costs are etired from the accounting records un- less accounting adjustments resulting rom reclassification and original costs tudies have been approved by the reg- ulatory commission having jurisdic- tion. If the plant is sold, the associated ecords or copies thereof, must be transferred to the new owners.

(2) Records related to additions, re- tirements, and betterments thereto must be retained until the Commission has determined the actual legitimate original cost of the facilities.

(h) *Retention periods designated "De- stroy at option".* "Destroy at option" constitutes authorization for destruc- tion of records at managements' discre- tion if it does not conflict with other legal retention requirements or useful- ness of such records in satisfying pend- ing regulatory actions or directives.

(i) *Records of services performed by as- sociated companies.* The natural gas companies must assure the availability of records of services performed by as- sociated or affiliated companies with supporting cost information for the pe- riods indicated in §225.3 as necessary to be able to readily furnish detailed in- formation as to the nature of the transaction, the amounts involved, and the accounts used to record the trans- actions.

(j) *Index of records.* Natural gas com- panies must arrange, file, and index records so they may be readily identi- fied and made available to Commission representatives.

(k) *Rate case.* Notwithstanding the minimum retention periods provided in these regulations, if a natural gas com- pany intends to reflect costs in a cur- rent, pending, or future rate case, or if a natural gas company has abandoned or retired a plant subsequent to the test period of its last rate case, it must retain all relevant records.

(l) *Pending complaint litigation or gov- ernmental proceeding.* Notwithstanding the minimum requirements, if a nat- ural gas company is involved in pend- ing litigation, complaint procedures, proceedings remanded by the court, or governmental proceedings, it must re- tain all relevant records.

(m) *Life or mortality study data.* Life or mortality study data for deprecia- tion purposes must be retained for 25 years or for 10 years after plant is re- tired whichever is longer.

[Order 450, 37 FR 6304, Mar. 28, 1972, as amended by Order 258, 47 FR 42724, 42725, Sept. 29, 1982; Order 335, 48 FR 44483, Sept. 29, 1983; Order 617, 65 FR 48160, Aug. 7, 2000]

§225.3 Schedule of records and periods of retention.

TABLE OF CONTENTS

Corporate and General

1. Reports to stockholders.
2. Organizational documents.
3. Contracts including amendments and agreements.
4. Accountants' and auditors' reports.

Information Technology Management

5. Automatic data processing records.

General Accounting Records

6. General and subsidiary ledgers.
7. Journals: General and subsidiary.
8. Journal vouchers and journal entries.
9. Cash books.
10. Voucher registers.
11. Vouchers.

Insurance

12. Insurance records.

Operations and Maintenance

13. Production—Gas.
14. Transmission and distribution—Gas.
14.1. Underground storage of natural gas.
15. Maintenance work orders and job orders.

Plant and Depreciation

16. Plant ledgers.
17. Construction work in progress ledgers.
18. Retirement work in progress ledgers.
19. Summary sheets.
20. Appraisals and valuations.
21. Engineering records.
22. Contracts relating to natural gas.
23. Reclassification of natural gas plant account records.
24. Accumulated depreciation and depletion of natural gas plant account records.

Purchase and Stores

25. Procurement.
26. Material ledgers.
27. Materials and supplies received and issued.
28. Records of sales of scrap and materials and supplies.

Revenue Accounting and Collection

29. Customers' service applications and contracts.
30. Rate schedules.
31. Maximum demand and demand meter record cards.
32. Miscellaneous billing data.
33. Revenue summaries.

Tax

34. Tax records.

Treasury

35. Statements of funds and deposits.
36. Records of deposits with banks and others.
37. Records of receipts and disbursements.

Miscellaneous

38. Statistics.
39. Budgets and other forecasts.
40. Records of predecessors companies.
41. Reports to Federal and State regulator commissions.
42. Advertising.

SCHEDULE OF RECORDS AND PERIODS OF RETENTION

Item No. and description	Retention period
Corporate and General	
1. Reports to stockholders: Annual reports or statements to stockholders .	5 years.
2. Organizational documents:	
(a) Minute books of stockholders', directors', and directors' committee meetings .	5 years or termination of the corporation's existence, whi ever occurs first.
(b) Titles, franchises, and licenses: Copies of formal orders of regulatory commissions served upon the natural gas company .	6 years after final non-appealable order.
3. Contracts including amendments and agreements (except contracts provided for elsewhere):	
(a) Service contracts, such as for management, accounting, and financial services .	All contracts, related memoranda, and revisions should be tained for 4 years after expiration or until the conclusio any contract disputes pertaining to such contracts, whicl is later.
(b) Contracts with others for transportation or for the purchase, sale or interchange of product .	All contracts, related memoranda, and revisions should b tained for 4 years after expiration or until the conclusi any contract disputes or governmental proceedings taining to such contracts, whichever is later.
(c) Memoranda essential to clarifying or explaining provisions of contracts listed above, including requests for discounts .	For the same periods as contracts to which they relate.
(d) Card or book records of contracts, leases, and agreements made that show dates of expirations, renewals, memoranda of receipts, and payments under such contracts .	For the same periods as contracts to which they relate.
4. Accountants' and auditors' reports:	
(a) Reports of examinations and audits by accountants and auditors not in the regular employ of the natural gas company (such as reports of public accounting firms and Commission accountants) .	5 years after the date of the report.
(b) Internal audit reports and working papers	5 years after the date of the report.

SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

Item No. and description	Retention period
Information Technology Management	
omatic data processing records (retain original source used as input for data processing and data processing rt printouts for the applicable periods prescribed elsere in the schedule): Software program documentation revisions thereto.	Retain as long as it represents an active viable program or for periods prescribed for related output data, whichever is shorter.
General Accounting Records	
ieral and subsidiary ledgers:	
) Ledgers:	
(1) General ledgers	10 years.
(2) Ledgers subsidiary or auxiliary to general ledgers except ledgers provided for elsewhere .	10 years.
) Indexes:	
(1) Indexes to general ledgers	10 years.
(2) Indexes to subsidiary ledgers except ledgers provided for elsewhere .	10 years.
) Trial balance sheets of general and subsidiary ledgers	2 years.
rnals: General and subsidiary	10 years.
rnal vouchers and journal entries including supporting ill:	
) Journal vouchers and journal entries	10 years.
) Analyses, summarizations, distributions, and other computations which support journal vouchers and journal entries:	
(1) Charging plant accounts	25 years. See § 225.2(g).
(2) Charging all other accounts	6 years.
ih books: General and subsidiary or auxiliary books	5 years after close of fiscal year.
oucher registers: Voucher registers or similar records in used as a source document .	5 years. See § 225.2(g).
ouchers:	
) Paid and canceled vouchers (1 copy-analysis sheets showing detailed distribution of charges on individual vouchers and other supporting papers) .	5 years. See § 225.2(g).
) Original bills and invoices for materials, services, etc., paid by vouchers .	5 years. See § 225.2(g).
:) Paid checks and receipts for payments of specific vouchers .	5 years.
d) Authorization for the payment of specific vouchers	5 years. See § 225.2(g).
e) Lists of unaudited bills (accounts payable), list of vouchers transmitted, and memoranda regarding changes in audited bills .	Destroy at option.
f) Voucher indexes	Destroy at option.
Insurance	
isurance records:	
a) Records of insurance policies in force, showing coverage, premiums paid, and expiration dates .	Destroy at option after expiration.
b) Records of amounts recovered from insurance companies in connection with losses and of claims against insurance companies, including reports of losses, and supporting papers .	6 years. See § 225.2(g).
Operations and Maintenance	
roduction—Gas:	
(a) Recording instrument charts such as pressure (static and/or differential), temperature, specific gravity, heating value, etc .	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(b) Test of heating value at stations and outlying points	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(c) Records of gas produced, out, and holder stock	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(d) Analysis of (gas produced) B.T.U. and sulphur content	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(e) Well records, including clearing, bailing, shooting etc., records; rock pressure; open flow; production, gas analysts' reports etc .	1 year after field or relevant production area abandoned
(f) Gas measuring records	If the measurement data have not been disputed or adjusted, destroy after 1 year.
ransmission and distribution—Gas:	
(a) Substation and transmission line log	If the measurement data have not been disputed or adjusted, destroy after 1 year.

SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

Item No. and description	Retention period
(b) System operator's daily logs and reports of operation	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(c) Gas measuring records	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(d) Transmission line operating reports	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(e) Compression operation and reports	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(f) Recording instrument charts such as pressure (static and/or differential), temperature, specific heating value, etc .	If the measurement data have not been disputed or adjusted, destroy after 1 year.
14.1 Underground storage of natural gas:	
(a) Well records, reports, and logs which include data relating to pressures, injected volumes, withdrawn volumes, core analysis, daily volumes of gas injected into and withdrawn from reservoir, cushion, and working gas volumes for each reservoir .	1 year after reservoir, field, or relevant storage area is abandoned.
(b) Records containing information relating to reservoir gas leakage, showing the total gas leakage, and recycled gas .	1 year after reservoir, field, or relevant storage area is abandoned.
(c) Records on back pressure tests field data	1 year or until superseded.
(d) Records on back pressure test results, gas analysis	1 year or until superseded.
15. Maintenance work orders and job orders:	
(a) Authorizations for expenditures for maintenance work to be covered by work orders, including memoranda showing the estimates of costs to be incurred .	5 years.
(b) Work order sheets to which are posted in detail the entries for labor, material, and other charges in connection with maintenance, and other work pertaining to natural gas company operations .	5 years.
(c) Summaries of expenditures on maintenance and job orders and clearances to operating other accounts (exclusive of plant accounts) .	5 years.
Plant and Depreciation	
16. Plant ledgers:	
(a) Ledgers of natural gas company's plant accounts including land and other detailed ledgers showing the cost of plant by class .	25 years. See § 225.2(g).
(b) Continuing plant inventory ledger, book or card records showing description, location, quantities, cost, etc., of physical units (or items) of natural gas plant owned .	25 years. See § 225.2(g).
17. Construction work in progress ledgers:	
(a) Construction work in progress ledgers	5 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(b) Work order sheets to which are posted in summary form or in detail the entries for labor, materials, and other charges for natural gas company's plant additions and the entries closing the work orders to plant in service at completion .	5 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(c) Authorizations for expenditures for additions to natural gas company plant, including memoranda showing the detailed estimates of cost, and the bases therefor (including original and revised or subsequent authorizations) .	5 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(d) Requisitions and registers of authorizations for natural gas company plant expenditures .	5 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(e) Completion or performance reports showing comparison between authorized estimates and actual expenditures for natural gas company plant additions .	5 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(f) Analysis or cost reports showing quantities of materials used, unit costs, number of man-hours etc., in connection with completed construction project .	5 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(g) Records and reports pertaining to progress of construction work, the order in which jobs are to be completed, and similar records which do not form a basis of entries to the accounts .	Destroy at option.
(h) Well-drilling logs and well construction records	1 year after field or well is abandoned.
18. Retirement work in progress ledgers, work orders, and supplemental records:	

SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

Item No. and description	Retention period
(a) Work order sheets to which are posted the entries for removal costs, materials recovered, and credits to natural gas company plant accounts for cost of plant retirement .	5 years after plant is retired.
(b) Authorizations for retirement of natural gas company plant, including memoranda showing the basis for determination of cost of plant to be retired, and estimates of salvage and removal costs .	5 years after plant is retired.
(c) Registers of retirement work	5 years.
Summary sheets, distribution sheets, reports, statements, nd papers directly supporting debits and credits to natural as company plant accounts not covered by construction or etirement work orders and their supporting records .	5 years.
Appraisals and valuations:	
(a) Appraisals and valuations made by the company of its properties or investments or of the properties or investments of any associated companies. Includes all records essential thereto .	3 years after appraisal.
(b) Determinations of amounts by which properties or investments of the company or any of its associated companies will be either written up or written down as a result of:	
(1) Mergers or acquisitions	10 years after completion of transaction or as ordered by the Commission.
(2) Asset impairments	10 years after recognition of asset impairment.
(3) Other bases	10 years after the asset was written up or down.
. The original or reproduction of engineering records, drawngs, and other supporting data for proposed or as-constructed gas facilities: Maps, diagrams, profiles, photographs, ield survey notes, plot plan, detail drawings, records of engneering studies, and similar records showing the location of roposed or as-constructed facilities .	Retained until retired or abandoned.
Contracts relating to natural gas plant:	
(a) Contracts relating to acquisition or sale of plant	6 years after plant is retired or sold.
(b) The primary records of gas acreage owned, leased or optioned excluding deeds and leases but including such records as lease sheets, leasehold cards, and option agreements .	6 years after plant is retired or sold.
. Records pertaining to reclassification of natural gas plant accounts to conform to prescribed systems of accounts including supporting papers showing the bases for such reclassifications .	6 years.
. Records of accumulated provisions for depreciation and depletion of gas plant and supporting computation of expense:	
(a) Detailed records or analysis sheets segregating the accumulated depreciation according to functional classification of plant .	25 years.
(b) Records reflecting the service life of property and the percentage of salvage and cost of removal for property retired from each account for depreciable natural gas plant .	25 years.
Purchases and Stores	
5. Procurement:	
(a) Agreements entered into for the acquisition of goods or the performance of services. Includes all forms of agreements not specifically set forth in Subsection 7 such as but not limited to: Letters of intent, exchange of correspondence, master agreements, term contracts, rental agreements, and the various types of purchase orders:	
(1) For goods or services relating to plant construction	6 years. See § 225.2(g).
(2) For other goods or services	6 years.
(b) Supporting documents including accepted and unaccepted bids or proposals (summaries of unaccepted bids or proposals may be kept in lieu of originals) evidencing all relevant elements of the procurement .	6 years. See § 225.2(g).
6. Material ledgers: Ledger sheets of materials and supplies received, issued, and on hand .	6 years after the date records/ledgers were created.
7. Materials and supplies received and issued: Records showing the detailed distribution of materials and supplies issued during accounting periods .	6 years. See § 225.2(g).

SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

Item No. and description	Retention period
28. Records of sales of scrap and materials and supplies:	
(a) Authorization for sale of scrap and materials and supplies .	3 years.
(b) Contracts for sale of scrap and materials and supplies	3 years.
Revenue Accounting and Collection	
29. Customers' service applications and contracts: Contracts, including amendments for extensions of service, for which contributions are made by customers and others .	4 years after expiration.
30. Rate schedules: General files of published rate sheets and schedules of natural gas company service (including schedules suspended or superseded) .	6 years after published rate sheets and schedules are superseded or no longer used to charge for services.
31. Maximum demand, pressure, temperature, and specific gravity charts and demand meter record card .	If the measurement data have not been disputed or adjusted, destroy after 1 year.
32. Miscellaneous billing data: Billing department's copies of contracts with customers (other than contracts in general files) .	Destroy at option.
33. Revenue summaries: Summaries of monthly operating revenues according to classes of service. Including summaries of forfeited discounts and penalties .	5 years.
Tax	
34. Tax records:	
(a) Copies of tax returns and supporting schedules filed with taxing authorities, supporting working papers, records of appeals of tax bills, and receipts for payment. See Subsection 11(b) for vouchers evidencing disbursements:	
(1) Income tax returns	2 years after final tax liability is determined.
(2) Property tax returns	2 years after final tax liability is determined.
(3) Sales and other use taxes	2 years.
(4) Other taxes	2 years after final tax liability is determined.
(5) Agreements between associate companies as to allocation of consolidated income taxes .	2 years after final tax liability is determined.
(6) Schedule of allocation of consolidated Federal income taxes among associate companies .	2 years after final tax liability is determined.
(b) Filings with taxing authorities to qualify employee benefit plans .	5 years after discontinuance of plan.
(c) Information returns and reports to taxing authorities .	3 years after final tax liability is determined.
Treasury	
35. Statements of funds and deposits:	
(a) Statements of periodic deposits with fund administrators or trustees .	Retain records for the most recent 3 years.
(b) Statements of periodic withdrawals from fund	Retain records for the most recent 3 years.
(c) Statements prepared by fund administrator or trustees of fund activity including: .	Retain records until the fund is dissolved or terminated.
(1) Beginning of the year fund balance	
(2) Deposits with the fund;	
(3) Acquisition of investments held by the fund;	
(4) Disposition of investments held by the fund;	
(5) Disbursements from the fund, including party to whom disbursement was made; and,	
(6) End of year fund balance.	
36. Records of deposits with banks and others:	
(a) Statements from depositories showing the details of funds received, disbursed, transferred, and balances on deposit .	Destroy at option after completion of audit by independent accountants.
(b) Check stubs, registers, or other records of checks issued .	3 years.
37. Records of receipts and disbursements:	
(a) Daily or other periodic statements of fund receipts or disbursements .	Destroy at option after completion of annual audit by independent accountants.
(b) Records or periodic statements of outstanding vouchers, checks, drafts, etc., issued and not presented .	Destroy at option after completion of annual audit by independent accountants.
(c) Reports of associates showing working fund transactions and summaries thereof .	Destroy at option after completion of annual audit by independent accountants.
(d) Reports of revenue collections by field cashiers, pay stations, etc .	Destroy at option after completion of annual audit by independent accountants.

SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

Item No. and description	Retention period
Miscellaneous	
atistics: Financial, operating, and statistical reports used nternal administrative or operating purposes .	5 years.
dgets and other forecasts (prepared for internal adminis-ve or operating purposes) of estimated future income, re-ts, and expenditures in connection with financing, con-ction and operations, including acquisitions and disposals roperties or investments .	3 years.
ecords of predecessor companies	Retain consistent with the requirements for the same types of records of the natural gas company.
eports to Federal and State regulatory commissions in-ling annual financial, operating, and statistical reports .	5 years.
dvertising: Copies of advertisements by or for the com-y on behalf of itself or any associate company in news-ers, magazines, and other publications, including costs l other records relevant thereto (excluding advertising of liances, employment opportunities, routine notices, and tations for bids all of which may be destroyed at option) .	2 years.

ler 617, 65 FR 48161, Aug. 7, 2000; 65 FR 50638, Aug. 21, 2000]

SUBCHAPTER G—APPROVED FORMS, NATURAL GAS ACT

PART 250—FORMS

Sec.

250.1 [Reserved]
250.2 Form of proposed cancellation of tariff or part thereof (see §154.602 of this chapter).
250.3 Form of proposed cancellation or termination of contract or part thereof (see §154.602 of this chapter).
250.4 Form of certificate of adoption (see §154.603 of this chapter).
250.5 [Reserved]
250.6 Form of application to be filed by distributor under section 7(a), seeking gas service of not more than 2,000 Mcf per day (3d year of operation) for a single community (see §156.3(d) of this chapter).
250.7–250.15 [Reserved]
250.16 Format of compliance plan for transportation services and affiliate transactions.

AUTHORITY: 15 U.S.C. 717–717w, 3301–3432; 42 U.S.C. 7101–7352.

§250.1 [Reserved]

§250.2 Form of proposed cancellation of tariff or part thereof (see §154.602 of this chapter).

When cancelling an entire tariff or an entire rate schedule, the notice of cancellation as set forth below must be filed as a revised tariff sheet superseding the first tariff sheet in the sequence of tariff sheets containing the tariff or part of the tariff being cancelled. When cancelling an individual tariff sheet, the tariff sheet should be designated as reserved for future use.

CANCELLATION OF ENTIRE TARIFF

Notice is hereby given that effective _____ (date) FERC Gas Tariff of _____ (Name of Company) is to be cancelled.

CANCELLATION OF RATE SCHEDULE

Notice is hereby given that effective _____ (date) Rate Schedule _____ constituting _____ Sheet(s) No.(s) _____ of the FERC Gas Tariff of _____ (Name of Company) is to be cancelled.

[Order 581, 60 FR 53070, Oct. 11, 1995]

§250.3 Form of proposed cancellation or termination of contract or part thereof (see §154.602 of this chapter).

Notice is hereby given that effective the _____ day of _____, _____, the contract with _____, (Name of customer or customers) dated _____; and relating to service under rate schedules(s) _____ (Here identify the rate schedule(s), giving sheet numbers in the Tariff) is to be _____ (Specify whether it automatically terminates by its terms or is to be canceled by action of the parties)

_____
(Name of natural-gas company filing notice)
By _____
_____
(Title)
Dated _____

[Order 581, 60 FR 53070, Oct. 11, 1995]

§250.4 Form of certificate of adoption (see §154.603 of this chapter).

The _____
(Exact name of company or person)
_____
(Address)
effective _____
(Effective date of adoption)
hereby adopts, ratifies, and makes its own, in every respect, the Tariff and contracts listed below, which have heretofore been filed with the Federal Energy Regulatory Commission by

_____
(Exact name of predecessor)
_____
(Here identify the Tariff and contracts adopted.)

_____
(Name of successor)
By _____
(Title)
Dated _____

[Order 581, 60 FR 53071, Oct. 11, 1995]

ANNUAL REPORT OF

NATURAL GAS UTILITIES

_____

(EXACT NAME OF RESPONDENT)

_____

(ADDRESS OF RESPONDENT)

TO THE

FLORIDA PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, _____

Officer or other person to whom correspondence should be addressed concerning this report:

Name	Title	
Address	City	State
Telephone No.		PSC/ECR 020-G (/)

INSTRUCTIONS FOR FILING THE ANNUAL REPORT OF NATURAL GAS UTILITIES

GENERAL INSTRUCTIONS

I. Enter in whole numbers (dollars or Mcf) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important.) The truncating of cents is allowed except on the four basic financial statements where rounding to dollars is required. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use for statement of income accounts the current year's amounts.

II. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.

III. For any page that is not applicable to the respondent, enter the words "Not Applicable" on the particular page.

IV. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement to the page being supplemented on 8 1/2 by 11 inch paper. Provide the appropriate identification information on the supplemental page, including the title of the page and the page number. Do not change the page numbers.

V. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.

VI. Wherever schedule pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why different figures were used.

VII. Report all gas volumes on a pressure base of 14.73 psia and a temperature base of 60° F.

DEFINITIONS

I. Btu per cubic foot - The total heating value expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60° F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32° F, and under standard gravitational force (980.665 cm per sec. ^{2}) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state. (Sometimes called gross heating value or total heating value.)

II. Respondent - The person, corporation, licensee, agency, authority, or other legal entity or instrumentality in whose behalf the report is made.

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

STATE OF FLORIDA

OFFICE OF THE GENERAL COUNSEL
RICHARD D. MELSON
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

November 26, 2003

Ms. Vicki McIntosh
Florida Department of State
107 W. Gaines Street
Collins Bldg., Room L43
Tallahassee, FL 32399-0250

Dear Ms. McIntosh:

Enclosed is a revised version of Rule 25-7.014, Florida Administrative Code. The certification package for this rule was sent to the Department of State on November 17, 2003, and you notified me last week that a paragraph of the rule was missing. The paragraph has been added and all the rules in the certification package have been reprinted. If you require additional information or changes to the package, please call me at 413-6230. Thank you for your all your help with this matter.

Sincerely,

Marlene K. Stern

Marlene K. Stern
Assistant General Counsel

Enclosure

25-7.014 Records and Reports in General.

(1) Each natural gas utility shall maintain its accounts and records in conformity with the Uniform System of Accounts for Natural Gas Companies (USOA) as found in the Code of Federal Regulations, Title 18, Subchapter F, Part 201, for Major Utilities as revised, April 1, 2002 ~~2000~~, incorporated by reference, and as modified below. All inquiries relating to interpretation of the USOA shall be submitted to the Commission's Division of Economic Regulation in writing.

(2) Each utility shall establish and maintain continuing property records in conformity with the plant accounts prescribed in the USOA. The records shall be compiled on the basis of original cost or other book cost consistent with the provisions of the USOA. The continuing property records or records supplemental thereto shall contain such detailed description and classification of property record units that will permit their ready identification and verification. They shall be maintained in such manner as will meet the following basic objectives:

(a) An inventory of property record units which may be readily checked for proof of physical existence;

(b) The association of costs with such property record units to assure accurate accounting for retirements; and

(c) The determination of dates of installation and removal of plant to provide data for use in connection with depreciation studies.

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

(3) Each gas utility shall maintain its depreciation rates and depreciation reserve by primary account as prescribed in the Uniform System and Classification of Accounts.

(4) For ratemaking purposes only, each investor-owned natural gas utility shall accrue unbilled base rate revenues, excluding those base rate revenues recoverable through other cost recovery or adjustment mechanisms.

(5) Each utility shall furnish to the Commission at such time and in such form as the Commission may require, the results of any required tests and summaries of any required records. The utility shall also furnish the Commission with any information concerning the utility's facilities or operation which the Commission may request and require for determining rates and judging the practices of the utility. All such data, unless otherwise specified, shall be consistent with and reconcilable with the utility's Annual Report to the Commission.

(6) The results of all tests, summaries, records and reports required by the Commission (including the Annual Report) shall, where appropriate, be reported on a therm basis rather than a volumetric or MCF basis.

(7) Upon direction of the Commission, or in the performance of delegated staff duties, any member of the Commission staff may make at any reasonable time a personal visit to the utility's offices or other places of business, and may inspect any facility, records, accounts, books, reports, and papers of the utility which

may appear necessary in the discharge of Commission duties. During such visits the utility shall provide staff members with adequate and comfortable working and filing space, consistent with prevailing conditions and climate and comparable with the accommodations provided the utility's outside auditors.

Specific Authority: 366.05(1), 350.127(2), F.S.

Law Implemented: 366.05(1), F.S.

History: Amended 7/19/72, Repromulgated 1/8/75, 5/4/75, Amended 12/30/75, 9/28/81, 11/18/82, formerly 25-7.14, Amended 10/1/86, 4/4/88, 7/20/89, 12/27/94, 4/22/96.

25-7.015 Location and Preservation of Records.

(1) All records that a utility is required to keep, by reason of these or other rules prescribed by the Commission, shall be kept at the office or offices of the utility within the state, unless otherwise authorized by the Commission. Such records shall be open for inspection by the Commission or its authorized representatives at any and all reasonable times.

(2) Any utility that keeps its records outside of the state shall reimburse the Commission for the reasonable travel expense incurred by each Commission representative during any review of the out-of-state records of the utility or its affiliates. Reasonable travel expenses are those travel expenses that are equivalent to travel expenses paid by the Commission in the ordinary course of its business.

(a) The utility shall remit reimbursement for out-of-state

CODING: Words <u>underlined</u> are additions; words in ~~struck through~~ type are deletions from existing law.

travel expenses within 30 days from the date the Commission mails the invoice.

(b) The reimbursement requirement in subsection (2) shall be waived:

1. For any utility that makes its out-of-state records available at the utility's office located in Florida or at another mutually agreed upon location in Florida within 10 working days from the Commission's initial request. If a utility would like more than 10 working days, it must submit a request for approval of a time extension stating the date by which it would like to make the records available. A request for approval of a time extension shall only be granted for good cause. To establish good cause for a time extension, the utility must show that:

a. the nature of the issues, the volume of the records, or the type of record is such that assembling and providing the records requires more than 10 days;

b. the utility has worked diligently to assemble the records; and

c. the additional time requested is both reasonable and necessary given the utility's particular circumstances.

~~If 10 working days is not reasonable because of the complexity and nature of the issues involved or the volume and type of material requested, the Commission may establish a different time frame for the utility to bring records into the state.~~ For individual data requests made during an audit, the response time

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

frame established in Rule 25-7.0151, Florida Administrative Code, shall control; or

2. For a utility whose records are located within 50 miles of the Florida state line.

(3) All records shall be preserved in accordance with the Federal Energy Regulatory Commission's regulations, Title 18, Subchapter F, Part 225, Code of Federal Regulations, entitled "Preservation of Records of Natural Gas Companies" as revised, April 1, 2002 ~~1994~~, which is incorporated by reference into this rule, with the exception of the records listed in section (3)(a) of this rule. ~~Item 64 (Records of predecessors and former associates) of the Schedule of records and periods of retention contained in Title 18, Subchapter F, Section 225.3, Code of Federal Regulations.~~ Instead, utilities shall retain records listed in section (3)(a) of this rule for the periods indicated. ~~of acquired companies until permission for disposal is petitioned for and approved by the Florida Public Service Commission.~~

(a) The Code of Federal Regulations Items listed below are exceptions to the Schedule of Records and Periods of Retention contained in Title 18, Subchapter F, Section 225.3, Code of Federal Regulations:

1. Item 2(a), minute books of stockholders', directors', and directors' committee meetings, earlier of 20 years or termination of corporation's existence;

2. Item 6(a)(1), general ledgers, 20 years;

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

3. Item 6(a)(2), ledgers subsidiary or auxiliary, 20 years;

4. Item 7, journals: general and subsidiary, 20 years;

5. Item 8(a), journal vouchers and journal entries, 20 years;

6. Item 20(a), appraisals and valuations made by the company of its properties or investments or of the properties or investments of any associated companies (includes all records essential thereto.), 10 years after appraisal.

(b) ~~(a)~~ However, all source documents retained as required by Title 18, Subchapter F, Part 225, Code of Federal Regulations shall be maintained in their original form for a minimum of three years, or for any lesser period of time specified for that type of record in Title 18, Subchapter F, Part 225, Code of Federal Regulations, after the date the document was created or received by the utility. This paragraph does not require the utility to create paper copies of documents where the utility would not otherwise do so in the ordinary course of its business. A utility may request approval to ~~The Commission may~~ waive the requirement that documents be retained in their original form. Such request must show ~~upon a showing by a utility~~ that the utility ~~it~~ employs a storage and retrieval system that consistently produces clear, readable copies that are substantially equivalent to the originals, and clearly reproduces handwritten notations on documents.

(c) ~~(b)~~ The utility shall maintain written procedures governing the conversion of source documents to a storage and

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

retrieval system, which procedures ensure the authenticity of documents and the completeness of records. Records maintained in the storage and retrieval system must be easy to search and easy to read.

Specific Authority: 366.05(1)(9), & (11), 366.08, 366.093(1), 350.127(2), F.S.

Law Implemented: 366.05(1)(9) & (11), 366.08, 366.093(1), F.S.

History: Amended 7/19/72, Repromulgated 1/8/75, Amended 12/30/75, 9/28/81, 11/28/82, 10/1/86, 4/4/88, 11/13/95.

25-7.135 Annual Reports.

(1) Each investor-owned natural gas utility shall file annual reports with the Commission on Commission Form PSC/ECR 020-G(/) ~~20 (4/96)~~ which is incorporated by reference into this rule. Form PSC/ECR 020-G ~~20~~, entitled "Annual Report of Natural Gas Utilities", may be obtained from the Commission's Division of Economic Regulation. These reports shall be verified by a responsible accounting officer of the company making the report and shall be due on or before April 30 for the preceding calendar year. A utility may file a written request for an extension of time with the Division of Economic Regulation no later than April 30. One extension of 31 days will be granted upon request. A request for Commission approval of a longer extension must be accompanied by a statement of good cause and shall specify the date by which the report will be filed. Good cause means a demonstration that the utility has worked diligently to prepare the report and that the

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

additional time period requested to submit the report is both reasonable and necessary.

(2) The utility shall also file with the original and each copy of the annual report form, or separately within 30 days, a letter or report, signed by an independent certified public accountant, attesting to the conformity in all material respects of the Comparative Balance Sheet, Statement of Income, ~~and Statement of Cash Flows~~ and any applicable notes from Form PSC/ECR 020-G ~~20~~ with the Commission's applicable uniform system of accounts and published accounting releases.

(3) Any utility which is on a fiscal year other than the calendar year may file the schedules and certification letter required by subsection (2) on a fiscal year basis within 90 days from the close of its fiscal year. A complete annual report, except for the certification letter, shall also be filed on a calendar year basis by these utilities.

Specific Authority: 366.05(1), 350.127(2), F.S.

Law Implemented: 366.05(1), F.S.

History: New 12/27/94, amended 4/15/96.

25-7.1351 Diversification Reports.

~~(1) Each new investor-owned gas utility shall file information on its affiliates and affiliated transactions on Commission Form PSC/ECR 16 (12/94) which is incorporated into this rule by reference. Form PSC/ECR 16, entitled "Analysis of Diversification Activities", may be obtained from the Commission's~~

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

~~Division of Economic Regulation.~~

~~(2) Definitions~~

~~(a) Affiliate - Any entity that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with a gas utility. Ownership of 5 percent or more of the voting securities of an entity shall be conclusively deemed to constitute the control thereof.~~

~~(b) Affiliated Transaction - Any transaction in which both a gas utility and an affiliate thereof are each participants other than transactions related to the filing of consolidated tax returns.~~

~~(3) Within 45 days of coming under the jurisdiction of the Commission, each investor-owned gas utility shall file Schedules 1, 7, and 8 of Form PSC/ECR 16 with the Division of Economic Regulation.~~

Specific Authority: 366.05(1), 350.127(2), F.S.

Law Implemented: 366.05(1), F.S.

History: New 12/27/94, amended 4/15/96.

25-7.1352 Earnings Surveillance Report.

(1) Each investor-owned natural gas utility shall file rate of return data using Commission Form PSC/ECR 013-G (/) ~~13 (5/96)~~, which is incorporated by reference into this rule. Form PSC/ECR 013-G ~~13~~, entitled "Investor-Owned Natural Gas Utility Earnings Surveillance Report," may be obtained from the Commission's Division of Economic Regulation.

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

(2) The report shall be filed:

(a) Quarterly ~~Monthly~~, by the 15th day of the second month following the reported quarter ~~month~~ for natural gas utilities with 25,000 ~~50,000~~ or more customers.

~~(b) Quarterly, by the 15th day of the second month following the reported quarter for natural gas utilities with fewer than 50,000 customers and more than 5,000 customers.~~

(b) ~~(c)~~ Semiannually, by the 15th day of the second month following the reported period for natural gas utilities with 25,000 ~~5,000~~ or fewer customers.

(3) A utility may file a written request for an extension of time with the Division of Economic Regulation prior to the due date of the report. One extension of 31 days will be granted upon request. A request for Commission approval of a longer extension must be accompanied by a statement of good cause and shall specify the date by which the utility proposes to file the report. ~~the report will be filed~~. Good cause means a demonstration that the utility has worked diligently to prepare the report and that the additional time period requested to submit the report is both reasonable and necessary.

Specific Authority: 350.127(2), F.S.

Law Implemented: 350.117(1), 366.04(2)(f), F.S.

History: New 11/18/82, formerly 25-7.24, Amended 4/23/92, formerly 25-7.024, Amended 6/10/94, 5/8/96.

25-7.1353 Forecasted Earnings Surveillance Report.

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

(1) Each investor-owned natural gas utility with more than 50,000 customers ~~that is not under an incentive regulation plan or not subject to an earnings cap~~ shall file with the Commission its forecasted financial information on Commission Form PSC/ECR 023-G (/) ~~23 (1/95)~~ which is incorporated into this rule by reference. Form PSC/ECR 023-G ~~23~~, entitled "Investor-Owned Natural Gas Utility Forecasted Earnings Surveillance Report", may be obtained from the Commission's Division of Economic Regulation. The report shall be verified by the responsible officer of the utility making the report. The report shall be due no later than 60 days after the end of the fiscal year, and shall contain the forecasted financial information for the following fiscal year.

(2) A utility may file a written request for an extension of time with the Division of Economic Regulation no later than 60 days after the end of the fiscal year. One extension of 15 days will be granted upon request. A request for approval of a longer extension must be accompanied by a statement of good cause and shall specify the date by which the utility proposes to file the report. ~~report will be filed.~~ Good cause means a demonstration that the utility has worked diligently to prepare the report and that the additional time period requested to submit the report is both reasonable and necessary.

(3) If during the course of the forecast fiscal year the utility should revise its forecasted financial information as a result of a change in a forecast assumption such that its

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

forecasted annual return on equity changes by more than 25 basis points, whether as a result of a single or several events or assumptions, the utility shall provide the Commission with the following information within 30 days of the revised forecast:

(a) A description of the revised forecast assumptions or other events that caused the forecasted return on equity to be revised.

(b) An estimate of the revised annual return on equity.

Specific Authority: 350.127(2), 366.05(1), F.S.

Law Implemented: 350.117(1), 366.05(1), F.S.

History: New 1/11/95.

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

25-7.014 Records and Reports in General.

(1) Each natural gas utility shall maintain its accounts and records in conformity with the Uniform System of Accounts for Natural Gas Companies (USOA) as found in the Code of Federal Regulations, Title 18, Subchapter F, Part 201, for Major Utilities as revised, April 1, 2002 ~~2000~~, incorporated by reference, and as modified below. All inquiries relating to interpretation of the USOA shall be submitted to the Commission's Division of Economic Regulation in writing.

(2) Each utility shall establish and maintain continuing property records in conformity with the plant accounts prescribed in the USOA. The records shall be compiled on the basis of original cost or other book cost consistent with the provisions of the USOA. The continuing property records or records supplemental thereto shall contain such detailed description and classification of property record units that will permit their ready identification and verification. They shall be maintained in such manner as will meet the following basic objectives:

(a) An inventory of property record units which may be readily checked for proof of physical existence;

(b) The association of costs with such property record units to assure accurate accounting for retirements; and

(c) The determination of dates of installation and removal of plant to provide data for use in connection with depreciation studies.

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

(3) Each gas utility shall maintain its depreciation rates and depreciation reserve by primary account as prescribed in the Uniform System and Classification of Accounts.

(4) For ratemaking purposes only, each investor-owned natural gas utility shall accrue unbilled base rate revenues, excluding those base rate revenues recoverable through other cost recovery or adjustment mechanisms.

(5) Each utility shall furnish to the Commission at such time and in such form as the Commission may require, the results of any required tests and summaries of any required records. The utility shall also furnish the Commission with any information concerning the utility's facilities or operation which the Commission may request and require for determining rates and judging the practices of the utility. All such data, unless otherwise specified, shall be consistent with and reconcilable with the utility's Annual Report to the Commission.

(6) The results of all tests, summaries, records and reports required by the Commission (including the Annual Report) shall, where appropriate, be reported on a therm basis rather than a volumetric or MCF basis.

(7) Upon direction of the Commission, or in the performance of delegated staff duties, any member of the Commission staff may make at any reasonable time a personal visit to the utility's offices or other places of business, and may inspect any facility, records, accounts, books, reports, and papers of the utility which

may appear necessary in the discharge of Commission duties. During such visits the utility shall provide staff members with adequate and comfortable working and filing space, consistent with prevailing conditions and climate and comparable with the accommodations provided the utility's outside auditors.

Specific Authority: 366.05(1), 350.127(2), F.S.

Law Implemented: 366.05(1), F.S.

History: Amended 7/19/72, Repromulgated 1/8/75, 5/4/75, Amended 12/30/75, 9/28/81, 11/18/82, formerly 25-7.14, Amended 10/1/86, 4/4/88, 7/20/89, 12/27/94, 4/22/96.

25-7.015 Location and Preservation of Records.

(1) All records that a utility is required to keep, by reason of these or other rules prescribed by the Commission, shall be kept at the office or offices of the utility within the state, unless otherwise authorized by the Commission. Such records shall be open for inspection by the Commission or its authorized representatives at any and all reasonable times.

(2) Any utility that keeps its records outside of the state shall reimburse the Commission for the reasonable travel expense incurred by each Commission representative during any review of the out-of-state records of the utility or its affiliates. Reasonable travel expenses are those travel expenses that are equivalent to travel expenses paid by the Commission in the ordinary course of its business.

(a) The utility shall remit reimbursement for out-of-state

CODING: Words <u>underlined</u> are additions; words in ~~struck through~~ type are deletions from existing law.

travel expenses within 30 days from the date the Commission mails the invoice.

(b) The reimbursement requirement in subsection (2) shall be waived:

1. For any utility that makes its out-of-state records available at the utility's office located in Florida or at another mutually agreed upon location in Florida within 10 working days from the Commission's initial request. If a utility would like more than 10 working days, it must submit a request for approval of a time extension stating the date by which it would like to make the records available. A request for approval of a time extension shall only be granted for good cause. To establish good cause for a time extension, the utility must show that:

a. the nature of the issues, the volume of the records, or the type of record is such that assembling and providing the records requires more than 10 days;

b. the utility has worked diligently to assemble the records; and

c. the additional time requested is both reasonable and necessary given the utility's particular circumstances.

~~If 10 working days is not reasonable because of the complexity and nature of the issues involved or the volume and type of material requested, the Commission may establish a different time frame for the utility to bring records into the state.~~ For individual data requests made during an audit, the response time

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

frame established in Rule 25-7.0151, Florida Administrative Code, shall control; or

2. For a utility whose records are located within 50 miles of the Florida state line.

(3) All records shall be preserved in accordance with the Federal Energy Regulatory Commission's regulations, Title 18, Subchapter F, Part 225, Code of Federal Regulations, entitled "Preservation of Records of Natural Gas Companies" as revised, April 1, 2002 ~~1994~~, which is incorporated by reference into this rule, with the exception of the records listed in section (3)(a) of this rule. ~~Item 64 (Records of predecessors and former associates) of the Schedule of records and periods of retention contained in Title 18, Subchapter F, Section 225.3, Code of Federal Regulations.~~ Instead, utilities shall retain records listed in section (3)(a) of this rule for the periods indicated. ~~of acquired companies until permission for disposal is petitioned for and approved by the Florida Public Service Commission.~~

(a) The Code of Federal Regulations Items listed below are exceptions to the Schedule of Records and Periods of Retention contained in Title 18, Subchapter F, Section 225.3, Code of Federal Regulations:

1. Item 2(a), minute books of stockholders', directors', and directors' committee meetings, earlier of 20 years or termination of corporation's existence;

2. Item 6(a)(1), general ledgers, 20 years;

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

3. Item 6(a)(2), ledgers subsidiary or auxiliary, 20 years;

4. Item 7, journals: general and subsidiary, 20 years;

5. Item 8(a), journal vouchers and journal entries, 20 years;

6. Item 20(a), appraisals and valuations made by the company of its properties or investments or of the properties or investments of any associated companies (includes all records essential thereto.), 10 years after appraisal.

(b) ~~(a)~~ However, all source documents retained as required by Title 18, Subchapter F, Part 225, Code of Federal Regulations shall be maintained in their original form for a minimum of three years, or for any lesser period of time specified for that type of record in Title 18, Subchapter F, Part 225, Code of Federal Regulations, after the date the document was created or received by the utility. This paragraph does not require the utility to create paper copies of documents where the utility would not otherwise do so in the ordinary course of its business. A utility may request approval to ~~The Commission may~~ waive the requirement that documents be retained in their original form. Such request must show ~~upon a showing by a utility~~ that the utility ~~it~~ employs a storage and retrieval system that consistently produces clear, readable copies that are substantially equivalent to the originals, and clearly reproduces handwritten notations on documents.

(c) ~~(b)~~ The utility shall maintain written procedures governing the conversion of source documents to a storage and

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

retrieval system, which procedures ensure the authenticity of documents and the completeness of records. Records maintained in the storage and retrieval system must be easy to search and easy to read.

Specific Authority: 366.05(1)(9), & (11), 366.08, 366.093(1), 350.127(2), F.S.

Law Implemented: 366.05(1)(9) & (11), 366.08, 366.093(1), F.S.

History: Amended 7/19/72, Repromulgated 1/8/75, Amended 12/30/75, 9/28/81, 11/28/82, 10/1/86, 4/4/88, 11/13/95.

25-7.135 Annual Reports.

(1) Each investor-owned natural gas utility shall file annual reports with the Commission on Commission Form PSC/ECR 020-G(/) ~~20 (4/96)~~ which is incorporated by reference into this rule. Form PSC/ECR 020-G ~~20~~, entitled "Annual Report of Natural Gas Utilities", may be obtained from the Commission's Division of Economic Regulation. These reports shall be verified by a responsible accounting officer of the company making the report and shall be due on or before April 30 for the preceding calendar year. A utility may file a written request for an extension of time with the Division of Economic Regulation no later than April 30. One extension of 31 days will be granted upon request. A request for Commission approval of a longer extension must be accompanied by a statement of good cause and shall specify the date by which the report will be filed. Good cause means a demonstration that the utility has worked diligently to prepare the report and that the

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

additional time period requested to submit the report is both reasonable and necessary.

(2) The utility shall also file with the original and each copy of the annual report form, or separately within 30 days, a letter or report, signed by an independent certified public accountant, attesting to the conformity in all material respects of the Comparative Balance Sheet, Statement of Income, ~~and Statement of Cash Flows~~ and any applicable notes from Form PSC/ECR 020-G ~~20~~ with the Commission's applicable uniform system of accounts and published accounting releases.

(3) Any utility which is on a fiscal year other than the calendar year may file the schedules and certification letter required by subsection (2) on a fiscal year basis within 90 days from the close of its fiscal year. A complete annual report, except for the certification letter, shall also be filed on a calendar year basis by these utilities.

Specific Authority: 366.05(1), 350.127(2), F.S.

Law Implemented: 366.05(1), F.S.

History: New 12/27/94, amended 4/15/96.

25-7.1351 Diversification Reports.

~~(1) Each new investor-owned gas utility shall file information on its affiliates and affiliated transactions on Commission Form PSC/ECR 16 (12/94) which is incorporated into this rule by reference. Form PSC/ECR 16, entitled "Analysis of Diversification Activities", may be obtained from the Commission's~~

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

~~Division of Economic Regulation.~~

~~(2) Definitions~~

~~(a) Affiliate - Any entity that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with a gas utility. Ownership of 5 percent or more of the voting securities of an entity shall be conclusively deemed to constitute the control thereof.~~

~~(b) Affiliated Transaction - Any transaction in which both a gas utility and an affiliate thereof are each participants other than transactions related to the filing of consolidated tax returns.~~

~~(3) Within 45 days of coming under the jurisdiction of the Commission, each investor-owned gas utility shall file Schedules 1, 7, and 8 of Form PSC/ECR 16 with the Division of Economic Regulation.~~

Specific Authority: 366.05(1), 350.127(2), F.S.

Law Implemented: 366.05(1), F.S.

History: New 12/27/94, amended 4/15/96.

25-7.1352 Earnings Surveillance Report.

(1) Each investor-owned natural gas utility shall file rate of return data using Commission Form PSC/ECR 013-G (/) ~~13 (5/96)~~, which is incorporated by reference into this rule. Form PSC/ECR 013-G ~~13~~, entitled "Investor-Owned Natural Gas Utility Earnings Surveillance Report," may be obtained from the Commission's Division of Economic Regulation.

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

(2) The report shall be filed:

(a) Quarterly ~~Monthly~~, by the 15th day of the second month following the reported quarter ~~month~~ for natural gas utilities with 25,000 ~~50,000~~ or more customers.

~~(b) Quarterly, by the 15th day of the second month following the reported quarter for natural gas utilities with fewer than 50,000 customers and more than 5,000 customers.~~

(b) ~~(c)~~ Semiannually, by the 15th day of the second month following the reported period for natural gas utilities with 25,000 ~~5,000~~ or fewer customers.

(3) A utility may file a written request for an extension of time with the Division of Economic Regulation prior to the due date of the report. One extension of 31 days will be granted upon request. A request for Commission approval of a longer extension must be accompanied by a statement of good cause and shall specify the date by which the utility proposes to file the report. ~~the report will be filed~~. Good cause means a demonstration that the utility has worked diligently to prepare the report and that the additional time period requested to submit the report is both reasonable and necessary.

Specific Authority: 350.127(2), F.S.

Law Implemented: 350.117(1), 366.04(2)(f), F.S.

History: New 11/18/82, formerly 25-7.24, Amended 4/23/92, formerly 25-7.024, Amended 6/10/94, 5/8/96.

25-7.1353 Forecasted Earnings Surveillance Report.

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

(1) Each investor-owned natural gas utility with more than 50,000 customers ~~that is not under an incentive regulation plan or not subject to an earnings cap~~ shall file with the Commission its forecasted financial information on Commission Form PSC/ECR 023-G (/) ~~23 (1/95)~~ which is incorporated into this rule by reference. Form PSC/ECR 023-G ~~23~~, entitled "Investor-Owned Natural Gas Utility Forecasted Earnings Surveillance Report", may be obtained from the Commission's Division of Economic Regulation. The report shall be verified by the responsible officer of the utility making the report. The report shall be due no later than 60 days after the end of the fiscal year, and shall contain the forecasted financial information for the following fiscal year.

(2) A utility may file a written request for an extension of time with the Division of Economic Regulation no later than 60 days after the end of the fiscal year. One extension of 15 days will be granted upon request. A request for approval of a longer extension must be accompanied by a statement of good cause and shall specify the date by which the utility proposes to file the report. ~~report will be filed.~~ Good cause means a demonstration that the utility has worked diligently to prepare the report and that the additional time period requested to submit the report is both reasonable and necessary.

(3) If during the course of the forecast fiscal year the utility should revise its forecasted financial information as a result of a change in a forecast assumption such that its

forecasted annual return on equity changes by more than 25 basis points, whether as a result of a single or several events or assumptions, the utility shall provide the Commission with the following information within 30 days of the revised forecast:

(a) A description of the revised forecast assumptions or other events that caused the forecasted return on equity to be revised.

(b) An estimate of the revised annual return on equity.

Specific Authority: 350.127(2), 366.05(1), F.S.

Law Implemented: 350.117(1), 366.05(1), F.S.

History: New 1/11/95.

CODING: Words <u>underlined</u> are additions; words in ~~struck through~~ type are deletions from existing law.

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

STATE OF FLORIDA

OFFICE OF THE GENERAL COUNSEL
RICHARD D. MELSON
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

December 16, 2003

Ms. Liz Cloud
Department of State
The Collins Building, Ste. L43
107 West Gaines Street
Tallahassee, FL 32399

RE: Docket No. 030712-GU - Amendment of Rules 25-7.014, 25-7.015, 25-7.135, 25-7.1352 and 25-7.1353; and Repeal of Rule 25-7.1351

Dear Ms. Cloud,

The Public Service Commission filed a certification package with your office, for the above referenced rule changes, on November 17, 2003. The rules incorporate by reference the Code of Federal Regulations, Title 18, Subchapter F, Parts 201 and 225, as revised in 2002. We did not include certified copies of these federal rules with the certification package on November 17, 2003. Three certified copies of each federal rule are included with this letter. John Rosner of the Joint Administrative Procedures Committee requested that you forward one set of the certified federal rules to him. If you have any questions, please call me at 413-6230. Thank you for your assistance with this matter.

Sincerely,

Marlene Stern

Marlene Stern
Associate General Counsel

MS
Enclosure
Rule 7.014 CFR letter.mks

CERTIFICATION OF
MATERIALS INCORPORATED BY REFERENCE
IN RULES FILED WITH THE DEPARTMENT OF STATE

Pursuant to Rule 1S-1.005, Florida Administrative Code, I do hereby certify that the attached are true and correct copies of the following materials incorporated by reference in Rule 25-7.014. Under the provisions of subparagraph 120.54(3)(e)(6), F.S., the attached materials take effect 20 days from the date filed with the Department of State, or a later date as specified in the rule.

18 CFR Ch. 1, Subchapter F, Part 201

Blanca S. Bayó /mb

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

_____
Number of Pages Certified

(S E A L)

MKS

f this chapter and the pipeline's tariff equirements relating to Internet web ites. Access to the information must ıe provided using the same protocols ınd procedures used for the pipeline's ınternet web site.

(i) It must file with the Commission ɔrocedures that will enable shippers ınd the Commission to determine how the pipeline is complying with the standards in this section.

(j) A pipeline must maintain its books of account and records (as prescribed under part 201) separately from those of its affiliate.

(k) A pipeline must maintain a written log of waivers that the pipeline grants with respect to tariff provisions that provide for such discretionary waivers and provide the log to any person requesting it within 24 hours of the request.

(l)(1) A pipeline must post the names and addresses of its marketing affiliates on its web site on the public Internet and update the information within three business days of any change. A pipeline must also state the date the information was last updated. Postings must conform with the requirements of §284.12 of this chapter.

(2) A pipeline must post the following information on its Internet web site complying with §284.12 of this chapter and update the information within three business days of any change, posting the date on which the information was updated:

(i) A complete list of the names of operating personnel and facilities shared by the pipeline and its marketing affiliates; and

(ii) Comprehensive organizational charts showing:

(A) The organizational structure of the parent corporation with the relative position in the corporate structure of the pipeline and all marketing affiliates;

(B) For the pipeline, the business units, job titles and descriptions, and chain of command for all positions, including officers and directors, with the exception of clerical, maintenance, and field positions. The job titles and descriptions must include the employee's title, the employee's duties, whether the employee is involved in transportation or gas sales, and the name of supervisory employees who manage nonclerical employees involved in transportation or gas sales.

(C) For all employees shared by the pipeline and a marketing affiliate, the business unit within the marketing affiliate organizational structure in which the employee is located, the employee's name, job title and job description in the marketing affiliate, and the employees position within the chain of command of the marketing affiliate.

[Order 497, 53 FR 22161, June 14, 1988; 53 FR 25240, July 5, 1988; Order 497–A, 54 FR 52792, Dec. 22, 1989; Order 497–D, 57 FR 58982, Dec. 14, 1992; Order 497–E, 59 FR 255, Jan. 4, 1994; Order 566, 59 FR 32898, June 27, 1994; Order 566–A, 59 FR 52904, Oct. 20, 1994; 61 FR 39068, July 26, 1996; Order 599, 63 FR 43079, Aug. 12, 1998; Order 637, 65 FR 10219, Feb. 25, 2000]

SUBCHAPTER F—ACCOUNTS, NATURAL GAS ACT

PART 201—UNIFORM SYSTEM OF ACCOUNTS PRESCRIBED FOR NATURAL GAS COMPANIES SUBJECT TO THE PROVISIONS OF THE NATURAL GAS ACT

AUTHORITY: 15 U.S.C. 717–717w, 3301–3432; 42 U.S.C. 7101–7352, 7651–7651o.

SOURCE: Order 219, 25 FR 5616, June 21, 1960.

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting part 201, see the List of CFR Sections Affected, which appears in the Finding Aids section of the printed volume and on GPO Access.

EFFECTIVE DATE NOTE: At 58 FR 18006, April 7, 1993, part 201 was amended by redesignating definitions 31 through 39 as 32 through 40 and adding new definition 31; Accounts 182.3 and 254 were added under Balance Sheet Accounts; and Accounts 407.3 and 407.4 were added under Income Accounts. The information collection provisions, will not become effective until approved by the Office of Management and Budget.

NOTE: Order 141, 12 FR 8504, Dec. 19, 1947, provides in part as follows:

Prescribing a system of accounts for natural gas companies under the Natural Gas Act. The Federal Power Commission acting pursuant to authority granted by the Natural Gas Act (58) Stat. 821, as amended; 15 U.S.C. and Sup. 717 et seq.), particularly sections 8(a), 10(a) and 16 thereof, and finding such action necessary and appropriate for carrying out the provisions of said Act, ordered that:

(a) The accompanying system of accounts, entitled "Uniform System of Accounts Prescribed for Natural Gas Companies Subject to the Provisions of the Natural Gas Act," and the rules and regulations contained therein, be adopted;

(b) Said system of accounts and said rules and regulations contained therein be and the same are hereby prescribed and promulgated as the system of accounts and rules and regulations of the Commission to be kept and observed by natural gas companies subject to the jurisdiction of the Commission, to the extent and in the manner set forth therein;

(c) Said system of accounts and rules and regulations therein contained as to all natural gas companies now subject to the jurisdiction of the Commission, became effective on January 1, 1940, and as to any natural gas company which may hereafter become subject to the jurisdiction of the Commission, they shall become effective as of the date when such natural gas company becomes subject to the jurisdiction of the Commission.

Uniform System of Accounts Prescribed for Natural Gas Companies Subject to the Provisions of the Natural Gas Act

Definitions

When used in this system of accounts:

1. *Accounts* means the accounts prescribed in this system of accounts.

2. *Actually issued*, as applied to securities issued or assumed by the utility, means those which have been sold to bona fide purchasers for a valuable consideration, those issued as dividends on stock, and those which have been issued in accordance with contractual requirements direct to trustees of sinking funds.

3. *Actually outstanding*, as applied to securities issued or assumed by the utility, means those which have been actually issued and are neither retired nor held by or for the utility; provided, however, that securities held by trustees shall be considered as actually outstanding.

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

5. A. *Associated (affiliated) companies* means companies or persons that directly or indirectly, through one or more intermediaries, control, or are controlled by, or are under common control with the accounting company.

B. *Control* (including the terms "controlling," "controlled by," and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority

ownership or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, associated companies, contract or any other direct or indirect means.

6. *Book cost* means the amount at which property is recorded in these accounts without deduction of related provisions for accrued depreciation, depletion, amortization, or for other purposes.

7. *Commission*, means the Federal Energy Regulatory Commission.

8. *Continuing plant inventory record* means company plant records for retirement units and mass property that provide, as either a single record, or in separate records readily obtainable by references made in a single record, the following information:

A. For each retirement unit;

(1) The name or description of the unit, or both;

(2) The location of the unit;

(3) The date the unit was placed in service;

(4) The cost of the unit as set forth in Plant Instructions 2 and 3 of this part; and

(5) The plant control account to which the cost of the units is charged; and

B. For each category of mass property;

(1) A general description of the property and quantity;

(2) The quantity placed in service by vintage year;

(3) The average cost as set forth in Plant Instructions 2 and 3 of this part; and

(4) The plant control account to which the costs are charged.

9. *Cost* means the amount of money actually paid for property or services. When the consideration given is other than cash in a purchase and sale transaction, as distinguished from a transaction involving the issuance of common stock in a merger or a pooling of interest, the value of such consideration shall be determined on a cash basis.

10. *Cost of removal* means the cost of demolishing, dismantling, tearing down or otherwise removing gas plant, including the cost of transportation and handling incidental thereto.

11. *Debt expense* means all expenses in connection with the issuance and initial sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing bonds and certificates of indebtedness; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen for marketing such evidences of debt; fees and expenses of listing on exchanges; and other like costs.

12. A. *Depletion*, as applied to natural gas producing land and land rights, means the loss in service value incurred in connection with the exhaustion of the natural resource in the course of service.

B. *Depreciation*, as applied to depreciable gas plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of gas plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities, and, in the case of natural gas companies, the exhaustion of natural resources.

13. *Development costs*, when used with respect to hydrocarbons, include all costs incurred in the readying of hydrocarbon deposits for commercial production including developmental well drilling costs.

14. *Discount*, as applied to the securities, issued or assumed by the utility, means the excess of the par (stated value of no-par stocks) or fact value of the securities plus interest or dividends accrued at the date of the sale over the cash value of the consideration received from their sale.

15. *Exploration costs*, include all costs incurred in proving the existence of hydrocarbon deposits including geological, geophysical, lease acquisition (including delay rentals), administrative and general, and exploratory well drilling costs.

16. *Full-cost accounting for exploration and development costs*, means the capitalization of all exploration and development costs incurred on or related to hydrocarbon leases, on properties in the contiguous 48 States and the State of Alaska, acquired after October 7, 1969.

17. *Investment advances* means advances, represented by notes or by book accounts only, with respect to which it is mutually agreed or intended between the creditor and debtor that they shall be settled by the issuance of securities or shall not be subject to current settlement.

18. *Lease, capital* means a lease of property used in utility or non-utility operations, which meets one or more of the criteria stated in General Instruction 19.

19. *Lease, operating* means a lease of property used in utility or non-utility operations, which does not meet any of the criteria stated in General Instruction 19.

20. *Minor items of property* means the associated parts or items of which retirement units are composed.

21. *Natural gas* means either natural gas unmixed, or any mixture of natural and artificial gas.

22. *Natural gas company* means a person engaged in the transportation of natural gas in interstate commerce, or the sale in interstate commerce of such gas for resale.

23. *Net salvage value* means the salvage value of property retired less the cost of removal.

24. *Nominally issued*, as applied to securities issued or assumed by the utility, means those which have been signed, certified, or otherwise executed, and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the utility, but which have not been sold, or issued direct to trustees of sinking funds in accordance with contractual requirements.

25. *Nominally outstanding*, as applied to securities issued or assumed by the utility, means those which, after being actually issued, have been reacquired by or for the utility under circumstances which require them to be considered as held alive and not retired, provided, however, that securities held by trustees shall be considered as actually outstanding.

26. *Original cost*, as applied to gas plant, means the cost of such property to the person first devoting it to public service.

27. *Person* means an individual, a corporation, a partnership, an association, a joint stock company, a business trust, or any organized group of persons, whether incorporated or not, or any receiver or trustee.

28. *Premium*, as applied to securities issued or assumed by the utility, means the excess of the cash value of the consideration received from their sale over the sum of their par (stated value of no-par stocks) or face value and interest or dividends accrued at the date of sale.

29. *Production, transmission, and distribution plant.* For the purposes of this system of accounts:

A. *Production system* shall consist of plant and equipment used in the production of gas. It shall include producing lands and leaseholds, gas rights, other land rights, structures, drilling and clearing equipment, gas wells, well head equipment, separation and other facilities used in the production of natural gas. The production system ends where the gas enters a gathering system, transmission system or distribution system, as applicable, in accordance with the practices in the pricing area where such system is located.

B. *Transmission system* means the land, structures, mains, valves, meters, boosters, regulators, tanks, compressors, and their driving units and appurtenances, and other equipment used primarily for transmitting gas from a production plant, delivery point of purchased gas, gathering system, storage area, or other wholesale source of gas, to one or more distribution areas. The transmission system begins at the outlet side of the valve at the connection to the last equipment in a manufactured gas plant, the connection to gathering lines or delivery point of purchased gas, 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 or into a storage area. It does

not include storage land, structures or equipment. Pipeline companies, including those companies which measure deliveries of gas to their own distribution systems, shall include city gate and main line industrial measuring and regulating stations in the transmission function.

C. *Distribution system* means the mains which are provided primarily for distributing gas within a distribution area, together with land, structures, valves, regulators, services and measuring devices, including the mains for transportation of gas from production plants or points of receipt located within such distribution area to other points therein. The distribution system owned by companies having no transmission facilities connected to such distribution system begins at the inlet side of the distribution system equipment which meters or regulates the entry of gas into the distribution system and ends with and includes property on the customer's premises. For companies which own both transmission and distribution facilities on a continuous line, 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 customer's premises. The distribution system does not include storage land, structures, or equipment.

D. *Distribution area* means a metropolitan area or other urban area comprising one or more adjacent or nearby cities, villages or unincorporated areas, including developed areas contiguous to main highways.

30. *Property retired*, as applied to gas plant, means property which has been removed, sold, abandoned, destroyed, or which for any cause has been withdrawn from service.

31. *Regulatory Assets and Liabilities* are assets and liabilities that result from rate actions of regulatory agencies. Regulatory assets and liabilities arise from specific revenues, expenses, gains, or losses that would have been included in net income determinations in one period under the general requirements of the Uniform System of Accounts but for it being probable: 1) that such items will be included in a different period(s) for purposes of developing the rates the utility is authorized to charge for its utility services; or 2) in the case of regulatory liabilities, that refunds to customers, not provided for in other accounts, will be required.

32. A. *Replacing* or *replacement*, when not otherwise indicated in the context, means the construction or installation of gas plant in place of property retired, together with the removal of the property retired.

B. *Research, Development, and Demonstration* (RD&D), means expenditures incurred by natural gas companies either directly or through another person or organization (such as research institute, industry association, foundation, university, engineering company, or similar contractor) in pursuing research, development, and demonstration activities including experiment, design, installation, construction, or operation. This definition includes expenditures for the implementation or development of new and/or existing concepts until technically feasible and commercially feasible operations are verified. Such research, development, and demonstration costs should be reasonably related to the existing or future utility business, broadly defined, of the public utility or licensee or in the environment in which it operates or expects to operate. The term includes, but is not limited to: All such costs incidental to the design, development or implementation of an experimental facility, a plant process, a product, a formula, an invention, a system or similar items, and the improvement of already existing items of a like nature; amounts expended in connection with the proposed development and/or proposed delivery of substitute or synthetic gas supplies (alternate fuel sources for example, an experimental coal gasification plant or an experimental plant synthetically producing gas from liquid hydrocarbons); and the costs of obtaining its own patent, such as attorney's fees expended in making and perfecting a patent application. The term includes preliminary investigations and detailed planning of specific projects for securing for customers non-conventional pipeline gas supplies that rely on technology that has not been verified previously to be

feasible. The term does not include expenditures for efficiency surveys; studies of management, management techniques and organization; consumer surveys, advertising, promotions, or items of a like nature.

33. *Retained earnings* (formerly earned surplus) means the accumulated net income of the utility less distribution to stockholders and transfers to other capital accounts.

34. *Retirement units* means those items of gas plant which, when retired, with or without replacement, are accounted for by crediting the book cost thereof to the gas plant account in which included.

35. *Salvage value* means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale; or, if retained, the amount at which the material recoverable is chargeable to Materials and Supplies, or other appropriate account.

36. *Service life* means the time between the date gas plant is includible in gas plant in service, or gas plant leased to others, and the date of its retirement. If depreciation is accounted for on a production basis rather than on a time basis, then service life should be measured in terms of the appropriate unit of production.

37. *Service value* means the difference between original cost and net salvage value of gas plant.

38. *Unsuccessful exploration and development costs*, means exploration and development costs related to efforts which do not directly result in the discovery of commercially recoverable hydrocarbon reserves.

39. *Subsidiary company*, means a company which is controlled by the utility through ownership of voting stock. (See "Definitions"—item 5B "Control"). A corporate joint venture in which a corporation is owned by a small group of businesses as a separate and specific business or project for the mutual benefit of the members of the group is a subsidiary company for the purposes of this system of accounts.

40. *Utility*, as used herein and when not otherwise indicated in the context, means any natural gas company to which this system of accounts is applicable.

General Instructions

1. *Applicability*. Each natural gas company must apply the system of accounts prescribed by the Commission.

Major —Each natural gas company as defined in the Natural Gas Act, whose combined gas sold for resale and gas transported or stored for a fee exceeds 50 million Mcf at 14.73 psi (60° F) in each of the three previous calendar years.

Nonmajor—Natural gas companies that are not classified as a "major company" (as defined above), and had total gas sales or volume transactions exceeding 200,000 Mcf at 14.73 psi (60 °F) in each of the three previous calendar years.

B. This system applies to both Major and Nonmajor natural gas companies. Provisions have been incorporated into this system for those entities which prior to January 1, 1984, were applying the Commission's Uniform System of Accounts Prescribed for Class C and Class D (part 104 of this chapter) now revoked. The notations "(Nonmajor)" and "(Major)" have been used to indicate those instructions and accounts from the previous systems and classifications, which by definition, are not interchangeable without causing a loss of detail for the *Major* (previous Class A and Class B) or an increase in detail burden for the *Nonmajor* (previous Class C and Class D).

C. The class to which any natural gas company belongs shall originally be determined by its annual gas volume in each of the last three consecutive years, or, in the case of a newly established entity, the projected data shall be the basis. Subsequent changes in classification shall be made when the volume for each of the three immediately preceding years exceeds the upper limit, or is less than the lower limit of the classification previously applicable to the natural gas company.

D. Any utility may, at its option, adopt the system of accounts prescribed by the Commission for any larger class of utilities.

2. *Records*. A. Each utility shall keep its books of account, and all other books, records, and memoranda which

support the entries in such books of account so as to be able to furnish readily full information as to any item included in any account. Each entry shall be supported by such detailed information as will permit ready identification, analysis, and verification of all facts relevant thereto.

B. The books and records referred to herein include not only accounting records in a limited technical sense, but all other records, such as minute books, stock books, reports, correspondence, memoranda, etc., which may be useful in developing the history of or facts regarding any transaction.

C. No utility shall destroy any such books or records unless the destruction thereof is permitted by rules and regulations of the Commission.

D. In addition to prescribed accounts, clearing accounts, temporary or experimental accounts, and subdivisions of any accounts, may be kept, provided the integrity of the prescribed accounts is not impaired.

E. All amounts included in the accounts prescribed herein for gas plant and operating expenses shall be just and reasonable and any payments or accruals by the utility in excess of just and reasonable charges shall be included in account 426.5, Other Deductions.

F. The arrangement or sequence of the accounts prescribed herein shall not be controlling as to the arrangement or sequence in report forms which may be prescribed by the Commission.

3. *Numbering system.* A. The account numbering plan used herein consists of a system of three-digit whole numbers as follows:

100–199 Assets and Other Debits.
200–299 Liabilities and Other Credits.
300–399 Plant Accounts.
400–432, 434–435 Income Accounts.
433, 436–439 Retained Earnings Accounts.
480–499 Revenue Accounts.
700–899 Production, Transmission and Distribution Expenses.
900–949 Customer Accounts, Customer Service and Informational, Sales and General and Administrative Expenses.

B. In certain instances, numbers have been skipped in order to allow for possible later expansion or to permit better coordination with the numbering system for other utility departments.

C. The numbers prefixed to account titles are to be considered as part of the titles. Each utility, however, may adopt for its own purposes a different system of account numbers (See also general instruction 2D) provided that the numbers herein prescribed shall appear in the descriptive headings of the ledger accounts and in the various sources of original entry; however, if a utility uses a different group of account numbers and it is not practicable to show the prescribed account numbers in the various sources of original entry, such reference to the prescribed account numbers may be omitted from the various sources of original entry. Moreover, each utility using different account numbers for its own purposes shall keep readily available a list of such account numbers which it uses and a reconciliation of such account numbers with the account numbers provided herein. It is intended that the utility's records shall be so kept as to permit ready analysis by prescribed accounts (by direct reference to sources of original entry to the extent practicable) and to permit preparation of financial and operating statements directly from such records at the end of each accounting period according to the prescribed accounts.

4. *Accounting period.* Each utility shall keep its books on a monthly basis so that for each month all transactions applicable thereto, as nearly as may be ascertained, shall be entered in the books of the utility. Amounts applicable or assignable to specific utility departments shall be so segregated monthly. Each utility shall close its books at the end of each calendar year unless otherwise authorized by the Commission.

5. *Submittal of questions.* To maintain uniformity of accounting, utilities shall submit questions of doubtful interpretation to the Commission for consideration and decision.

6. *Item lists.* Lists of "items" appearing in the texts of the accounts or elsewhere herein are for the purpose of more clearly indicating the application of the prescribed accounting. The lists are intended to be representative, but not exhaustive. The appearance of an item in a list warrants the inclusion of the item in the account mentioned only when the text of the account also indicates inclusion inasmuch as the same item frequently appears in more than one list. The proper entry in each instance must be determined by the texts of the accounts.

7. *Extraordinary items.* It is the intent that net income shall reflect all items of profit and loss during the period with the exception of prior period adjustments as described in paragraph 7.1 and long-term debt as described in paragraph 17 below. Those items related to the effects of events and transactions which have occurred during the current period and which are of unusual nature and infrequent occurrence shall be considered extraordinary items. Accordingly, they will be events and transactions of significant effect which are abnormal and significantly different from the ordinary and typical activities of the company, and which would not reasonably be expected to recur in the foreseeable future. (In determining significance, items should be considered individually and not in the aggregate. However, the effects of a series of related transactions arising from a single specific and identifiable event or plan of action should be considered in the aggregate.) To be considered as extraordinary under the above guidelines, an item should be more than approximately 5 percent of income, computed before extraordinary items. Commission approval must be obtained to treat an item of less than 5 percent, as extraordinary. (See accounts 434 and 435.)

7.1 Prior period items. A. Items of profit and loss related to the following shall be accounted for as prior period adjustments and excluded from the determination of net income for the current year.

(1) Correction of an error in the financial statements of a prior year.

(2) Adjustments that result from realization of income tax benefits of preacquisition operating loss carryforwards of purchased subsidiaries.

B. All other items of profit and loss recognized during the year shall be included in the determination of net income for that year.

8. *Unaudited items.* Whenever a financial statement is required by the Commission, if it is known that a transaction has occurred which affects the accounts but the amount involved in the transaction and its effect upon the accounts cannot be determined with absolute accuracy, the amount shall be estimated and such estimated amount included in the proper accounts. The utility is not required to anticipate minor items which would not appreciably affect the accounts.

9. *Distribution of pay and expenses of employees.* The charges to gas plant, operating expense and other accounts for services and expenses of employees engaged in activities chargeable to various accounts, such as construction, maintenance, and operations, shall be based upon the actual time engaged in the respective classes of work, or in case that method is impracticable, upon the basis of a study of the time actually engaged during a representative period.

10. *Payroll distribution.* Underlying accounting data shall be maintained so that the distribution of the cost of labor charged direct to the various accounts will be readily available. Such underlying data shall permit a reasonably accurate distribution to be made of the cost of labor charged initially to clearing accounts so that the total labor cost may be classified among construction, cost of removal, gas operating functions (manufactured gas production, natural gas production and gathering, products extraction, underground storage, transmission, distribution, etc.), and nonutility operations.

11. *Accounting to be on accrual basis.* A. The utility is required to keep its accounts on the accrual basis. This requires the inclusion in its accounts of all known transactions of appreciable amount which affect the accounts. If bills covering such transactions have not been received or rendered, the amounts shall be estimated and appropriate adjustments made when the bills are received.

B. When payments are made in advance for items such as insurance, rents, taxes or interest, the amount applicable to future periods shall be charged to account 165, Prepayments, and spread over the periods to which applicable by credits to account 165,

nd charges to the accounts appropriate for the expenditure.

12. *Records for each plant.* A. Separate ecords shall be maintained by gas lant accounts of the book cost of each lant owned, including additions by the tility to plant leased from others, and f the cost of operating and maintaining each plant owned or operated. The erm "plant," as here used, means each manufactured gas production plant, he wells and gathering lines of each listinct production area, each system f interconnected transmission mains, ach system of wells and lines of an underground storage project, each large purification or dehydration plant, each compressor station, other than a distribution compressor station, and each products extraction plant.

B. A natural gas company may, with the approval of the Commission, group certain of its systems of gathering lines and wells, small compressor stations, systems of underground storage lines and wells, and systems of interconnected transmission mains for the purpose of complying with the portion of this instruction requiring a segregation of the cost of operating and maintaining each plant.

NOTE A: Where manufactured gas is produced by two or more processes at one location, each process shall be accounted for separately.

NOTE B: Each natural gas company shall maintain operating or accounting records for each well showing (a) acreage on which drilled, (b) dates of drilling period, (c) cost of drilling, (d) depth of well, (e) particulars and depth of each stratum drilled through, (f) geological formation from which gas is obtained, (g) initial rock pressure and open flow capacity, (h) sizes of casing used and the lengths of each size, (i) total cost of well as recorded in gas plant accounts, (j) date well abandoned, for wells once productive, (k) date transferred to underground storage plant, for wells converted to storage use, and (l) date drilling discontinued, for wells determined to be nonproductive. The foregoing data, as appropriate, shall also be maintained for each subsequent change in the depth of each well.

13. *Accounting for other departments.* If the utility also operates other utility departments, such as electric, water, etc., it shall keep such accounts for the other departments as may be prescribed by proper authority and in the absence of prescribed accounts, it shall keep such accounts as are proper or necessary to reflect the results of operating each such department. It is not intended that proprietary and similar accounts which apply to the utility as a whole shall be departmentalized.

14. *Transactions with associated companies.* Each utility shall keep its accounts and records so as to be able to furnish accurately and expeditiously statements of all transactions with associated companies. The statements may be required to show the general nature of the transactions, the amounts involved therein and the amounts included in each account prescribed herein with respect to such transactions. Transactions with associated companies shall be recorded in the appropriate accounts for transactions of the same nature. Nothing herein contained, however, shall be construed as restraining the utility from subdividing accounts for the purpose of recording separately transactions with associated companies.

15. *Contingent assets and liabilities.* Contingent assets represent a possible source of value to the utility contingent upon the fulfillment of conditions regarded as uncertain. Contingent liabilities include items which may under certain conditions become obligations of the utility but which are neither direct nor assumed liabilities at the date of the balance sheet. The utility shall be prepared to give a complete statement of significant contingent assets and liabilities (including cumulative dividends on preference stock) in its annual report and at such other times as may be requested by the Commission.

16. [Reserved]

17. *Long-term debt: Premium, discount and expense, and gain or loss on reacquisition—* A. *Premium, discount and expense.* A separate premium, discount and expense account shall be maintained for each class and series of long-term debt (including receivers' certificates) issued or assumed by the utility. The premium will be recorded in account 225, Unamortized Premium on Long-Term Debt, the discount will be recorded in account 226, Unamortized Discount on Long-Term Debt—Debit, and the expense of issuance shall be recorded in account 181, Unamortized Debt Expense.

The premium, discount and expense shall be amortized over the life of the respective issues under a plan which will distribute the amounts equitably over the life of the securities. The amortization shall be on a monthly basis, and amounts thereof relating to discount and expense shall be charged to account 428, Amortization of Debt Discount and Expense. The amounts relating to premium shall be credited to account 429, Amortization of Premium on Debt—Credit.

B. *Reacquisition, without refunding.* When long-term debt is reacquired or redeemed without being converted into another form of long-term debt and when the transaction is not in connection with a refunding operation (primarily redemptions for sinking fund purposes), the difference between the amount paid upon reacquisition and the face value; plus any un- amortized premium less any related unamortized debt expense and reacquisition costs; or less any unamortized discount, related debt expense and reacquisition costs applicable to the debt redeemed, retired and canceled, shall be included in account 189, Unamortized Loss on Reacquired Debt, or account 257, Unamortized Gain on Reacquired Debt, as appropriate. The utility shall amortize the recorded amounts equally on a monthly basis over the remaining life of the respective security issues (old original debt). The amounts so amortized shall be charged to account 428.1, Amortization of Loss on Reacquired Debt, or credited to account 429.1, Amortization of Gain on Reacquired Debt—Credit, as appropriate.

C. *Reacquisition, with refunding.* When the redemption of one issue or series of bonds or other long-term obligations is financed by another issue or series before the maturity date of the first issue, the difference between the amount paid upon refunding and the face value; plus any unamortized premium less related debt expense or less any unamortized discount and related debt expense, applicable to the debt refunded, shall be included in account 189, Unamortized Loss on Reacquired Debt, or account 257, Unamortized Gain on Reacquired Debt, as appropriate. The utility may elect to account for such amounts as follows:

(1) Write them off immediately when the amounts are insignificant.

(2) Amortize them by equal monthly amounts over the remainder of the original life of the issue retired, or

(3) Amortize them by equal monthly amounts over the life of the new issue.

Once an election is made, it shall be applied on a consistent basis. The amounts in (1), (2), or (3) above shall be charged to account 428.1, Amortization of Loss on Reacquired Debt, or credited to account 429.1, Amortization of Gain on Reacquired Debt—Credit, as appropriate.

D. Under methods (2) and (3) above, the increase or reduction in current income taxes resulting from the reacquisition should be apportioned over the remainder of the original life of the issue retired or over the life of the new issue, as appropriate, as directed more specifically in paragraphs E and F below.

E. When the utility recognizes the loss in the year of reacquisition as a tax deduction, account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, shall be debited and account 283, Accumulated Deferred Income Taxes—Other, shall be credited with the amount of the related tax effect, such amount to be allocated to the periods affected in accordance with the provisions of account 283.

F. When the utility chooses to recognize the gain in the year of reacquisition as a taxable gain, account 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, shall be credited and account 190, Accumulated Deferred Income Taxes, shall be debited with the amount of the related tax effect, such amount to be allocated to the periods affected in accordance with the provisions of account 190.

G. When the utility chooses to use the optional privilege of deferring the tax on the gain attributable to the reacquisition of debt by reducing the depreciable basis of utility property for tax purposes, pursuant to Section 108 of the Internal Revenue Code, the related tax effects shall be deferred as the income is recognized for accounting purposes, and the deferred amounts

shall be amortized over the life of the associated property on a vintage year basis. Account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, shall be debited, and account 282, Accumulated Deferred Income Taxes—Other Property, shall be credited with an amount equal to the estimated income tax effect applicable to the portion of the income, attributable to reacquired debt, recognized for accounting purposes during the period. Account 282 shall be debited and account 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, shall be credited with an amount equal to the estimated income tax effects, during the life of the property, attributable to the reduction in the depreciable basis for tax purposes.

H. The tax effects relating to gain or loss shall be allocated as above to utility operations except in cases where a portion of the debt reacquired is directly applicable to nonutility operations. In that event, the related portion of the tax effects shall be allocated to nonutility operations. Where it can be established that reacquired debt is generally applicable to both utility and nonutility operations, the tax effects shall be allocated between utility and nonutility operations based on the ratio of net investment in utility plant to net investment in nonutility plant.

I. Premium, discount, or expense on debt shall not be included as an element in the cost of construction or acquisition of property (tangible or intangible), except under the provisions of account 432, Allowance for Borrowed Funds Used During Construction—Credit.

J. *Alternate method.* Where a regulatory authority or a group of regulatory authorities having prime rate jur- isdiction over the utility specifically disallows the rate principle of amortizing gains or losses on reacquisition of long-term debt without refunding, and does not apply the gain or loss to reduce interest charges in computing the allowed rate of return for rate purposes, then the following alternate method may be used to account for gains or losses relating to reacquisition of long-term debt, with or without refunding.

(1) The difference between the amount paid upon reacquisition of any long-term debt and the face value, adjusted for unamortized discount, expenses or premium, as the case may be, applicable to the debt redeemed shall be recognized currently in income and recorded in account 421, Miscellaneous Nonoperating Income, or account 426.5, Other Deductions.

(2) When this alternate method of accounting is used, the utility shall include a footnote to each financial statement, prepared for public use, explaining why this method is being used along with the treatment given for ratemaking purposes.

18. *Comprehensive interperiod income tax allocation.* A. Where there are timing differences between the periods in which transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income, the income tax effects of such transactions are to be recognized in the periods in which the differences between book accounting income and taxable income arise and in the periods in which the differences reverse using the deferred tax method. In general, comprehensive interperiod tax allocation should be followed whenever transactions enter into the determination of pretax accounting income for the period even though some transactions may affect the determination of taxes payable in a different period, as further qualified below.

B. Utilities are not required to utilize comprehensive interperiod income tax allocation until the deferred income taxes are included as an expense in the rate level by the regulatory authority having rate jurisdiction over the utility. Where comprehensive interperiod tax allocation accounting is not practiced the utility shall include as a note to each financial statement, prepared for public use, a footnote explanation setting forth the utility's accounting policies with respect to interperiod tax allocation and describing the treatment for ratemaking purposes of the tax timing differences by regulatory authorities having rate jurisdiction.

C. Should the utility be subject to more than one agency having rate jurisdiction, its accounts shall appropriately reflect the ratemaking treatment (deferral or flow through) of each jurisdiction.

D. Once comprehensive interperiod tax allocation has been initiated either in whole or in part it shall be practiced on a consistent basis and shall not be changed or discontinued without prior Commission approval.

E. Tax effects deferred currently will be recorded as deferred debits or deferred credits in accounts 190, Accumulated Deferred Income Taxes, 281, Accumulated Deferred Income Taxes—Accelerated Amortization Property, 282, Accumulated Deferred Income Taxes—Other Property, and 283, Accumulated Deferred Income Taxes—Other, as appropriate. The resulting amounts recorded in these accounts shall be disposed of as prescribed in this system of accounts or as otherwise authorized by the Commission.

19. *Criteria for classifying leases.* A. If at its inception a lease meets one or more of the following criteria, the lease shall be classified as a capital lease. Otherwise, it shall be classified as an operating lease.

(1) The lease transfers ownership of the property to the leasee by the end of the lease term.

(2) The lease contains a bargain purchase option.

(3) The lease term is equal to 75 percent or more of the estimated economic life of the leased property. However, if the beginning of the lease term falls within the last 25 percent of the total estimated economic life of the lease property, including earlier years of use, this criterion shall not be used for purposes of classifying the lease.

(4) the present value at the beginning of the lease term of the minimum lease payments, excluding that portion of the payments representing executory costs such as insurance, maintenance, and taxes to be paid by the lessor, including any profit thereon, equals or exceeds 90 percent of the excess of the fair value of the leased property to the lessor at the inception of the lease over any related investment tax credit retained by the lessor and expected to be realized by the lessor. However, if the beginning of the lease term falls within the last 25 percent of the total estimated economic life of the lease property, including earlier years of use, this criterion shall not be used for purposes of classifying the lease. The lessee utility shall compute the present value of the minimum lease payments using his incremental borrowing raate, unless (a) it is practicable for the utility to learn the implicit rate computed by the lessor, and (b) the implicit rate computed by the lessor is less than the lessee's incremental borrowing rate. If both of those conditions are met, the lessee shall use the implicit rate.

B. If at any time the lessee and lessor agree to change the provisions of the lease, other than by renewing the lease or extending its term, in a manner that would have resulted in a different classification of the lease under the criteria in paragraph A had the changed terms been in effect at the inception of the lease, the revised agreement shall be considered as a new agreement over its term, and the criteria in paragraph A shall be applied for purposes of classifying the lease. Likewise, any action that extends the lease beyond the expiration of the existing lease term, such as the exercise of a lease renewal option other than those already included in the lease term, shall be considered as a new agreement, and shall be classified according to the above provisions, Changes in estimates (for example, changes in estimates of the economic life or of the residual value of the leased property) or changes in circumstances (for example, default by the lessee), shall not give rise to a new classification of a lease for accounting purposes.

20. *Accounting for leases.* A. All leases shall be classified as either capital or operating leases. The accounting for capitalized leases is effective January 1, 1984, except for the retroactive classification of certian leases which, in accordance with FASB No. 71, will not be required to be capitalized until after a three year transition period. For the purpose of reporting to the FERC, the transition period shall be deemed to end December 31, 1986.

B. The utility shall record a capital lease as an asset in account 101.1, Property under Capital Leases (or account

Non-utility Property, if appro- te), and an obligation in account Obligations under Capital Leases— current, or account 243, Obligations er Capital Leases—Current, at an unt equal to the present value at beginning of the lease term of min- m lease payments during the lease n, excluding that portion of the ments representing executory costs h as insurance, maintenance, and es to be paid by the lessor, together h any profit thereon. However, if amount so determined exceeds the value of the leased property at the ption of the lease, the amount re- ded as the asset and obligation shall he fair value.

. Rental payments on all leases ll be charged to rent expense, fuel ense, construction work in progress, other appropriate accounts as they ome payable.

). For a capital lease, for each period ing the lease term, the amounts re- ded for the asset and obligation ll be reduced by an amount equal to portion of each lease payment ich would have been allocated to the luction of the obligation, if the pay- nt had been treated as a payment on installment obligation (liability) d allocated between interest expense d a reduction of the obligation so as produce a constant periodic rate of erest on the remaining balance.

1. *Gas well records.* Each utility with tural gas operations shall maintain erating or accounting records for ch well showing: (a) Acreage on ich drilled, (b) dates of drilling pe- od, (c) cost of drilling, (d) depth of ll, (e) particulars and depth of each ratum drilled through, (f) geological rmation from which gas is obtained,) initial rock pressure and open flow pacity, (h) sizes of casing used and ngths of each size, (i) total cost of ll as recorded in gas plant accounts, date well abandoned, for wells once oductive, (k) date transferred to un- rground storage plant, for wells con- rted to storage use, and (l) date drill- g discontinued, for wells determined be nonproductive. The foregoing ta, as appropriate, shall also be aintained for each subsequent change the depth of each well.

Gas Plant Instructions

1. *Classification of gas plant at the effective date of the system of accounts.*

A. The gas plant accounts provided herein are generally the same as those contained in the prior system of accounts except for some changes in classification in the general equipment accounts. Except for these changes, the balances in the various plant accounts, as determined under the prior system of accounts, should be carried forward. Any remaining balance of plant which has not yet been classified pursuant to the requirements of the prior system, shall be classified in accordance with the following instructions.

B. The cost to the utility of its unclassified plant shall be ascertained by analysis of the utility's records. Adjustments shall not be made to record in utility plant accounts amounts previously charged to operating expenses or to income deductions in accordance with the uniform system of accounts in effect at the time or in accordance with the discretion of management as exercised under a uniform system of accounts, or under accounting practices previously followed.

C. The detailed gas plant accounts (301 to 399, inclusive) shall be stated on the basis of cost to the utility of plant constructed by it and the original cost, estimated if not known, of plant acquired as an operating unit or system. The difference between the original cost as above, and the cost to the utility of gas plant after giving effect to any accumulated provision for depreciation, depletion, or amortization shall be recorded in account 114, Gas Plant Acquisition Adjustments. The original cost of gas plant shall be determined by analysis of the utility's records or those of the predecessor or vendor companies with respect to gas plant previously acquired as operating units or systems and the differences between the original cost so determined, less accumulated provisions for depreciation, depletion and amortization, and the cost to the utility, with necessary adjustments for retirements from the date of acquisition, shall be entered in account 114, Gas Plant Acquisition Adjustments. Any difference between the cost of gas plant and its book cost, when not properly includable in other accounts, shall be recorded in account 116, Other Gas Plant Adjustments.

D. Plant acquired by lease which qualifies as capital lease property under General Instruction 19. *Criteria for Classifying Leases,* shall be recorded in Account 101.1, Property under Capital Leases.

2. *Gas plant to be recorded at cost.* A. All amounts included in the accounts for gas plant acquired as an operating unit or system, except as otherwise provided in the texts of the intangible plant accounts, shall be stated at the cost incurred by the person who first devoted the property to utility service. All other gas plant shall be included in the accounts at the cost incurred by the utility, except for property acquired by lease which qualifies as capital lease property under General Instruction 19. *Criteria for Classifying Leases,* and is recorded in Account 101.1, Property under Capital Leases. Where the term "cost" is used in the detailed plant accounts, it shall have the meaning stated in this paragraph.

B. When the consideration given for property is other than cash, the value of such consideration shall be determined on a cash basis. (See, however, definition 8.) In the entry recording such transaction, the actual consideration shall be described with sufficient particularity to identify it. The utility shall be prepared to furnish the Commission the particulars of its determination of the cash value of the consideration if other than cash.

C. When property is purchased under a plan involving deferred payments, no charge shall be made to the gas plant accounts for interest, insurance, or other expenditures occasioned solely by such form of payment.

D. The gas plant accounts shall not include the cost or other value of gas plant contributed to the company. Contributions in the form of money or its equivalent toward the construction of gas plant shall be credited to the accounts charged with the cost of such construction. Plant constructed from contributions of cash or its equivalent shall be shown as a reduction to gross plant constructed when assembling cost data in work orders for posting to plant ledger of accounts. The accumulated gross costs of plant accumulated in the work order shall be recorded as a debit in the plant ledger of accounts along with the related amount of contributions concurrently being recorded as a credit.

3. *Components of construction cost.* A. The cost of construction properly includable in the gas plant accounts shall include, where applicable, the direct and overhead costs as listed and defined hereunder:

(1) "Contract work" includes amounts paid for work performed under contract by other companies, firms, or individuals, costs incident to the award of such contracts, and the inspection of such work.

(2) "Labor" includes the pay and expenses of employees of the utility engaged on construction work, and related workmen's compensation insurance, payroll taxes and similar items of expense. It does not include the pay and expenses of employees which are distributed to construction through clearing accounts nor the pay and expenses included in other items hereunder.

(3) "Materials and supplies" includes the purchase price at the point of free delivery plus customs duties, excise taxes, the cost of inspection, loading and transportation, the related stores expenses, and the cost of fabricated materials from the utility's shop. In determining the cost of materials and supplies used for construction, proper allowance shall be made for unused materials and supplies, for materials recovered from temporary structures used in performing the work involved, and for discounts allowed and realized in the purchase of materials and supplies.

NOTE: The cost of individual items of equipment of small value (for example, $500 or less) or of short life, including small portable tools and implements, shall not be charged to utility plant accounts unless the correctness of the accounting therefor is verified by current inventories. The cost shall be charged to the appropriate operating expense or clearing accounts, according to the use of such items, or, if such items are consumed directly in construction work, the cost shall be included as part of the cost of the construction.

(4) "Transportation" includes the ost of transporting employees, mate-als and supplies, tools, purchased uipment, and other work equipment vhen not under own power) to and om points of construction. It includes mounts paid to others as well as the ost of operating the utility's own ransportation equipment. (See item 5 ollowing.)

(5) "Special machine service" in-ludes the cost of labor (optional), ma-erials and supplies, depreciation, and ther expenses incurred in the mainte-ance, operation and use of special ma-hines, such as steam shovels, pile rivers, derricks, ditchers, scrapers, naterial unloaders, and other labor aving machines; also expenditures for ental maintenance and operation of nachines of others. It does not include he cost of small tools and other indi-idual items of small value or short ife which are included in the cost of naterials and supplies. (See item 3, above.) When a particular construction ob requires the use for an extended pe-iod of time of special machines, trans-portation or other equipment, the net book cost thereof, less the appraised or salvage value at time of release from the job, shall be included in the cost of construction.

(6) "Shop service" includes the pro-portion of the expense of the utility's shop department assignable to con-struction work except that the cost of fabricated materials from the utility's shop shall be included in "materials and supplies."

(7) "Protection" includes the cost of protecting the utility's property from fire or other casualties and the cost of preventing damages to others, or to the property of others, including payments for discovery or extinguishment of fires, cost of apprehending and pros-ecuting incendiaries, witness fees in re-lation thereto, amounts paid to mu-nicipalities and others for fire protec-tion, and other analogous items of ex-penditures in connection with con-struction work.

(8) "Injuries and damages" includes expenditures or losses in connection with the construction work on account of injuries to persons and damages to the property of others; also the cost of investigation of and defense against ac-tions for such injuries and damages. Insurance recovered or recoverable on account of compensation paid for injuries to persons incident to construction shall be credited to the account or ac-counts to which such compensation is charged. Insurance recovered or recov-erable on account of property damages incident to construction shall be cred-ited to the account or accounts charged with the cost of the damages.

(9) "Privileges and permits" includes payments for and expenses incurred in securing temporary privileges, permits or rights in connection with construc-tion work, such as for the use of pri-vate or public property, streets, or highways, but it does not include rents, or amounts chargeable as franchises and consents for which see account 302, Franchises and Consents.

(10) "Rents" includes amounts paid for the use of construction quarters and office space occupied by construc-tion forces and amounts properly in-cludible in construction costs for such facilities jointly used.

(11) "Engineering and supervision" includes the portion of the pay and ex-penses of engineers, surveyors, draftsmen, inspectors, superintendents and their assistants applicable to con-struction work.

(12) "General administration capital-ized" includes the portion of the pay and expenses of the general officers and administrative and general expenses applicable to construction work.

(13) "Engineering services" includes amounts paid to other companies, firms, or individuals engaged by the utility to plan, design, prepare esti-mates, supervise, inspect, or give gen-eral advice and assistance in connec-tion with construction work.

(14) "Insurance" includes premiums paid or amounts provided or reserved as self-insurance for the protection against loss and damages in connection with construction, by fire or other cas-ualty, injury to or death of persons other than employees, damages to property of others, defalcation of em-ployees and agents, and the non-performance of contractual obligations of others. It does not include work-men's compensation or similar insur-ance on employees included as "labor" in item 2, above.

(15) "Law expenditures" includes the general law expenditures incurred in connection with construction and the court and legal costs directly related thereto, other than law expenses in-cluded in protection, item 7, and in in-juries and damages, item 8.

(16) "Taxes" includes taxes on phys-ical property (including land) during the period of construction and other taxes properly includible in construc-tion costs before the facilities become available for service.

(17) "Allowance for funds used during construction" includes the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used, not to exceed without prior approval of the Commission al-lowances computed in accordance with the formula prescribed in paragraph (a) below, except when such other funds are used for exploration and develop-ment or leases acquired after October 7, 1969, no allowance on such other funds shall be included in these ac-counts. No allowance for funds used during construction charges shall be included in these accounts upon ex-penditures for construction projects which have been abandoned.

(a) The formula and elements for the computation of the allowance for funds used during construction shall be:

$$A_i = s\left(\frac{S}{W}\right) + d\left(\frac{D}{D+P+C}\right)\left(1-\frac{S}{W}\right)$$

$$A_e = \left[1-\frac{S}{W}\right]\left[p\left(\frac{P}{D+P+C}\right) + c\left(\frac{C}{D+P+C}\right)\right]$$

A_i=Gross allowance for borrowed funds used during construction rate.
A_e=Allowance for other funds used during construction rate.
S=Average short-term debt.
s=Short-term debt interest rate.
D=Long-term debt.
d=Long-term debt interest rate.
P=Preferred stock.
p=Preferred stock cost rate.
C=Common equity.
c=Common equity cost rate.
W=Average balance in construction work in progress.

(b) The rates shall be determined annually. The balances for long-term debt, preferred stock and common equity shall be the actual book balances as of the end of the prior year. The cost rates for long-term debt and preferred stock shall be the weighted average cost determined in the manner indicated in subpart D of part 154 of the Commission's Regulations Under the Natural Gas Act. The cost rate for common equity shall be the rate granted common equity in the last rate proceeding before the ratemaking body having primary rate jurisdiction. If such cost rate is not available, the average rate actually earned during the preceding three years shall be used. The short-term debt balances and related cost and the average balance for construction work in progress shall be estimated for the current year with appropriate adjustments as actual data becomes available.

NOTE: When a part only of a plant or project is placed in operation or is completed and ready for service but the construction work as a whole is incomplete, that part of the cost of the property placed in operation, or ready for service, shall be treated as "Gas Utility Plant" and allowance for funds used during construction thereon as a charge to construction shall cease. Allowance for funds used during construction on that part of the cost of the plant which is incomplete may be continued as a charge to construction until such time as it is placed in operation or is ready for service, except as limited in item 17, above.

(18) "Earnings and expenses during construction" includes (a) all revenues derived during the construction period from property which is included in the cost of a project under construction and (b) all expenses which are attrib-utable to the revenues received.

(19) "Training costs". When it is nec-essary that employees be trained to op-erate or maintain plant facilities that are being constructed and such facili-ties are not conventional in nature or are new to the company's operations, these costs may be capitalized as a component of construction cost. Once plant is placed in service, the capitali-zation of training costs shall cease, and subsequent training costs shall be expensed. (See Operating Expense In-struction 4.)

(20) "Line pack gas." Line pack in-cludes the first cost of that quantity of

s introduced into the utility's sys-
m necessary to bring the system up
its designed operating capacity or
creases therein and which must be
aintained in the system in order to
stain such design operating capacity.
(21) LNG "heel" is the first cost of
at minimum quantity of liquefied
tural gas necessary to be retained in
olding tanks and other facilities for
rposes of temperature and/or pres-
re maintenance.
(22) "Studies" includes the costs of
udies such as operational, safety or
vironmental studies relative to plant
nder construction. Studies mandated
y regulatory bodies relative to facili-
es in service, shall be charged to Ac-
ount 183.2, Other Preliminary Survey
nd Investigation Charges.

4. *Overhead construction costs.* A. All
verhead construction costs, such as
ngineering, supervision, general office
alaries and expenses, construction en-
ineering and supervision by others
han the accounting utility, law ex-
enses, insurance, injuries and dam-
ges, relief and pensions, taxes and in-
erest, shall be charged to particular
obs or units on the basis of the
mounts of such overheads reasonably
pplicable thereto, to the end that each
ob or unit shall bear its equitable pro-
portion of such costs and that the en-
ire cost of the unit, both direct and
overhead, shall be deducted from the
plant accounts at the time the prop-
erty is retired.

B. As far as practicable, the deter-
mination of pay roll charges includible
in construction overheads shall be
based on time card distributions there-
of. Where this procedure is impractical,
special studies shall be made periodi-
cally of the time of supervisory em-
ployees devoted to construction activi-
ties to the end that only such overhead
costs as have a definite relation to con-
struction shall be capitalized. The ad-
dition to direct construction costs of
arbitrary percentages or amounts to
cover assumed overhead costs is not
permitted.

C. The record supporting the entries
for overhead construction costs shall
be so kept as to show the total amount
of each overhead for each year, the na-
ture and amount of each overhead ex-
penditure charged to each construction
work order and to each utility plant
account, and the bases of distribution
of such costs.

5. *Gas plant purchased or sold.* A.
When gas plant constituting an oper-
ating unit or system is acquired by
purchase, merger, consolidation, liq-
uidation, or otherwise, after the effec-
tive date of this system of accounts,
the costs of acquisition, including ex-
penses incidental thereto properly in-
cludible in gas plant, shall be charged
to account 102, Gas Plant Purchased or
Sold.

B. The accounting for the acquisition
shall then be completed as follows:

(1) The original cost of plant, esti-
mated if not known, shall be credited
to account 102, Gas Plant Purchased or
Sold, and concurrently charged to the
appropriate gas plant in service ac-
counts and to account 104, Gas Plant
Leased to Others, account 105, Gas
Plant Held for Future Use, 105.1, Pro-
duction Properties Held for Future
Use, and account 107, Construction
Work in Progress—Gas, as appropriate.

(2) The depreciation, depletion, and
amortization applicable to the original
cost of the properties purchased, shall
be charged to account 102, Gas Plant
Purchased or Sold, and concurrently
credited to the appropriate account for
accumulated provision for depreciation, depletion or amortization.

(3) The cost to the utility of any
property includible in account 121,
Nonutility Property, shall be trans-
ferred thereto.

(4) The amount remaining in account
102, Gas Plant Purchased or Sold, shall
then be closed to account 114, Gas
Plant Acquisition Adjustments.

C. If property acquired in the pur-
chase of an operating unit or system is
in such physical condition when ac-
quired that it is necessary substan-
tially to rehabilitate it in order to
bring the property up to the standards
of the utility, the cost of such work,
except replacements, shall be ac-
counted for as a part of the purchase
price of the property.

D. When any property acquired as an
operating unit or system includes du-
plicate or other plant which will be re-
tired by the accounting utility in the
reconstruction of the acquired property
or its consolidation with previously

owned property, the proposed account-
ing for such property shall be presented
to the Commission.

E. In connection with the acquisition
of gas plant constituting an operating
unit or system, the utility shall pro-
cure, if possible, all existing records re-
lating to the property acquired, or cer-
tified copies thereof, and shall preserve
such records in conformity with regu-
lations or practices governing the pres-
ervation of records of its own construc-
tion.

F. When gas plant constituting an
operating unit or system is sold, con-
veyed, or transferred to another by
sale, merger, consolidation, or other-
wise, the book cost of the property sold
or transferred to another shall be cred-
ited to the appropriate utility plant ac-
counts, including amounts carried in
account 114, Gas Plant Acquisition Ad-
justments. The amounts (estimated if
not known) carried with respect there-
to in the accounts for accumulated pro-
vision for depreciation, depletion, and
amortization and in account 252, Cus-
tomer Advances for Construction, shall
be charged to such accounts and the
contra entries made to account 102,
Gas Plant Purchased or Sold. Unless
otherwise ordered by the Commission,
the difference, if any, between (a) the
net amount of debits and credits and
(b) the consideration received for the
property (less commissions and other
expenses of making the sale) shall be
included in account 421.1, Gain on Dis-
position of Property, or account 421.2,
Loss on Disposition of Property. (See
account 102, Gas Plant Purchased or
Sold.)

NOTE: In cases where existing utilities merge or consolidate because of financial or operating reasons or statutory requirements rather than as a means of transferring title of purchased properties to a new owner, the accounts of the constituent utilities, with the approval of the Commission, may be combined. In the event original cost has not been determined, the resulting utility shall proceed to determine such cost as outlined herein.

6. *Expenditures on leased property.* A.
The cost of substantial initial improve-
ments (including repairs, rearrange-
ments, additions, and betterments)
made in the course of preparing for
utility service property leased for a pe-
riod of more than one year, and the
cost of subsequent substantial addi-
tions, replacements, or betterments to
such property, shall be charged to the
gas plant account appropriate for the
class of property leased. If the service
life of the improvements is terminable
by action of the lease, the cost, less net
salvage, of the improvements shall be
spread over the life of the lease by
charges to account 404.3, Amortization
of Other Limited-Term Gas Plant.
However, if the service life is not ter-
minated by action of the lease but by
depreciation proper, the cost of the im-
provements, less net salvage, shall be
accounted for as depreciable plant. The
provisions of this paragraph are appli-
cable to property leased under either
capital leases or operating leases.

B. If improvements made to property
leased for a period of more than one
year are of relatively minor cost, or if
the lease is for a period of not more
than one year, the cost of the improve-
ments shall be charged to the account
in which the rent is included, either di-
rectly or by amortization thereof.

7. *Land and land rights.* A. The ac-
counts for land and land rights shall
include the cost of land owned in fee by
the utility and rights, interests, and
privileges held by the utility in land
owned by others, such as leaseholds,
easements, rights-of-way, natural gas
rights, and other like interests in land.
Do not include in the accounts for land
and land rights and rights-of-way costs
incurred in connection with first clear-
ing and grading of land and rights-of-
way and the damage costs associated
with the construction and installation
of plant. Such costs shall be included
in the appropriate plant accounts di-
rectly benefited.

B. Where special assessments for pub-
lic improvements provide for deferred
payments, the full amount of the as-
sessments shall be charged to the ap-
propriate land account and the unpaid
balance shall be carried in an appro-
priate liability account. Interest on un-
paid balances shall be charged to the
appropriate interest account. If any
part of the cost of public improvement
is included in the general tax levy, the
amount thereof shall be charged to the
appropriate tax account.

C. The net profit from the sale of mber, cord wood, sand, gravel, other sources or other property acquired ith the rights-of-way or other lands all be credited to the appropriate lant account to which related. Where nd is held for a considerable period of me and timber and other natural reources on the land at the time of purhase increases in value, the net profit fter giving effect to the cost of the atural resources) from the sales of imber or its products or other natural esources shall be credited to the apropriate utility operating income acount when such land has been reorded in account 105, Gas Plant Held or Future Use, account 105.1, Produc ion Properties Held for Future Use, or lassified as plant in service otherwise o account 421, Miscellaneous Nonoprating Income.

D. Separate entries shall be made for he acquisition, transfer, or retirement f each parcel of land, and each land ight, or gas right (except rights-ofway for distribution mains), having a ife of more than one year. A record hall be maintained showing the nature f ownership, full legal description, rea, map reference, purpose for which sed, city, county, and tax district in hich situated, from whom purchased r to whom sold, payment given or reeived, other costs, contract date and umber, date of recording of deed, and ook and page of record. Entries transferring or retiring land or land rights shall refer to the original entry recording its acquisition. A parcel of land acquired and carried on the books as a nit is not required to be subdivided with transfers to other land accounts merely because of the erection thereon of an incidental structure to be used in gas operations but for a purpose differing from that for which the land is chiefly employed; for example, a small storehouse on production plant land.

E. Any difference between the amount received from the sale of land or land rights, less agents' commissions and other costs incident to the sale, and the book cost of such land or rights shall be included in account 411.6, Gains from Disposition of Utility Plant or 411.7, Losses from Disposition of Utility Plant when such property has been recorded in account 105, Gas Plant Held for Future Use, 105.1, Production Properties Held for Future Use, otherwise to account 421.1, Gain on Disposition of Property or 421.2, Loss on Disposition of Property, as appropriate, unless a reserve therefor has been authorized and provided. Appropriate adjustments of the accounts shall be made with respect to any structures or improvements located on land sold.

F. The cost of buildings and other improvements (other than public improvements) shall not be included in the land accounts. If at the time of acquisition of an interest in land such interest extends to buildings or other improvements (other than public improvements), which are then devoted to utility operations, the land and improvements shall be separately appraised and the cost allocated to land and buildings or improvements on the basis of the appraisals. If the improvements are removed or wrecked without being used in operations, the cost of removing or wrecking shall be charged and the salvage credited to the account in which the cost of the land is recorded.

G. When the purchase of land for gas operations requires the purchase of more land than needed for such purposes, the charge to the specific land account shall be based upon the cost of the land purchased, less the fair market value of that portion of the land which is not to be used in utility operations. The portion of the cost measured by the fair market value of the land not to be used shall be included in account 105, Gas Plant Held for Future Use or, account 121, Nonutility Property, as appropriate. Regarding land and land rights held for the production of natural gas, account 101, Gas Plant in Service, shall include (1) the cost of lands owned in fee upon which producing natural gas wells are located on lands owned in fee which are being drained through the operation by the utility of wells on the other land, and (2) the first cost of lands held under lease upon which the utility pays royalties for the natural gas obtained therefrom. The cost of all other land and land rights held for the production of natural gas under a plant for such use shall be included in account 105,

Gas Plant Held for Future Use, or 105.1, Production Properties Held for Future Use, as appropriate.

NOTE: In addition to the accounting records prescribed herein, supplemental records of land and land rights held for future use shall be kept in such manner as to permit the segregation within a reasonable time of the land and land rights constituting (1) productive but nonproducing fields, (2) unproven or undeveloped fields, and (3) storage fields, and to show the following data with respect to each natural gas lease, regardless of the accounting treatment accorded the lease costs; (a) name of lessor, (b) location of leasehold and number or other identification assigned thereto, (c) date and period of lease agreement, (d) first cost of lease including details of the elements of such cost, (e) annual rental provisions, (f) date and cost of drilling, (g) date gas determined to exist, (h) date of completion of first well drilled by the utility in each pool of gas, (i) royalty provisions, (j) amortization and depletion provisions, and (k) date of abandonment of lease.

H. Provision shall be made for amortizing amounts carried in the accounts for limited-term interests in land, so as to apportion equitably the cost of each interest over the life thereof. For the purposes of amortization of natural gas rights, separate interests in land which comprise an interest in a production area may be grouped to form a depletion unit. (See account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, account 404.1, Amortization and Depletion of Producing Natural Gas Land and Land Rights, account 404.3, Amortization of Other Limited-Term Gas Plant, and account 797, Abandonment, leases.)

I. The items of cost to be included in the accounts for land and land rights are as follows:

1. Bulkheads, buried, not requiring maintenance or replacement.
2. Cost, first, of acquisition including mortgages and other liens assumed (but not subsequent interest thereon).
3. [Reserved]
4. Condemnation proceedings, including court and counsel costs.
5. Consents and abutting damages, payment for.
6. Conveyancers' and notaries' fees.
7. Fees, commissions, and salaries to brokers, agents, and others in connection with the acquisition of the land or land rights.
8. [Reserved]
9. Leases, cost of voiding upon purchase to secure possession of land.
10. Removing, relocating, or reconstructing, property of others, such as buildings, highways, railroads, bridges, cemeteries, churches, telephone and power lines, etc., in order to acquire quiet possession.
11. Retaining walls unless identified with structures.
12. Special assessments levied by public authorities for public improvements on the basis of benefits for new roads, new bridges, new sewers, new curbing, new pavements, and other public improvements, but not taxes levied to provide for the maintenance of such improvements.
13. Surveys in connection with the acquisition, but not amounts paid for topographical surveys and maps where such costs are attributable to structures or plant equipment erected or to be erected or installed on such land.
14. Taxes assumed, accrued to date of transfer of title.
15. Title, examining, clearing, insuring, and registering in connection with the acquisition and defending against claims relating to the period prior to the acquisition.
16. Appraisals prior to closing title.
17. Cost of dealing with distributees or legatees residing outside of the state or county, such as recording power of attorney, recording will or exemplification of will, recording satisfaction of state tax.
18. Filing satisfaction of mortgage.
19. Documentary stamps.
20. Photographs of property at acquisition.
21. Fees and expenses incurred in the acquisition of water rights, and grants.
22. Cost of fill to extend bulkhead line over land under water, where riparian rights are held, which is not occasioned by the erection of a structure.
23. Sidewalks and curbs constructed by the utility on public property.
24. Labor and expenses in connection with securing rights of way, where performed by company employees and company agents.

8. *Structures and improvements.* A. The accounts for structures and improvements shall include the cost of all buildings and facilities to house, support, or safeguard property or persons, including all fixtures permanently attached to and made a part of buildings and which cannot be removed therefrom without cutting into the walls, ceilings, or floors, or without in some way impairing the buildings, and improvements of a permanent character on or to land. Also include those costs incurred in connection with the first clearing and grading of land and rights-

:-way, and the damage costs associ-:ed with construction and installation : plant.

B. The cost of specially provided)undations not intended to outlast the lachinery or apparatus for which pro-ided, and the cost of angle irons, cast-ngs, etc., installed at the base of an :em of equipment, shall be charged to he same account as the cost of the lachinery, apparatus, or equipment.

C. Minor buildings and structures nay be considered a part of the facility n connection with which constructed r operated and the cost thereof ac-:ounted for accordingly when the na-ure of the structure and facility indi-:ates the correctness of such account-ng.

D. Where furnaces and boilers are ised primarily for furnishing steam for ;ome particular department and only ncidentally for furnishing steam for leating a building and operating the equipment therein, the entire cost of such furnaces and boilers shall be charged to the appropriate plant account, and no part to the building account.

E. The cost of disposing of materials excavated in connection with construction of structures shall be considered as a part of the cost of such work, except as follows: (a) When such material is used for filling, the cost of loading, hauling, and dumping shall be equitably apportioned between the work in connection with which the removal occurs and the work in connection with which the material is used; (b) when such material is sold, the net amount realized from such sales shall be credited to the work in connection with which the removal occurs. If the amount realized from the sale of excavated materials exceeds the removal costs and the costs in connection with the sale, the excess shall be credited to the land account in which the site is carried.

F. Lighting or other fixtures temporarily attached to buildings for purposes of display or demonstration shall not be included in the cost of the building but in the appropriate equipment account.

G. The items of cost to be included in the accounts for structures and improvements are as follows:

1. Architects' plans and specifications including supervision.
2. Ash pits (when located within the building).
3. Athletic field structures and improvements.
4. Boilers, furnaces, piping, wiring, fixtures, and machinery for heating, lighting, signaling, ventilating, and air conditioning systems, plumbing, vacuum cleaning systems, incinerator and smoke pipe, flues, etc.
5. Bulkheads, including dredging, riprap fill, piling, decking, concrete, fenders, etc., when exposed and subject to maintenance and replacement.
6. Chimneys.
7. Coal bins and bunkers.
8. Commissions and fees to brokers, agents, architects and others.
9. Conduit (not to be removed) with its contents.
10. Damages to abutting property during construction.
11. Docks.
12. Door checks and door stops.
13. Drainage and sewerage systems.
14. Elevators, cranes, hoists, etc., and the machinery for operating them.
15. Excavation, including shoring, bracing, bridging, refill, and disposal of excess excavated material, cofferdams around foundation, pumping water from cofferdam during construction, and test borings.
16. Fences and fence curbs (not including protective fences insolating items of equipment, which shall be charged to the appropriate equipment account).
17. Fire protection systems when forming a part of a structure.
18. Flagpole.
19. Floor covering (permanently attached).
20. Foundations and piers for machinery, constructed as a permanent part of a building or other items listed herein.
21. Grading and clearing when directly occasioned by the building of a structure.
22. Holders—Relief.
23. Intrasite communication system, poles, pole fixtures, wires and cables.
24. Landscaping, lawns, shrubbery, etc.
25. Leases, voiding upon purchase to secure possession of structures.
26. Leased property, expenditures on.
27. Lighting fixtures and outside lighting system.
28. Mailchutes when part of a building.
29. Marquee, permanently attached to building.
30. Painting, first coat.
31. Permanent paving, concrete, brick, flagstone, asphalt, etc. within the property lines.
32. Partitions, including movable.
33. Permits and privileges.
34. Platforms, railings and gratings when constructed as a part of a structure.
35. Power boards for services to a building.

36. Refrigerating systems for general use.
37. Retaining walls except when identified with land.
38. Roadways, railroads, bridges, and trestles, intrasite, except railroads provided for in equipment accounts.
39. Roofs.
40. Scales, connected to and forming a part of a structure.
41. Screens.
42. Sewer systems, for general use.
43. Sidewalks, culverts, curbs and streets constructed by the utility on its property.
44. Sprinkling systems.
45. Sump pumps and pits.
46. Stacks—brick, steel, or concrete, when set on foundation forming part of general foundation and steelwork of a building.
47. Steel inspection during construction.
48. Storage facilities constituting a part of a building.
49. Storm doors and windows.
50. Subways, areaways, and tunnels, directly connected to and forming part of a structure.
51. Tanks, constructed as part of a building or as a distinct structural unit.
52. Temporary heating during construction (net cost).
53. Temporary water connection during construction (net cost).
54. Temporary shanties and other facilities used during construction (net cost).
55. Topographical maps.
56. Tunnels, intake and discharge, when constructed as part of a structure, including sluice gates, and those constructed to house mains.
57. Vaults constructed as part of a building.
58. Watchmen's sheds and clock systems (net cost when used during construction only).
59. Water basins or reservoirs.
60. Water front improvements.
61. Water meters and supply system for a building or for general company purposes.
62. Water supply piping, hydrants and wells.
63. Wharves.
64. Window shades and ventilators.
65. Yard drainage system.
66. Yard lighting system.
67. Yard surfacing, gravel, concrete, or oil (First cost only).

NOTE: Structures and Improvements accounts shall be credited with the cost of coal bunkers, stacks, foundations, subways, tunnels, etc., the use of which has terminated with the removal of the equipment with which they are associated even though they have not been physically removed.

9. *Equipment.* A. The cost of equipment chargeable to the gas plant accounts, unless otherwise indicated in the text of an equipment account, includes the net purchase price thereof, sales taxes, investigation and inspection expenses necessary to such purchase, expenses of transportation when borne by the utility, labor employed, materials and supplies consumed, and expenses incurred by the utility in unloading and placing the equipment in readiness to operate. Also include those costs incurred in connection with the first clearing and grading of land and rights-of-way and the damage costs associated with construction and installation of plant.

B. Exclude from equipment accounts hand and other portable tools which are likely to be lost or stolen or which have relatively small value (for example, $500 or less) or short life, unless the correctness of the accounting therefor as gas plant is verified by current inventories. Special tools acquired and included in the purchase price of equipment shall be included in the appropriate plant account. Portable drills and similar tool equipment when used in connection with the operation and maintenance of a particular plant or department, such as production, transmission, distribution, etc., or in "stores," shall be charged to the plant account appropriate for their use.

C. The equipment accounts shall include angle irons and similar items which are installed at the base of an item of equipment, but piers and foundations which are designed to be as permanent as the buildings which house the equipment, or which are constructed as a part of the building and which cannot be removed without cutting into the walls, ceilings or floors or without in some way impairing the building, shall be included in the building accounts.

D. The equipment accounts shall include the necessary costs of testing or running a plant or part thereof during an experimental or test period prior to becoming available for service. The utility shall furnish the Commission with full particulars of and justification for any test or experimental run extending beyond a period of thirty days.

E. The cost of efficiency or other tests made subsequent to the date

equipment becomes available for service shall be charged to the appropriate expense accounts, except that tests to determine whether equipment meets the specifications and requirements as to efficiency, performance, etc., guaranteed by manufacturers, made after operations have commenced and within the period specified in the agreement or contract of purchase, may be charged to the appropriate gas plant account.

10. *Additions and retirements of gas plant.*

A. For the purpose of avoiding undue refinement in accounting for additions to and retirements and replacements of gas plant, all property shall be considered as consisting of (1) retirement units and (2) minor items of property. Each utility shall maintain a written property units listing for use in accounting for additions and retirements of gas plant and apply the listing consistently.

B. The addition and retirement of retirement units shall be accounted for as follows:

(1) When a retirement unit is added to gas plant, the cost thereof shall be added to the appropriate gas plant account, except that when units are acquired in the acquisition of any gas plant constituting an operating system, they shall be accounted for as provided in gas plant instruction 5.

(2) When a retirement unit is retired from gas plant, with or without replacement, the book cost thereof shall be credited to the gas plant account in which it is included, determined in the manner set forth in paragraph D, below. If the retirement unit is of a depreciable class, the book cost of the unit retired and credited to gas plant shall be charged to the accumulated provision for depreciation applicable to such property. The cost of removal and the salvage shall be charged or credited, as appropriate, to such depreciation account.

C. The addition and retirement of minor items of property shall be accounted for as follows:

(1) When a minor item of property which did not previously exist is added to plant, the cost thereof shall be accounted for in the same manner as for the addition of a retirement unit, as set forth in paragraph B(1), above, if a substantial addition results, otherwise the charge shall be to the appropriate maintenance expense account.

(2) When a minor item of property is retired and not replaced, the book cost thereof shall be credited to the gas plant account in which it is included; and, in the event the minor item is a part of depreciable plant, the account for accumulated provision for depreciation shall be charged with the book cost and cost of removal and credited with the salvage. If, however, the book cost of the minor item retired and not replaced has been or will be accounted for by its inclusion in the retirement unit of which it is a part when such unit is retired, no separate credit to the property account is required when such minor item is retired.

(3) When a minor item of depreciable property is replaced independently of the retirement unit of which it is a part, the cost of replacement shall be charged to the maintenance account appropriate for the item, except that if the replacement effects a substantial betterment (the primary aim of which is to make the property affected more useful, more efficient, or of greater durability, or of greater capacity), the excess cost of the replacement over the estimated cost at current prices of replacing without betterment shall be charged to the appropriate gas plant account.

D. The book cost of gas plant retired shall be the amount at which such property is included in the gas plant accounts, including all components of construction costs. The book cost shall be determined from the utility's records and if this cannot be done it shall be estimated. Utilities must furnish the particulars of such estimates to the Commission, if requested. When it is impracticable to determine the book cost of each unit, due to the relatively large number or small cost thereof, an appropriate average book cost of the units, with due allowance for any differences in size and character, shall be used as the book cost of the units retired.

E. The book cost of land retired shall be credited to the appropriate land account. If the land is sold, the difference

between the book cost (less any accumulated provision for depreciation, depletion or amortization therefor which has been authorized and provided) and the sale price of the land (less commissions and other expenses of making the sale) shall be recorded in account 411.6, Gains from Disposition of Utility Plant or 411.7, Losses from Disposition of Utility Plant when the property has been recorded in account 105, Gas Plant Held for Future Use account 105.1, Production Properties Held for Future Use, otherwise to accounts 421.1, Gain on Disposition of Property or 421.2, Loss on Disposition of Property, as appropriate. If the land is not used in utility service but is retained by the utility, the book cost shall be charged to account 105, Gas Plant Held for Future Use, or account 121, Nonutility Property as appropriate.

F. The book cost less net salvage of depreciable gas plant retired shall be charged in its entirety to account 108. Accumulated Provision for Depreciation of Gas Plant in Service. Any amounts which, by approval or order of the Commission, are charged to account 182, Extraordinary Property Losses, shall be credited to account 108.

G. The accounting for the retirement of amounts included in account 302, Franchises and Consents, and account 303, Miscellaneous Intangible Plant, and the item of limited-term interest in land included in the accounts for land and land rights, shall be as provided for in the text of account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, account 404.3, Amortization of Other Limited-Term Gas Plant, and account 405, Amortization of Other Gas Plant.

11. *Work order and property record system required.* A. Each utility shall record all construction and retirements of gas plant by means of work orders or job orders. Separate work orders may be opened for additions to and retirements of gas plant or the retirements may be included with the construction work order, provided, however, that all items relating to the retirements shall be kept separate from those relating to construction and provided, further, that any maintenance costs involved in the work shall likewise be segregated.

B. Each utility shall keep its work order system so as to show the nature of each addition to or retirement of gas plant, the total cost thereof, the source or sources of costs, and the gas plant account or accounts to which charged or credited. Work orders covering jobs of short duration may be cleared monthly.

C. Each utility shall maintain records in which, for each plant account, the amounts of the annual additions and retirements are classified so as to show the number and cost of the various record units or retirement units.

12. *Transfers of property.* When property is transferred from one gas plant account to another, from one utility department to another (such as from gas to electric), from one operating division or area to another, to or from account 101, Gas Plant in Service, 104, Gas Plant Leased to Others, 105, Gas Plant Held for Future Use, 105.1, Production Properties held for Future Use, and 121, Nonutility Property, the transfer shall be recorded by transferring the original cost thereof from the one account, department, or location to the other. Any related amounts carried in the accounts for accumulated provisions for depreciation, depletion, or amortization shall be transferred in accordance with the segregation of such accounts.

NOTE Amounts included in account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, shall not be related to a particular natural gas lease, and therefore, shall not be transferred under the provisions of this instruction.

13. *Common utility plant.* A. If the utility is engaged in more than one utility service such as gas, electric, and water, and any of its utility plant is used in common for several utility services or for other purposes to such an extent and in such manner that it is impracticable to segregate it by utility services currently in the accounts, such property, with the approval of the Commission, may be designated and classified as "common utility plant."

B. The book amount of utility plant designated as common plant shall be included in account 118, Other Utility Plant, and if applicable in part to gas

partment, shall be segregated and accounted for in subaccounts as gas plant accounted for in accounts 101 to 107, clusive, and gas plant adjustments in count 116; any amounts classifiable common plant acquisition adjustents or common plant adjustments all be subject to disposition as proded in paragraph C and B of accounts 4 and 116, respectively, for amounts assified in those accounts. The origial cost of common utility plant in rvice shall be classified according to tailed utility plant accounts appropriate for the property.

C. The utility shall be prepared to ow at any time and to report to the ommission annually, or more frequently, if required, and by utility lant accounts (301 to 399) the folowing: (1) The book cost of common tility plant, (2) the allocation of such ost to the respective departments sing the common utility plant, and (3) he basis of the allocation.

D. The accumulated provision for dereciation and amortization of the utilty shall be segregated so as to show he amount applicable to the property lassified as common utility plant.

E. The expenses of operation mainteance, rents, depreciation and amortiation of common utility plant shall be ecorded in the accounts prescribed erein, but designated as common exenses, and the allocation of such exenses to the departments using the ommon utility plant shall be supported in such manner as to reflect eadily the basis of allocation used.

14. *Employee villages and living quarers.* Where employee villages or living uarters are provided for operators and ttendants of a functional installation uch as a compressor station or gasoline plant, the structures and improvements shall be classified in the related functional structures and improvements account. The furnishings of such residential and recreational facilities shall be classified in the equipment account of the related function.

15. *Fees for applications filed with the Commission.* A. Fees for applications involving construction of property shall be accounted for as follows:

(1) All fees paid prior to the final disposition of the certificate application shall be charged to account 186, Miscellaneous Deferred Debits.

(2) If the certificate is granted and accepted, the amounts recorded in account 186 shall be cleared to account 107, Construction Work in Progress—Gas, and subsequently cleared to the appropriate plant accounts.

(3) If the certificate requested is not granted or is not accepted by the applicant, the fees recorded in account 186 shall be cleared to account 928, Regulatory Commission Expenses.

(4) All amounts paid after the Commission has granted the certificate shall be recorded in account 107, Construction Work in Progress—Gas, and subsequently cleared to the appropriate plant accounts.

B. All amounts paid related to certificate applications involving the acquisitions of facilities including those acquired by merger or pooling of interests shall be charged to account 928, Regulatory Commission Expenses.

C. All other fees for applications not involving construction or acquisition of facilities shall be charged to account 928, Regulatory Commission Expenses.

Operating Expense Instructions

1. *Supervision and engineering.* The supervision and engineering includible in the operating expense accounts shall consist of the pay and expenses of superintendents, engineers, clerks, other employees and consultants engaged in supervising and directing the operation and maintenance of each utility function. Wherever allocations are necessary in order to arrive at the amount to be included in any account the method and basis of allocation shall be reflected by underlying records.

ITEMS

Labor:

1. Special tests to determine efficiency of equipment operation.
2. Preparing or reviewing budgets, estimates, and drawings relating to operation or maintenance for departmental approval.
3. Preparing instructions for operations and maintenance activities.
4. Reviewing and analyzing operating results.
5. Establishing organizational setup of departments and executing changes therein.

6. Formulating and reviewing routines of departments and executing changes therein.
7. General training and instruction of employees by supervisors whose pay is chargeable hereto. Specific instruction and training in a particular type of work is chargeable to the appropriate functional account. (See Gas Plant Instruction 3(19).)
8. Secretarial work for supervisory personnel, but not general clerical and stenographic work chargeable to other accounts.

Expenses:

9. Consultants' fees and expenses.
10. Meals, traveling and incidental expenses.

2. *Maintenance.* A. The cost of maintenance chargeable to the various operating expense and clearing accounts, includes labor, materials, overheads and other expenses incurred in maintenance work. A list of work operations applicable generally to utility plant is included hereunder. Other work operations applicable to specific classes of plant are listed in functional maintenance expense accounts.

B. Materials recovered in connection with the maintenance of property shall be credited to the same account to which the maintenance cost was charged.

C. If the book cost of any property is carried in account 102, Gas Plant Purchased or Sold, the cost of maintaining such property shall be charged to the accounts for maintenance of property of the same class and use, the book cost of which is carried in other gas plant in service accounts. Maintenance of property leased from others shall be treated as provided in operating expense instruction 3.

ITEMS

1. Direct field supervision of maintenance.
2. Inspecting, testing, and reporting on condition of plant specifically to determine the need for repairs, replacements, rearrangements and changes and inspecting and testing the adequacy of repairs which have been made.
3. Work performed specifically for the purpose of preventing failure, restoring serviceability or maintaining life of plant.
4. Rearranging and changing the location of plant not retired.
5. Repairing for reuse materials recovered from plant.
6. Testing for, locating and clearing trouble.
7. Net cost of installing, maintaining, and removing temporary facilities to prevent interruptions in service.
8. Replacing or adding minor items of plant which do not constitute a retirement unit. (See gas plant instruction 10.)

3. *Rents.* A. The rent expense accounts provided under the several functional groups of expense accounts shall include all rents, including taxes paid by the lessee on leased property, for property used in utility operations, except (1) minor amounts paid for occasional or infrequent use of any property or equipment and all amounts paid for use of equipment that, if owned, would be includible in plant accounts 391 to 398, inclusive, which shall be treated as an expense item and included in the appropriate functional account and (2) rents which are chargeable to clearing accounts, and distributed therefrom to the appropriate account. If rents cover property used for more than one function, such as production and transmission, or by more than one department, the rents shall be apportioned to the appropriate rent expense or clearing accounts of each department on an actual, or, if necessary, an estimated basis.

B. When a portion of property or equipment rented from others for use in connection with utility operations is subleased, the revenue derived from such subleasing shall be credited to the rent revenue account in operating revenues: *Provided, however,* That in case the rent was charged to a clearing account, amounts received from subleasing the property shall be credited to such clearing account.

C. The cost, when incurred by the lessee, of operating and maintaining leased property, shall be charged to the accounts appropriate for the expense if the property were owned.

D. The cost incurred by the lessee of additions and replacements to gas plant leased from other shall be accounted for as provided in gas plant instruction 6.

4. *Training costs.* When it is necessary that employees be trained to specifically operate or maintain plant facilities that are being constructed, the related costs shall be accounted for as a current operating and maintenance expense. These expenses shall be charged

to the appropriate functional accounts currently as they are incurred. However, when the training costs involved relate to facilities which are not conventional in nature, or are new to the company's operations, then see Gas Plant Instruction 3(19) for accounting.

Balance Sheet Chart of Accounts

ASSETS AND OTHER DEBITS

1. UTILITY PLANT

101 Gas plant in service.
101.1 Property under capital leases.
102 Gas plant purchased or sold.
103 Experimental gas plant unclassified.
104 Gas plant leased to others.
105 Gas plant held for future use.
105.1 Production properties held for future use.
106 Completed construction not classified—Gas.
107 Construction work in progress—Gas.
108 Accumulated provision for depreciation of gas utility plant.
109 [Reserved]
111 Accumulated provision for amortization and depletion of gas utility plant.
111.1–111.2 [Reserved]
112 [Reserved]
113.1–113.2 [Reserved]
114 Gas plant acquisition adjustments.
115 Accumulated provision for amortization of gas plant acquisition adjustments.
116 Other gas plant adjustments.
117.1 Gas stored-Base gas.
117.2 System balancing gas.
117.3 Gas stored in reservoirs and pipelines-noncurrent.
117.4 Gas owed to system gas.
118 Other utility plant.
119 Accumulated provision for depreciation and amortization of other utility plant.

2. OTHER PROPERTY AND INVESTMENTS

121 Nonutility property.
122 Accumulated provision for depreciation and amortization of nonutility property.
123 Investment in associated companies.
123.1 Investment in subsidiary companies.
124 Other investments.
125 Sinking funds.
126 Depreciation fund.
128 Other special funds.

3. CURRENT AND ACCRUED ASSETS

131 Cash.
132 Interest special deposits.
133 Dividend special deposits.
134 Other special deposits.
135 Working funds.
136 Temporary cash investments.
141 Notes receivable.
142 Customer accounts receivable.
143 Other accounts receivable.
144 Accumulated provision for uncollectible accounts—Cr.
145 Notes receivable from associated companies.
146 Accounts receivable from associated companies.
151 Fuel stock.
152 Fuel stock expenses undistributed.
153 Residuals and extracted products.
154 Plant materials and operating supplies (Major only).
155 Merchandise.
156 Other materials and supplies.
163 Stores expense undistributed.
164.1 Gas stored—current.
164.2 Liquefied natural gas stored.
164.3 Liquefied natural gas held for processing.
165 Prepayments.
166 Advances for gas exploration, development, and production.
167 Other advances for gas.
171 Interest and dividends receivable.
172 Rents receivable.
173 Accrued utility revenues.
174 Miscellaneous current and accrued assets.

4. DEFERRED DEBITS

181 Unamortized debt expense.
182.1 Extraordinary property losses.
182.2 Unrecovered plant and regulatory study costs.
182.3 Other regulatory assets.
183.1 Preliminary natural gas survey and investigation charges.
183.2 Other preliminary survey and investigation charges.
184 Clearing accounts.
185 Temporary facilities.
186 Miscellaneous deferred debits.
187 Deferred losses from disposition of utility plant.
188 Research, development, and demonstration expenditures.
189 Unamortized loss on reacquired debt.
190 Accumulated deferred income taxes.
191 Unrecovered purchased gas costs.

LIABILITIES AND OTHER CREDIT

5. PROPRIETARY CAPITAL

201 Common stock issued.
202 Common stock subscribed.
203 Common stock liability for conversion.
204 Preferred stock issued.
205 Preferred stock subscribed.
206 Preferred stock liability for conversion.
207 Premium on capital stock.
208 Donations received from stockholders.
209 Reduction in par or stated value of capital stock.
210 Gain on resale or cancellation of reacquired capital stock.
211 Miscellaneous paid-in capital.
212 Installments received on capital stock.

213 Discount on capital stock.
214 Capital stock expense.
215 Appropriated retained earnings.
216 Unappropriated retained earnings.
216.1 Unappropriated undistributed subsidiary earnings.
217 Reacquired capital stock.

6. LONG-TERM DEBT

221 Bonds.
222 Reacquired bonds.
223 Advances from associated companies.
224 Other long-term debt.
225 Unamortized premium on long-term debt.
226 Unamortized discount on long-term debt—Debit.

7. OTHER NONCURRENT LIABILITIES.

227 Obligations under capital leases—noncurrent.
228.1 Accumulated provision for property insurance.
228.2 Accumulated provision for injuries and damages.
228.3 Accumulated provision for pensions and benefits.
228.4 Accumulated miscellaneous operating provisions.
229 Accumulated provision for rate refunds.

8. CURRENT AND ACCRUED LIABILITIES

231 Notes payable.
232 Accounts payable.
233 Notes payable to associated companies.
234 Accounts payable to associated companies.
235 Customer deposits.
236 Taxes accrued.
237 Interest accrued.
238 Dividends declared.
239 Matured long-term debt.
240 Matured interest.
241 Tax collections payable.
242 Miscellaneous current and accrued liabilities.
243 Obligations under capital leases—current.

9. DEFERRED CREDITS

252 Customer advances for construction.
253 Other deferred credits.
254 Other regulatory liabilities.
255 Accumulated deferred investment tax credits.
256 Deferred gains from disposition of utility plant.
257 Unamortized gain on reacquired debt.
281 Accumulated deferred income taxes—Accelerated amortization property.
282 Accumulated deferred income taxes—Other property.
283 Accumulated deferred income taxes—Other.

Balance Sheet Accounts

101 Gas plant in service.

A. This account shall include the original cost of gas plant, included in accounts 301 to 399 prescribed herein, owned and used by the utility in its gas operations, and having an expectation of life in service of more than one year from date of installation. Including such property owned by the utility but held by nominees. (See also account 106 for unclassified construction costs of completed plant actually in service.)

B. The cost of additions to and betterments of property leased from others, which are includible in this account, shall be recorded in subdivisions separate and distinct from those relating to owned property. (See gas plant instruction 6.)

101.1 Property under capital leases.

A. This account shall include the amount recorded under capital leases for plant leased from others and used by the utility in its utility operations.

B. The gas property included in this account shall be classified separately according to the detailed accounts (301 to 399) prescribed for gas plant in service.

C. Records shall be maintained with respect to each capital lease reflecting: (1) Name of lessor, (2) basic details of lease, (3) terminal date, (4) original cost fair market value of property leased, (5) future minimum lease payments, (6) executory costs, (7) present value of minimum lease payments, (8) the amounts representing interest and the interest rate used, and (9) expenses paid.

102 Gas plant purchased or sold.

A. This account shall be charged with the cost of gas plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise, and shall be credited with the selling price of like property transferred to others pending the distribution to appropriate accounts in accordance with gas plant instruction 5.

B. Within six months from the date of acquisition or sale of property recorded herein, the utility shall file with the Commission the proposed

journal entries to clear from this account the amounts recorded herein.

103 Experimental gas plant unclassified.

A. This account shall include the cost of gas plant which was constructed as a research, development, and demonstration project under the provisions of paragraph C, Account 107, Construction Work in Progress—Gas, and due to the nature of the plant it is desirous to operate it for a period of time in an experimental status.

B. Amounts in this account shall be transferred to Account 101, Gas Plant in Service, or Account 121, Nonutility Property, as appropriate, when the project is no longer considered as experimental. Prior to transfer to account 101 the subject plant must be certified by the Commission for use as gas plant in service.

C. The depreciation on property in this account shall be charged to Account 403, Depreciation Expense, and credited to Account 108, Accumulated Provision for Depreciation of Gas Utility Plant. The amounts herein shall be depreciated over a period which would correspond to the estimated useful life of the relevant project considering the experimental characteristics involved. However, when projects are transferred to Account 101, Gas Plant in Service, a new depreciation rate based on the remaining service life and undepreciated amounts, will be established.

D. Records shall be maintained with respect to each unit of experiment so that full details may be obtained as to the cost, depreciation, and the experimental status.

E. Should it be determined that experimental plants recorded in this account will fail to satisfactorily perform its function, the costs thereof shall be accounted for as directed or authorized by the Commission.

104 Gas plant leased to others.

A. This account shall include the original cost of gas plant owned by the utility but leased to others as operating units or systems, where the lessee has exclusive possession.

B. The property included in this account shall be classified according to the detailed accounts (301 to 399) prescribed for gas plant in service and this account shall be maintained in such detail as though the property were used by the owner in its utility operations.

105 Gas plant held for future use.

A. This account shall include the original cost of gas plant (except land and land rights) owned and held for future use in gas service under a definite plan for such use, to include: (1) Property acquired (except land and land rights) but never used by the utility in gas service, but held for such service in the future under a definite plan, and (2) property (except land and land rights) previously used by the utility in gas service, but retired from such service and held pending its reuse in the future, under a definite plan, in gas service. This includes production properties relating to leases acquired on or before October 7, 1969.

B. This account shall also include the original cost of land and land rights owned and held for future use in gas service relating to leases acquired on or before October 7, 1969, under a plan for such use, to include land and land rights: (1) Acquired but never used by the utility in gas service, but held for such service in the future under a plan, and (2) previously held by the utility in gas service, but retired from such service and held pending its reuse in the future under a plan, in gas service. (See Gas Plant Instruction 7.)

C. In the event that property recorded in this account shall no longer be needed or appropriate for future utility operations, the company shall request Commission approval of journal entries to remove such property from this account when the gain realized from the sale or other disposition of the property is $100,000 or more, prior to their being recorded. Such filings shall include the description and original cost of individual properties removed from this account, the accounts charged upon removal, and any associated gains realized upon disposition of such property.

D. Gains or losses from the sale of land and land rights or other disposition of such property previously recorded in this account and not placed

in utility service shall be recorded directly in accounts 411.6 or 411.7, as appropriate, except when determined to be significant by the Commission. Upon such a determination, the amounts shall be transferred to account 256, Deferred Gains from Disposition of Utility Plant, or account 187, Deferred Losses from Disposition of Utility Plant, and amortized to accounts 411.6, Gains from Disposition of Utility Plant, or 411.7, Losses from Disposition of Utility Plant, as appropriate.

E. The property included in this account shall be classified according to the detail accounts (301 to 399) prescribed for gas plant in service and the account shall be maintained in such detail as though the property were in service.

NOTE A: Materials and supplies, meters and house regulators held in reserve, and normal spare capacity of plant in service shall not be included in this account.

NOTE B: Include in this account natural gas wells shut in after construction which have not been connected with the line; also, natural gas wells which have been connected with the line but which are shut in for any reason except seasonal excess capacity or governmental proration requirements or for repairs, provided that the related production leases were acquired on or before October 7, 1969.

NOTE C (NONMAJOR ONLY): The loss on abandonment of natural gas leases acquired after October 7, 1969, shall be charged to Account 338, Unsuccessful Exploration and Development Costs.

105.1 Production properties held for future use.

A. This account shall include the cost of production properties (except land and land rights) relating to leases acquired on or after October 8, 1969, held under a definite plan for future use to insure a future supply of natural gas for use in pipeline operations, to include: (1) Production property (except land and land rights) acquired but never used by the utility in gas service, but held for such service in the future under a definite plan, and (2) production property (except land and land rights) previously used by the utility in gas service, but retired from such service and held pending its reuse in the future, under a definite plan, in gas service.

B. This account shall also include the original cost of land and land rights held under a plan for future use to insure a future supply of natural gas for use in pipeline operations, relating to leases acquired on or after October 8, 1969, to include land and land rights: (1) Acquired but never used by the utility in gas service, but held for service in the future under a plan, and (2) previously used by the utility in gas service, but retired from such service and held pending its reuse in the future under a plan, in gas service. (See Gas Plant Instruction 7.)

C. In the event that property recorded in this account shall no longer be needed or appropriate for future utility operations, the company shall request Commission approval of journal entries to remove such property from this account when the gain realized from the sale or other disposition of the property is $100,000 or more, prior to their being recorded. Such filings shall include the description and original cost of individual properties removed from this account, the accounts charged upon removal, and any associated gains realized upon disposition of such property.

D. Gains or losses from the sale of land and land rights or other disposition of such property previously recorded in this account and not placed in utility service shall be recorded directly in accounts 411.6 or 411.7, as appropriate, except when determined to be significant by the Commission. Upon such determination, the amounts shall be transferred to account 256, Deferred Gains from Sale of Utility Plant, or account 187, Deferred Losses from Sale of Utility Plant, and amortized to accounts 411.6, Gains from Disposition of Utility Plant or 411.7, Losses from Disposition of Utility Plant, as appropriate.

E. The property included in this account shall be classified according to the detailed accounts prescribed for natural gas production and gathering plant in service and such classification shall be maintained in the same detail as though the property were in service.

NOTE: Unsuccessful exploration and development costs incurred on leases acquired

after October 7, 1969, shall be charged to account 338, Unsuccessful Exploration and Development Costs.

106 Completed construction not classified—Gas.

At the end of the year or such other date as a balance sheet may be required by the Commission, this account shall include the total of the balances of work orders for gas plant which have been completed and placed in service but which work orders have not been classified for transfer to the detailed gas plant accounts.

NOTE: For the purpose of reporting to the Commission the classification of gas plant in service by accounts is required, the utility shall also report the balance in this account tentatively classified as accurately as practicable according to prescribed account classifications. The purpose of this provision is to avoid any significant omissions in reported amounts of gas plant in service.

107 Construction work in progress—Gas.

A. This account shall include the total of the balances of work orders for gas plant in process of construction.

B. Work orders shall be cleared from this account as soon as practicable after completion of the job. Further, if a project, such as a gas production plant, a compressor station, or a transmission line, is designed to consist of two or more units which may be placed in service at different dates, any expenditures which are common to and which will be used in the operation of the project as a whole shall be included in gas plant in service upon the completion and the readiness for service of the first unit. Any expenditures which are identified exclusively with units of property not yet in service shall be included in this account.

C. Expenditures on research, development, and demonstration projects for construction of utility facilities are to be included in a separate subdivision in this account. Records must be maintained to show separately each project along with complete detail of the nature and purpose of the research, development, and demonstration project together with the related costs.

NOTE A: This account shall include certificate application fees paid to the Federal Energy Regulatory Commission as provided for in gas plant instruction 15.

NOTE B: Unsuccessful exploration and development costs incurred on leases acquired after October 7, 1969, shall be transferred to account 338, Unsuccessful Exploration and Development Costs.

108 Accumulated provision for depreciation of gas utility plant.

A. This account shall be credited with the following:

(1) Amounts charged to account 403, Depreciation Expense, or to clearing accounts for current depreciation expense for gas plant in service.

(2) Amounts charged to account 421, Miscellaneous Nonoperating Income, for depreciation expense on property included in account 105, Gas Plant Held for Future Use, or 105.1, Production Properties Held for Future Use. Include also, the balance of accumulated provision for depreciation on property when transferred to account 105 or 105.1, from other property accounts. Normally, account 108 will not be used for current depreciation provisions because, as provided herein, the service life during which depreciation is computed commences with the date property is includible in gas plant in service; however, if special circumstances indicate the propriety of current accruals for depreciation, such charges shall be made to account 421, Miscellaneous Nonoperating Income.

(3) Amounts charged to account 413, Expenses of Gas Plant Leased to Others, for gas plant included in account 104, Gas Plant Leased to Others.

(4) Amounts charged to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work, or to clearing accounts for current depreciation expense.

(5) Amounts of depreciation applicable to gas properties acquired as operating units or systems. (See gas plant instruction 5.)

(6) Amounts charged to account 182.1, Extraordinary Property Losses, when authorized by the Commission.

(7) Amounts of depreciation applicable to gas plant donated to the utility.

(The utility shall maintain separate subaccounts for depreciation applicable to gas plant in service, gas plant leased to others and gas plant held for future use.)

B. At the time of retirement of depreciable gas utility plant, this account shall be charged with the book cost of the property retired and the cost of removal and shall be credited with the salvage value and any other amounts recovered, such as insurance. When retirements, cost of removal and salvage are entered originally in retirement work orders, the net total of such work orders may be included in a separate subaccount hereunder. Upon completion of the work order, the proper distribution to subdivision of this account shall be made as provided in the following paragraph.

C. For general ledger and balance sheet purposes, this account shall be regarded and treated as a single composite provision for depreciation. For purposes of analysis, however, each utility shall maintain subsidiary records in which this account is segregating according to the following functional classification for gas plant:

(1) Production—manufactured gas, (2) production and gathering—natural gas, (3) products extraction—natural gas, (4) underground gas storage, (5) other storage, (6) base load LNG terminaling and processing plant, (7) transmission, (8) distribution, and (9) general. These subsidiary records shall reflect the current credits and debits to this account in sufficient detail to show separately for each such functional classification (a) the amount of provision for depreciation, (b) the book cost of property retired, (c) cost of removal, (d) salvage, and (e) other items, including recoveries from insurance.

D. When transfers of plant are made from one gas plant account to another, or from or to another utility department, or from or to nonutility property accounts, the accounting for the related accumulated provision for depreciation shall be as provided in gas plant instruction 12.

E. The utility is restricted in its use of the provision for depreciation to the purposes set forth above. It shall not transfer any portion of this account to retained earnings or make any other use thereof without authorization by the Commission.

109 [Reserved]

111 Accumulated provision for amortization and depletion of gas utility plant.

A. This account shall be credited with the following:

(1) Amounts charged to account 404.1, Amortization and Depletion of Producing Natural Gas Land and Land Rights, for current amortization and depletion of such land and land rights.

(2) Amounts charged to account 404.2, Amortization of Underground Storage Land and Land Rights, for current amortization.

(3) Amounts charged to account 404.3, Amortization of Other Limited-Term Gas Plant, for the current amortization of limited-term gas plant.

(4) Amounts charged to account 421, Miscellaneous Nonoperating Income, for amortization expense on property included in account 105, Gas Plant Held for Future Use, or 105.1, Production Properties Held for Future Use. Include also, the balance of accumulated provision for amortization on property when transferred to account 105 or 105.1 from other property accounts.

NOTE: See also paragraph A(2), of account 108, Accumulated Provision for Depreciation of Gas Utility Plant.

(5) Amounts charged to account 405, Amortization of Other Gas Plant.

(6) Amounts charged to account 413, Expenses of Gas Plant Leased to Others, for current amortization thereof.

(7) Amounts charged to account 797, Abandoned Leases, to provide for the abandonment of nonproductive natural gas leases.

(8) Amounts charged to account 425, Miscellaneous Amortization, for the amortization of intangible or other gas plant which does not have a definite or terminable life and is not subject to charges for depreciation expense, with Commission approval.

(The utility shall maintain subaccounts of this account for the amortization applicable to producing natural gas land and land rights, other gas plant in service, gas plant leased to others, abandonment of leases and gas plant held for future use.)

B. When any property to which this account applies is sold, relinquished, or

otherwise retired from service, this account shall be charged with the amount previously credited in respect to such property. The book cost of the property so retired less the amount chargeable to this account and less the net proceeds realized at retirement shall be included in account 421.1, Gain on Disposition of Property, or account 421.2, Loss on Disposition of Property, as appropriate.

C. For general ledger and balance sheet purposes, this account shall be regarded and treated as a single composite provision for amortization.

For purposes of analysis, however, each utility shall maintain subsidiary records in which this account is segregating according to the following functional classification for gas plant:

(1) Production—manufactured gas, (2) production and gathering—natural gas, (3) products extraction—natural gas, (4) underground gas storage, (5) other storage, (6) base load LNG terminaling and processing plant, (7) transmission, (8) distribution, and (9) general. These subsidiary records shall reflect the current credits and debits to this account in sufficient detail to show separately for each such functional classification (a) the amount of provision for amortization, (b) the book cost of property retired, (c) cost of removal, (d) salvage, and (e) other items, including recoveries from insurance. Records shall be maintained so as to show separately the balance applicable to each item of land and land rights which is being amortized or depleted except that natural gas land and land rights which comprise an interest in a production area may be grouped to form a unit for amortization and depletion and the accumulated provision applicable thereto need not be segregated to show the amount related to each gas right included therein. Records shall also be maintained so as to show separately the balance applicable to each underground gas storage project.

D. The utility is restricted in its use of the accumulated provision for amortization to the purposes set forth above. It shall not transfer any portion of this account to retained earnings or make any other use thereof without authorization by the Commission.

112–113 [Reserved]

114 Gas plant acquisition adjustments.

A. This account shall include the difference between (a) the cost to the accounting utility of gas plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise, and (b) the original cost, estimated, if not known, of such property, less the amount or amounts credited by the accounting utility at the time of acquisition to accumulated provisions for depreciation, depletion, and amortization and contributions in aid of construction with respect to such property.

B. With respect to acquisitions after the effective date of this system of accounts, this account shall be subdivided so as to show the amounts included herein for each property acquisition and to gas plant in service, gas plant held for future use and gas plant leased to others. (See gas plant instruction 5.)

C. Debit amounts recorded in this account related to plant and land acquisition may be amortized to account 425, Miscellaneous Amortization, over a period not longer than the estimated remaining life of the properties to which such amounts relate. Amounts related to the acquisition of land only may be amortized to account 425 over a period of not more than 15 years. Should a utility wish to account for debit amounts in this account in any other manner, it shall petition the Commission for authority to do so. Credit amounts recorded in this account shall be accounted for as directed by the Commission.

115 Accumulated provision for amortization of gas plant acquisition adjustments.

This account shall be credited or debited with amounts which are includible in account 406, Amortization of Gas Plant Acquisition Adjustments or account 425, Miscellaneous Amortization, for the purpose of providing for the extinguishment of amounts in account 114, Gas Plant Acquisition Adjustments, in instances where the amortization of account 114 is not being made by direct write-off of the account.

116 Other gas plant adjustments.

A. This account shall include the difference between the original cost, estimated if not known, and the book cost of gas plant to the extent that such difference is not properly includible in account 114 Gas Plant Acquisition Adjustments. (See gas plant instruction 1C.)

B. Amounts included in this account shall be classified in such manner as to show the origin of each amount and shall be disposed of as the Commission may approve or direct.

NOTE: The provisions of this account shall not be construed as approving or authorizing the recording of appreciation of gas plant.

Special Instructions to Accounts 117.1, 117.2 and 117.3

The investment in and use of system gas included in Account 117.1, Gas Stored—Base Gas, and Account 117.2, System Balancing Gas, may be accounted for using either the "fixed asset" method or an "inventory" method as set forth below. The cost of stored gas included in Account 117.3 must be accounted for using an inventory method.

(a) *Inventory Method*—Gas stored during the year must be priced at cost according to generally accepted methods of cost determination consistently applied from year to year. Transmission expenses for facilities of the utility used in moving the gas to the storage area and expenses of storage facilities cannot be included in the inventory of gas except as may be authorized or directed by the Commission.

Withdrawals of gas must be priced using the first-in-first-out, last-in-first-out, or weighted average cost method, provided the method adopted by the utility is used consistently from year to year and appropriate inventory records are maintained. Approval of the Commission must be obtained for any other pricing method, or change in the pricing method adopted by the utility.

Adjustments for inventory losses related to gas held in underground reservoirs due to cumulative inaccuracies of gas measurements, or from other causes, must be charged to Account 823, Gas Losses. Losses of system gas not associated with underground reservoirs must be charged to Account 813, Other Gas Supply Expenses.

(b) *Fixed Asset Method*—When replacement of the gas is made, the amount carried in Account 117.4 for such volumes must be cleared with a contra entry to Account 808.2, Gas Delivered to Storage—Credit. Any difference between the utility's cost of replacement gas volumes and the amount cleared from Account 117.4 must be recognized as a gain in Account 495, Other gas revenues, or as a loss in Account 813, Other gas supply expenses, with contra entries to Account 808.2.

Adjustments for inventory losses related to gas held in underground reservoirs due to cumulative inaccuracies of gas measurements, or from other causes, must be charged to Account 823, Gas Losses. Losses of system gas not associated with underground reservoirs must be charged to Account 813, Other Gas Supply Expenses. Gas losses must be priced at the market price of gas available to the utility in the month the loss is recognized.

Gas owned by the utility and injected into its system will be deemed to satisfy any encroachment on system gas first before any other use.

117.1 Gas stored-base gas.

This account is to include the cost of recoverable gas volumes that are necessary, in addition to those volumes for which cost are properly includable in Account 101, Gas plant in service, to maintain pressure and deliverability requirements for each storage facility. Nonrecoverable gas volumes used for this purpose are to be recorded in Account 352.3, Nonrecoverable natural gas. For utilities using the fixed asset method of accounting, the cost of base gas applicable to each gas storage facility shall not be changed from the amount initially recorded except to reflect changes in volumes designated as base gas. If an inventory method is used to account for gas included herein, the utility may, at its election, price withdrawals in accordance with the instructions to Account 117.4.

117.2 System balancing gas.

This account is to be used to record the cost of system gas designated as available for transmission load balancing (including no-notice transportation) and other uses associated with maintaining efficient transmission operations other than gas properly recordable in Account 117.1 or the plant accounts. Detailed records must be kept separately identifying volumes and unit prices of system gas held in underground storage facilities and held in pipelines.

For utilities using fixed asset accounting, the cost initially recorded herein cannot be changed except for adjustments to volumes designated as system gas. Encroachments upon system gas must be accounted for in accordance with the instructions to Account 117.4, Gas owed to system gas.

117.3 Gas stored in reservoirs and pipelines—noncurrent.

This account is to include the cost of stored gas owned by the utility and available for sale or other purposes. Gas included in this account must be accounted for using an inventory method in accordance with the Special Instructions to Accounts 117.1, 117.2, and 117.3 above.

117.4 Gas owed to system gas.

This account is to be used to record encroachments of system gas under the fixed asset method. This account may also be used to record encroachments of base gas for utilities electing to use an inventory method of accounting for system gas. Utilities may revalve cumulative net imbalances, net all transactions, and record one monthly entry with one month-end price for valuation purposes.

118 Other utility plant.

This account shall include the balance in accounts for utility plant, other than gas plant, such as electric, railway, etc.

119 Accumulated provision for depreciation and amortization of other utility plant.

This account shall include the accumulated provision for depreciation and amortization applicable to utility property other than gas plant.

121 Nonutility property.

A. This account shall include the book cost of land, structures, equipment or other tangible or intangible property owned by the utility, but not used in utility service and not properly includible in account 105, Gas Plant Held for Future Use.

B. This account shall also include the amount recorded under capital leases for property leased from others and used by the utility in its nonutility operations. Records shall be maintained with respect to each lease reflecting: (1) name of lessor, (2) basic details of lease, (3) terminal date, (4) original cost or fair market value of property leased, (5) future minimum lease payments, (6) executory costs, (7) present value of minimum lease payments, (8) the amount representing interest and the interest rate used, and (9) expenses paid.

C. This account shall be subdivided so as to show the amount of property used in operations which are nonutility in character but nevertheless constitute a distinct operating activity of the company (such as operation of an ice department where such activity is not classed as a utility) and the amount of miscellaneous property not used in operations. The records in support of each subaccount shall be maintained so as to show an appropriate classification of the property.

NOTE: In the event of the subsequent sale or other disposition of property included in this account which had been previously recorded in account 105, Gas Plant Held for Future Use, or account 105.1, Production Properties Held for Future Use, such property costs shall be accounted for in accordance with paragraph C of accounts 105 and 105.1, respectively.

122 Accumulated provision for depreciation and amortization of nonutility property.

This account shall include the accumulated provision for depreciation and amortization applicable to nonutility property.

123 Investment in associated companies.

A. This account shall include the book cost of investments in securities issued or assumed by associated companies and investment advances to such companies, including interest accrued thereon when such interest is not subject to current settlement, provided that the investment does not relate to a subsidiary company. (If the investment relates to a subsidiary company it shall be included in account entry to the recording of amortization of discount or premium on interest bearing investments. Include herein the offsetting 123.1, Investment in Subsidiary Companies.) (See account 419, Interest and Dividend Income.)

B. This account shall be maintained in such manner as to show the investment in securities of, and advances to, each associated company together with full particulars regarding any of such investments that are pledged.

NOTE A: Securities and advances of associated companies owned and pledged shall be included in this account, but such securities, if held in special deposits or in special funds, shall be included in the appropriate deposit or fund account. A complete record of securities pledged shall be maintained.

NOTE B: Securities of associated companies held as temporary cash investments are includible in account 136, Temporary Cash Investments.

NOTE C: Balances in open accounts with associated companies, which are subject to current settlement, are includible in account 146, Accounts Receivable from Associated Companies.

NOTE D: The utility may write down the cost of any security in recognition of a decline in the value thereof. Securities shall be written off or written down to a nominal value if there be no reasonable prospect of substantial value. Fluctuations in market value shall not be recorded but a permanent impairment in the value of securities shall be recognized in the accounts. When securities are written off or written down, the amount of the adjustment shall be charged to account 426.5, Other Deductions, or to an appropriate account for accumulated provisions for loss in value established as a separate subdivision of this account.

123.1 Investment in subsidiary companies.

A. This account shall include the cost of investments in securities issued or assumed by subsidiary companies and investment advances to such companies, including interest accrued thereon when such interest is not subject to current settlement plus the equity in undistributed earnings or losses of such subsidiary companies since acquisition. This account shall be credited with any dividends declared by such subsidiaries.

B. This account shall be maintained in such a manner as to show separately for each subsidiary: The cost of such investments in the securities of the subsidiary at the time of acquisition; the amount of equity in the subsidiary's undistributed net earnings or net losses since acquisition; advances or loans to such subsidiary; and full particulars regarding any such investments that are pledged.

124 Other investments.

A. This account shall include the book cost of investments in securities issued or assumed by nonassociated companies, investment advances to such companies, and any investments not accounted for elsewhere. Include also the offsetting entry to the recording of amortization of discount or premium on interest bearing investments. (See account 419, Interest and Dividend Income.)

B. The cost of capital stock of the utility reacquired by it under a definite plan for resale pursuant to authorization by the Board of Directors may, if permitted by statutes, be included in a separate subdivision of this account. (See also account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, and account 217, Reacquired Capital Stock.)

C. The records shall be maintained in such manner as to show the amount of each investment and the investment advances to each person.

NOTE A: Securities owned and pledged shall be included in this account, but securities held in special deposits or in special funds shall be included in appropriate deposit or fund accounts. A complete record of securities pledged shall be maintained.

NOTE B: Securities held as temporary cash investments shall not be included in this account.

NOTE C: See Note D of account 123.

125 Sinking funds.

This account shall include the amount of cash and book cost of investments held in sinking funds. A separate account, with appropriate title, shall be kept for each sinking fund. Transfers from this account to special deposit accounts, may be made as necessary for the purpose of paying matured sinking-fund obligations, or obligations called for redemption but not presented, or the interest thereon.

126 Depreciation fund.

This account shall include the amount of cash and the book cost of investments which have been segregated in a special fund for the purpose of identifying such assets with the accumulated provisions for depreciation.

128 Other special funds.

This account shall include the amount of cash and book cost of investments which have been segregated in special funds for insurance, employee pensions, savings, relief, hospital, and other purposes not provided for elsewhere. A separate account, with appropriate title shall be kept for each fund.

NOTE: Amounts deposited with a trustee under the terms of an irrevocable trust agreement for pensions or other employee benefits shall not be included in this account.

SPECIAL INSTRUCTIONS FOR CURRENT AND ACCRUED ASSETS

Current and accrued assets are cash, those assets which are readily convertible into cash or are held for current use in operations or construction, current claims against others, payment of which is reasonably assured, and amounts accruing to the utility which are subject to current settlement, except such items for which accounts other than those designated as current and accrued assets are provided. There shall not be included in the group of accounts designated as current and accrued assets any item, the amount or collectibility of which is not reasonably assured, unless an adequate provision for possible loss has been made therefor. Items of current character but of doubtful value may be written down and for record purposes carried in these accounts at nominal value.

131 Cash.

This account shall include the amount of current cash funds except working funds.

132 Interest special deposits.

This account shall include special deposits with fiscal agents or others for the payment of interest.

133 Dividend special deposits.

This account shall include special deposits with fiscal agents or others for the payment of dividends.

134 Other special deposits.

This account shall include deposits with fiscal agents or others for special purposes other than the payment of interest and dividends. Such special deposits may include cash deposited with federal, state, or municipal authorities as a guaranty for the fulfillment of obligations; cash deposited with trustees to be held until mortgaged property sold, destroyed, or otherwise disposed of is replaced; cash realized from the sale of the accounting utility's securities and deposited with trustees to be held until invested in property of the utility, etc. Entries to this account shall specify the purpose for which the deposit is made.

NOTE: Assets available for general corporate purposes shall not be included in this account. Further, deposits for more than one year, which are not offset by current liabilities, shall not be charged to this account but to account 128, Other Special Funds.

135 Working funds.

This account shall include cash advanced to officers, agents, employees, and others as petty cash or working funds.

136 Temporary cash investments.

A. This account shall include the book cost of investments, such as demand and time loans, bankers' acceptances, United States Treasury certificates, marketable securities, and other similar investments, acquired for the purpose of temporarily investing cash.

B. This account shall be so maintained as to show separately temporary cash investments in securities of associated companies and of others. Records shall be kept of any pledged investments.

141 Notes receivable.

This account shall include the book cost, not includible elsewhere, of all collectible obligations in the form of notes receivable and similar evidences (except interest coupons) of money due on demand or within one year from the date of issue, except, however, notes receivable from associated companies. (See account 136, Temporary Cash Investments, and account 145, Notes Receivable from Associated Companies.)

NOTE: The face amount of notes receivable discounted, sold, or transferred without releasing the utility from liability as endorser thereon, shall be credited to a separate subdivision of this account and appropriate disclosure shall be made in financial statements of any contingent liability arising from such transactions.

142 Customer accounts receivable.

A. This account shall include amounts due from customers for utility service, and for merchandising, jobbing, and contract work. This account shall not include amounts due from associated companies.

B. This account shall be maintained so as to permit ready segregation of the amounts due for merchandising, jobbing, and contract work.

143 Other accounts receivable.

A. This account shall include amounts due the utility upon open accounts, other than amounts due from associated companies and from customers for utility services and merchandising, jobbing, and contract work.

B. This account shall be maintained so as to show separately amounts due on subscriptions to capital stock and from officers and employees, but the account shall not include amounts advanced to officers or others as working funds. (See account 135, Working Funds.)

144 Accumulated provision for uncollectible accounts—Cr.

A. This account shall be credited with amounts provided for losses on accounts receivable which may become uncollectible, and also with collections on accounts previously charged hereto. Concurrent charges shall be made to account 904, Uncollectible Accounts, for amounts applicable to utility operations, and to corresponding accounts for other operations. Records shall be maintained so as to show the write-offs of accounts receivable for each utility department.

B. This account shall be subdivided to show the provision applicable to the following classes of accounts receivable:

Utility Customers.
Merchandising, Jobbing and Contract Work.
Officers and Employees.
Others.

NOTE A: Accretions to this account shall not be made in excess of a reasonable provision against losses of the character provided for.

NOTE B: If provisions for uncollectible notes receivable or for uncollectible receivables from associated companies are necessary, separate subaccounts therefor shall be established under the account in which the receivable is carried.

145 Notes receivable from associated companies.

146 Accounts receivable from associated companies.

These accounts shall include notes and drafts upon which associated companies are liable, and which mature and are expected to be paid in full not later than one year from date of issue, together with any interest thereon, and debit balances subject to current settlement in open accounts with associated companies. Items which do not bear a specified due date but which have been carried for more than twelve months and items which are not paid within twelve months from due date shall be transferred to account 123, Investment in Associated Companies.

NOTE A: On the balance sheet, accounts receivable from an associated company may be set off against accounts payable to the same company.

NOTE B: The face amount of notes receivable discounted, sold or transferred without releasing the utility from liability as endorser thereon, shall be credited to a separate subdivision of this account and appropriate disclosure shall be made in financial statements of any contingent liability arising from such transactions.

151 Fuel stock.

This account shall include the book cost of fuel on hand.

ITEMS

1. Invoice price of fuel less any cash or other discounts.
2. Freight, switching, demurrage and other transportation charges, not including, however, any charges for unloading from the shipping medium.
3. Excise taxes, purchasing agents' commissions, insurance and other expenses directly assignable to cost of fuel.

152 Fuel stock expenses undistributed.

A. This account may include the cost of labor and of supplies used and expenses incurred in unloading fuel from the shipping medium and in the handling thereof prior to its use, if such expenses are sufficiently significant in amount to warrant being treated as a part of the cost of fuel inventory rather than being charged direct to expense as incurred.

B. Amounts included herein shall be charged to expense as the fuel is used to the end that the balance herein, shall not exceed the expenses attributable to the inventory of fuel on hand.

ITEMS

Labor:
1. Procuring and handling of fuel.
2. All routine fuel analyses.
3. Unloading from shipping facility and putting in storage.
4. Moving of fuel in storage and transferring from one station to another.
5. Handling from storage or shipping facility to first bunker, hopper, bucket, tank or holder of boiler house structure.
6. Operation of mechanical equipment, such as locomotives, trucks, cars, boats, barges, cranes, etc.

Supplies and Expenses:
7. Tools, lubricants and other supplies.
8. Operating supplies for mechanical equipment.
9. Transportation and other expenses in moving fuel.
10. Stores expenses applicable to fuel.

153 Residuals and extracted products.

This account shall include the book cost of residuals or extracted products produced in the manufacture of gas or in natural gas products extraction operations including like products purchased for resale.

154 Plant materials and operating supplies.

A. This account shall include the cost of materials purchased primarily for use in the utility business for construction, operation and maintenance purposes. This account shall include also the book cost of materials recovered in connection with construction, maintenance or the retirement of property, such materials being credited to construction, maintenance or accumulated depreciation provision, respectively, and included herein as follows:

(1) Reusable materials consisting of large individual items shall be included in this account at original cost, estimated if not known. The cost of repairing such items shall be charged to the maintenance account appropriate for the previous use.

(2) Reusable materials consisting of relatively small items, the identity of which (from the date of original installation to the final abandonment or sale thereof) cannot be ascertained without undue refinement in accounting, shall be included in this account at current prices new for such items. The cost of repairing such items shall be charged to the appropriate expense account as indicated by previous use.

(3) Scrap and nonusable materials included in this account shall be carried at the estimated net amount realizable therefrom. The difference between the amounts realized for scrap and nonusable materials sold and the net amount at which the materials were carried in this account, as far as practicable, shall be adjusted to the accounts credited when the materials were charged to this account.

B. Materials and supplies issued shall be credited hereto and charged to the appropriate construction, operating expense, or other account on the basis of a unit price determined by the use of cumulative average, first-in-first out, or such other method of inventory accounting as conforms with accepted accounting standards consistently applied.

ITEMS

1. Invoice price of materials less cash or other discounts.
2. Freight, switching or other transportation charges when practicable to include as part of the cost of particular materials to which they relate.
3. Customs duties and excise taxes.
4. Costs of inspection and special tests prior to acceptance.
5. Insurance and other directly assignable charges.

NOTE: Where expenses applicable to materials purchased cannot be directly assigned to particular purchases, they shall be charged to account 163, Stores expenses Undistributed.

155 Merchandise.

This account shall include the book cost of materials and supplies, and appliances and equipment held primarily for merchandising, jobbing, and contract work. The principles prescribed in accounting for utility materials and supplies shall be observed in respect to items carried in this account.

156 Other materials and supplies.

This account shall include the book cost of materials and supplies held primarily for nonutility purposes. The principles prescribed in accounting for utility materials and supplies shall be observed in respect to items carried in this account.

163 Stores expense undistributed.

A. This account shall include the cost of supervision, labor and expenses incurred in the operation of general storerooms, including purchasing, storage, handling and distribution of materials and supplies.

B. This account shall be cleared by adding to the cost of materials and supplies issued a suitable loading charge which will distribute the expense equitably over stores issues. The balance in the account at the close of the year shall not exceed the amount of stores expenses reasonably attributable to the inventory of materials and supplies exclusive of fuel, as any amount applicable to fuel cost should be included in account 152, Fuel Stock Expenses Undistributed.

ITEMS

Labor:
1. Inspecting and testing materials and supplies when not assignable to specific items.
2. Unloading from shipping facility and putting in storage.
3. Supervision of purchasing and stores department to extent assignable to materials handled through stores.
4. Getting materials from stock and in readiness to go out.
5. Inventorying stock received or stock on hand by stores employees but not including inventories by general department employees as part of internal or general audits.
6. Purchasing department activities in checking material needs, investigating sources of supply, analyzing prices, preparing and placing orders, and related activities to extent applicable to materials handled through stores. (Optional. Purchasing department expenses may be included in administrative and general expenses.)
7. Maintaining stores equipment.
8. Cleaning and tidying storerooms and stores offices.
9. Keeping stock records, including recording and posting of material receipts and issues and maintaining inventory record of stock.
10. Collecting and handling scrap materials in stores.

Supplies and Expenses:
11. Adjustments of inventories of materials and supplies but not including large differences which can readily be assigned to important classes of materials and equitably distributed among the accounts to which such classes of materials have been charged since the previous inventory.
12. Cash and other discounts not practically assignable to specific materials.
13. Freight, express, etc., when not assignable to specific items.
14. Heat, light and power for storerooms and store offices.
15. Brooms, brushes, sweeping compound and other supplies used in cleaning and tidying storerooms and stores offices.
16. Injuries and damages.
17. Insurance on materials and supplies and on stores equipment.
18. Losses due to breakage, leakage, evaporation, fire or other causes, less credits for amounts received from insurance, transportation companies or others in compensation of such losses.
19. Postage, printing, stationery and office supplies.
20. Rent of storage space and facilities.
21. Communication service.
22. Excise and other similar taxes not assignable to specific materials.
23. Transportation expense on inward movement of stores and on transfer between

storerooms but not including charges on materials recovered from retirements which shall be accounted for as part of cost of removal.

NOTE: A physical inventory of each class of materials and supplies shall be made at least every two years.

164.1 Gas stored—current.

This account shall be debited with such amounts as are credited to Account 117.2, System balancing gas, (for utilities using an inventory method of accounting for system gas) and Account 117.3, Gas Stored in Reservoirs and Pipelines-Noncurrent, to reflect classification for balance sheet purposes of such portion of the inventory of gas stored as represents a current asset according to conventional rules for classification of current assets.

NOTE: It shall not be considered conformity to conventional rules of current asset classification if the amount included in this account exceeds an amount equal to the cost of estimated withdrawals of gas from storage within the 24-month period from date of the balance sheet, or if the amount represents a volume of gas which, in fact, could not be withdrawn from storage without impairing pressure levels needed for normal operating purposes.

164.2 Liquefied natural gas stored.

A. This account shall include the cost of liquefied natural gas stored in above or below ground facilities.

B. Natural gas purchased in a liquefied form shall be priced at the cost of such gas to the utility. Natural gas liquefied by the utility shall be priced according to generally accepted methods of cost determination consistently applied from year to year. Transmission expenses for facilities to the utility used in moving the gas to the storage facilities shall not be included in the inventory of gas except as may be authorized by the Commission.

C. Amounts debited to this account for natural gas placed in stored shall be credited to account 808.2, Gas Delivered to Storage—Credit. Amounts credited to this account for gas withdrawn from storage shall be debited to account 808.1, Gas Withdrawn from Storage—Debit.

D. Withdrawals of gas may be priced according to the first-in-first-out, last-in-first-out, or weighted average cost method provided the method adopted by the utility is used consistently from year to year and inventory records are maintained in accordance therewith. Commission approval must be obtained for any other pricing method or for any change in the pricing method adopted by the utility. Separate records shall be maintained for each storage project of the Dth of gas delivered to storage and remaining in storage.

E. Adjustments for inventory losses shall be charged to account 842.3, Gas Losses.

164.3 Liquefied natural gas held for processing.

A. This account shall include the cost of base load liquefied natural gas available for vaporization and injection into the utility's natural gas system.

B. Natural gas purchased in a liquefied form shall be priced at the cost of such gas to the utility.

C. Amounts debited to this account for liquefied natural gas purchased for processing shall be credited to account 809.2, Deliveries of Natural Gas for Processing—Credit. Amounts credited for liquefied natural gas processed shall be debited to account 809.1, Withdrawals of Liquefied Natural Gas Held for Processing—Debit.

D. Withdrawals of gas held for vaporization may be priced according to the first-in-first-out, last-in-first-out or weighted average cost method provided the method adopted by the utility is used consistently from year to year and inventory records are maintained in accordance therewith. Commission approval must be obtained for any other pricing method or for any change from the pricing method adopted by the utility. Separate records shall be maintained for Dth of gas purchased for processing, processed, and remaining for processing.

E. Adjustments for inventory losses shall be charged to account 846.1, Gas Losses.

165 Prepayments.

A. This account shall include payments for undelivered gas and other prepayments of rents, taxes, insurance, interest, and like disbursements made prior to the period to which they apply. Prepayments for gas are those amounts paid to a seller of gas under "take or pay" provisions of a gas purchase contract for a sale certificated by the Commission where future makeup of the gas not taken in the current period is provided for by the contract.

B. As the periods covered by such prepayments expire, credit this account and charge the proper operating expense or other appropriate account with the amount applicable to the period.

C. This account shall be kept or supported in such a manner as to disclose the amount of each class of prepayments.

166 Advances for gas exploration, development and production.

A. This account shall include all advances made for gas (whether called "advances," "contributions" or otherwise) to independent producers, affiliated or associated companies, or others operating within the lower 48 states and Alaska; for exploration, development or production (but not to include lease acquisition) of natural gas. Under each agreement with payee, such payments must be made prior to initial gas deliveries, or if the agreement provides for advances on a well by well basis, each incremental payment must be made prior to deliveries from an incremental well, or prior to Federal and/or State authorization, as appropriate. All agreements executed after June 17, 1975, (issuance date of Order No. 529) shall specify that (1) the pipeline shall have first call on any gas produced, attributable to the advance payment, under a long-term contract which is for a minimum initial term computed as the lesser of fifteen years or the life of the reserve in the field, and (2) the selling price of the gas committed by producers whose sales are subject to price regulation shall be governed by and limited to the area rate or national rate or, under appropriate showing of special circumstance, such other rate as may be authorized by the Commission under the provisions of optional pricing and special relief. As a determination of the initial rate, the time of first delivery in interstate commerce to the purchaser shall govern. Non-current advances not to be repaid within a two-year period shall be reclassified and transferred to account 124, Other Investments, for balance sheet purposes. This transfer is for reporting purposes only and has no effect on accounting and ratemaking.

B. When a pipeline obtains a working interest as a result of funds advanced to producers, such amounts shall be included in appropriate production accounts for formal contractual agreements executed prior to the date of issuance of Order No. 499. When an associated company obtains a working interest as a result of funds advanced from a pipeline company, the pipeline shall include such amounts in Account 123, Investment in Associated Companies, or Account 146, Accounts receivable from Associated Companies, as appropriate, for formal contractual commitments made during the period on or after November 10, 1971 (effective date of Order 441) but prior to December 29, 1972, the date of issuance of Order No. 465.

C. Outstanding advances shall be fully reduced within 5 years, or as otherwise authorized by the Commission, from the date gas deliveries commence or the date it is determined that recovery will be in other than gas. This account shall be credited with advances not fully recovered within the five-year period, and the unrecovered portion charged directly to Account 426.5, Other Deductions. A sufficient portion of all gas taken should be credited to the related outstanding advance so as to eliminate the advance within the 5-year period or as otherwise authorized by the Commission upon request by the pipeline company. The reduction of the outstanding advance should not be dependent on a buyer purchasing more than 100 percent of the minimum take or pay quantity provided in the contract. In those instances where the five-year recovery period has lapsed, but recovery of the advance continues beyond the five-year period, the unrecovered advances shall be removed from this account and transferred to Account 167, Other Advances for Gas.

D. Where recovery is by gas, the recovered advance shall be credited to this account and charged to the appropriate gas purchase account.

E. When an advance which is or has been included in this account and in rate base results in a source of proven reserves of natural gas, gas deliveries commence but no gas flows to the pipeline company making such advance, the amount of the advance shall be removed from this account (and from rate base) and recorded in account 167, Other Advances for Gas. Any revenues collected as a result of the advance being included in rate base shall be refunded by the pipeline company to its customers, together with interest, per annum, at the rate established by Order No. 513, issued October 10, 1974, or as subsequently revised by Commission Order, from the date of payment until refunded, within 12 months after the removal of the advance from this account, unless otherwise directed by the Commission. Where there is partial recovery of the advance by gas, in this situation, the amount of the advance transferred from this account to account 167 and the amount of revenues refunded, with interest, shall be appropriately apportioned.

F. However, if 5 years elapses from the time the advance has been included in this account and during such time no gas deliveries have commenced or no determination has been made that the recovery will be in economic consideration other than gas, the pipeline shall at the end of the 5-year period, transfer the advance from this account to Account 167, and cease rate base treatment thereof, unless otherwise directed by the Commission.

G. Whenever as a result of an advance included in this account, a pipeline receives any amount in excess of a full recovery of the advance, e.g. interest income, such amount must be credited to Account 813, Other Gas Supply Expenses, or as otherwise directed by the Commission. If the income or return is received in other than money, it shall be included at the market value of the assets received.

H. If the recipient of an advance is unable to repay it in full, through no fault of the pipeline or contractual provisions, in gas or other assets, the unpaid or nonrecoverable portion must be credited to this account at the time such amount is recognized as nonrecoverable. Nonrecoverable advances significant in amount must be eliminated within 5 years from the date of determination as nonrecoverable by either a charge to account 435, Extraordinary Deductions, or when authorized by the Commission, by a transfer to account 186, Miscellaneous Deferred Debits, and amortization to account 813, Other Gas Supply Expenses. Nonrecoverable advances insignificant in amount should be charged directly to account 813 in the year recognized as nonrecoverable, when authorized by the Commission.

I. No transfers shall be made to or from this account to any other accounts, unless otherwise provided herein, except as specifically authorized by the Commission upon request by the pipeline company.

J. Three copies of any agreement concerning advances will be filed with the Secretary within 30 days of the initial related entry in account 166.

NOTE A: This account may include advances for exploration (including lease acquisition costs) made according to the provisions of Order Nos. 410 and 410–A, for which a contractual commitment was made prior to November 10, 1971, (issue date of Order No. 441). All advances made pursuant to contractual commitments made prior to November 10, 1971, (issue date of Order No. 441) shall be subject to the provisions of Order Nos. 410 and 410–A.

NOTE B: This account shall not include advances for exploration (including lease acquisition costs) in accordance with Order No. 441, for which a contractual commitment was made on or after November 10, 1971 (issue date of Order No. 441), but prior to December 29, 1972 (issue date of Order No. 465). All advances made pursuant to contractual commitments made on or after November 10, 1971, but prior to December 29, 1972 (issue date of Order No. 465) shall be subject to the provisions of Order No. 441.

NOTE C: This account shall not include advances for lease acquisition costs but may include advances for exploration where such advances are pursuant to contractual commitments made on or after December 29, 1972 (issue date of Order No. 465).

NOTE D: All advances made pursuant to contractual commitments made on or after December 29, 1972 (issue date of Order No. 465) but prior to the date of issuance of Order No. 499, shall be subject to the provisions of Order No. 465.

NOTE E: All advances made pursuant to contractual commitments made on or after December 28, 1973 (issue date of Order No. 499), but prior to the date of issuance of Order No. 529, shall be subject to the provisions of Order No. 499.

NOTE F: This account shall not include advances expended for delay rentals, nonproductive well drilling or abandoned leases where such advances are related to lease acquisition, except in accordance with Note A and Note B to this account.

NOTE G: To keep the Commission informed when an advance is nonrecoverable by any means the company must submit the full details including copies of Federal and State plugging and abandonment reports involved as soon as such fact becomes known.

167 Other advances for gas.

This account shall include all advances not properly includible in Account 166, exclusive of amounts advanced where a working interest is obtained.

171 Interest and dividends receivable.

This account shall include the amount of interest on bonds, mortgages, notes, commercial paper, loans, open accounts, deposits, etc., the payment of which is reasonably assured, and the amount of dividends declared or guaranteed on stocks owned.

NOTE A: Interest which is not subject to current settlement shall not be included herein but in the account in which is carried the principal on which the interest is accrued.

NOTE B: Interest and dividends receivable from associated companies shall be included in account 146. Accounts Receivable from Associated Companies.

172 Rents receivable.

This account shall include rents receivable or accrued on property rented or leased by the utility to others.

NOTE: Rents receivable from associated companies shall be included in account 146. Accounts Receivable From Associated Companies.

173 Accrued utility revenues.

At the option of the utility, the estimated amount accrued for service rendered, but not billed at the end of any accounting period, may be included herein. In case accruals are made for unbilled revenues, they shall be made likewise for unbilled expenses, such as for the purchase of gas.

174 Miscellaneous current and accrued assets.

A. This account shall include the book cost of all other current and accrued assets, appropriately designated and supported so as to show the nature of each asset included herein.

B. The utility is to include in a separate subaccount amounts receivable for gas in unbalanced transactions where gas is delivered to another party in exchange, load balancing, or no-notice transportation transactions. (See Account 806.) If the amount receivable is settled by other than gas, Account 495, Other Gas Revenues must be credited or Account 813, Other Gas Supply Expenses, charged for the difference between the amount of the consideration received and the recorded amount of the receivable settled. Records are to be maintained so that there is readily available for each party entering gas exchange, load balancing, or no-notice transportation transactions, the quantity and cost of gas delivered, and the amount and basis of consideration received, if other than gas.

181 Unamortized debt expense.

This account shall include expenses related to the issuance or assumption of debt securities. Amounts recorded in this account shall be amortized over the life of each respective issue under a plan which will distribute the amount equitably over the life of the security. The amortization shall be on a monthly basis, and the amounts thereof shall be charged to account 428, Amortization of Debt Discount and Expense. Any unamortized amounts outstanding at the time that the related debt is prematurely reacquired shall be accounted for as indicated in General Instruction 17.

182.1 Extraordinary property losses.

A. When authorized or directed by the Commission, this account shall include extraordinary losses, which could not reasonably have been anticipated and which are not covered by insurance or other provisions, such as unforeseen damages to property.

B. Application to the Commission for permission to use this account shall be accompanied by a statement giving a complete explanation with respect to

the items which it is proposed to include herein, the period over which, and the accounts to which it is proposed to write off the charges, and other pertinent information.

182.2 Unrecovered plant and regulatory study costs.

A. This account shall include: (1) Nonrecurring costs of studies and analyses mandated by regulatory bodies related to plants in service, transferred from account 183.2, Other Preliminary Survey and Investigation Charges, and not resulting in construction; and (2) when authorized by the Commission, significant unrecovered costs of plant facilities where construction has been cancelled or which have been prematurely retired.

B. This account shall be credited and account 407.1, Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs, shall be debited, over the period specified by the Commission.

C. Any additional costs incurred, relative to the cancellation or premature retirement, may be included in this account and amortized over the remaining period of the original amortization period. Should any gains of recoveries be realized relative to the cancelled or prematurely retired plant, such amounts shall be used to reduce the unamortized amount of the costs recorded herein.

D. In the event that the recovery of costs included herein is disallowed in rate proceedings, the disallowed costs shall be charged to account 426.5, Other Deductions, or account 435, Extraordinary deductions, in the year of such disallowance.

182.3 Other regulatory assets.

A. This account shall include the amounts of regulatory-created assets, not includible in other accounts, resulting from the ratemaking actions of regulatory agencies. (*See* Definition No. 31.)

B. The amounts included in this account are to be established by those charges which would have been included in net income determinations in the current period under the general requirements of the Uniform System of Accounts but for it being probable that such items will be included in a different period(s) for purposes of developing the rates that the utility is authorized to charge for its utility services. Where specific identification of the particular source of the regulatory asset cannot be made, such as in plant phase-ins, rate moderation plans, or rate levelization plans, Account 407.4, Regulatory Credits, shall be credited. The amounts recorded in this account are generally to be charged, concurrently with the recovery of the amounts in rates, to the same account that would have been charged if included in income when incurred, except all regulatory assets established through the use of Account 407.4 shall be charged to Account 407.3, Regulatory Debits, concurrent with the recovery of the amounts in rates.

C. If rate recovery of all or part of an amount included in this account is disallowed, the disallowed amount shall be charged to Account 426.5, Other Deductions, or Account 435, Extraordinary Deductions, in the year of the disallowance.

D. The records supporting the entries to this account shall be kept so that the utility can furnish full information as to the nature and amount of each regulatory asset included in this account, including justification for inclusion of such amounts in this account.

183.1 Preliminary natural gas survey and investigation charges.

A. This account shall be charged with all expenditures for preliminary surveys, plans, investigations, etc. made for the purpose of determining the feasibility of acquiring land and land rights to provide a future supply of natural gas. If such land or land rights are acquired, this account shall be credited and the appropriate gas plant account (see gas plant instruction 7–G) charged with the amount of the expenditures relating to such acquisition. If a project is abandoned involving a natural gas lease acquired before October 8, 1969, the expenditures related thereto shall be charged to account 798, Other Exploration. If a project is abandoned involving a lease acquired after

October 7, 1969, the expenditures related thereto shall be charged to account 338, Unsuccessful Exploration and Development Costs.

B. The records supporting the entries to this account shall be so kept that the utility can furnish, for each investigation, complete information as to the identification and location of territory investigated, the number or other identification assigned to the land tract or leasehold acquired, and the nature and respective amounts of the charges.

NOTE: The amount of preliminary survey and investigation charges transferred to gas plant shall not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to gas plant.

183.2 Other preliminary survey and investigation charges.

A. This account shall be charged with all expenditures for preliminary surveys, plans, investigations, etc., made for the purpose of determining the feasibility of utility projects under contemplation, other than the acquisition of land and land rights to provide a future supply of natural gas. If construction results, this account shall be credited and the appropriate utility plant account charged. If the work is abandoned, the charge shall be made to account 426.5, Other Deductions, or the appropriate operating expense account.

B. This account shall also include costs of studies and analyses mandated by regulatory bodies related to plant in service. If construction results from such studies, this account shall be credited and the appropriate utility plant account charged with an equitable portion of such study costs directly attributible to new construction. The portion of such study costs not attributible to new construction or the entire cost if construction does not result shall be charged to account 182.2, Unrecovered Plant and Regulatory Study Costs, or the appropriate operating expense account. The costs of such studies relative to plant under construction shall be included directly in account 107, Construction Work in Progress—Gas.

C. The records supporting the entries to this account shall be so kept that the utility can furnish complete information as to the nature and the purpose of the survey, plans, or investigations and the nature and amounts of the several charges.

NOTE: The amount of preliminary survey and investigation charges transferred to utility plant shall not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to utility plant.

184 Clearing accounts.

This caption shall include undistributed balances in clearing accounts at the date of the balance sheet. Balances in clearing accounts shall be substantially cleared not later than the end of the calendar year unless items held therein relate to a future period.

185 Temporary facilities.

This account shall include amounts shown by work orders for plant installed for temporary use in utility service for periods of less than one year. Such work orders shall be charged with the cost of temporary facilities and credited with payments received from customers and net salvage realized on removal of the temporary facilities. Any net credit or debit resulting shall be cleared to account 488, Miscellaneous Service Revenues.

186 Miscellaneous deferred debits.

A. This account shall include all debits not elsewhere provided for, such as miscellaneous work in progress, construction certificate application fees paid prior to final disposition of the application as provided for in gas plant instruction 15A, and unusual or extraordinary expenses not included in other accounts which are in process of amortization, and items the final disposition of which is uncertain.

B. The records supporting the entries to this account shall be so kept that the utility can furnish full information as to each deferred debit included herein.

until additional information has been received.

254 Other regulatory liabilities.

A. This account shall include the amounts of regulatory liabilities, not includible in other accounts, imposed on the utility by the ratemaking actions of regulatory agencies. (*See* Definition No. 30.)

B. The amounts included in this account are to be established by those credits which would have been included in net income determinations in the current period under the general requirements of the Uniform System of Accounts but for it being probable that: (1) Such items will be included in a different period(s) for purposes of developing the rates that the utility is authorized to charge for its utility services; or (2) refunds to customers, not provided for in other accounts, will be required. When specific identification of the particular source of the regulatory liability cannot be made or when the liability arises from revenues collected pursuant to tariffs on file at a regulatory agency, Account 407.3, Regulatory Debits, shall be debited. The amounts recorded in this account generally are to be credited to the same account that would have been credited if included in income when earned except: (1) All regulatory liabilities established through the use of Account 407.3 shall be credited to Account 407.4, Regulatory Credits; and (2) in the case of refunds, a cash account or other appropriate account should be credited when the obligation is satisfied.

C. If it is later determined that the amounts recorded in this account will not be returned to customers through rates or refunds, such amounts shall be credited to Account 421, Miscellaneous Nonoperating Income, or Account 434, Extraordinary Income, as appropriate, in the year such determination is made.

D. The records supporting the entries to this account shall be so kept that the utility can furnish full information as to the nature and amount of each regulatory liability included in this account, including justification for inclusion of such amounts in this account.

255 Accumulated deferred investment tax credits.

A. This account shall be credited with all investment tax credits deferred by companies which have elected to follow deferral accounting, partial or full, rather than recognizing in the income statement the total benefits of the tax credit as realized. After such election, a company may not transfer amounts from this account, except as authorized herein and in accounts 411.4, Investment Tax Credit Adjustments, Utility Operations, 411.5, Investment Tax Credit Adjustments, Nonutility Operations, and 420, Investment Tax Credits, or with approval of the Commission.

B. Where the company's accounting provides that investment tax credits are to be passed on to customers, this account shall be debited and account 411.4 credited with a proportionate amount determined in relation to the average useful life of gas utility plant to which the tax credits relate to such lesser period of time as allowed by a regulatory agency having rate jurisdiction. If, however, the deferral procedure provides that investment tax credits are not to be passed on to customers the proportionate restorations to income shall be credited to account 420.

C. If any of the investment tax credits to be deferred are related to utility operations other than gas or to nonutility operations, appropriate subdivisions of this account shall be maintained. Contra entries affecting such subdivisions shall be appropriately recorded in accounts 413, Expenses of Gas Plant Leased to Others; or 414, Other Utility Operating Income.

D. Records shall be maintained identifying the properties related to the investment tax credits for each year, the weighted average service life of such properties, and any unused balance of such credits. Such records are not necessary unless the credits are deferred.

256 Deferred gains from disposition of utility plant.

This account shall include gains from the sale or other disposition of property previously recorded in account 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use, under the provisions of paragraphs B, C, and D thereof, where such gains are significant and are to be amortized over a period of 5 years, unless otherwise authorized by the Commission. The amortization of the amounts in this account shall be made by credits to account 411.6, Gains from Disposition of Utility Plant. Subdivision of this account shall be maintained so that amounts relating to account 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use, can be readily identifiable. (See accounts 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use.)

257 Unamortized gain on reacquired debt.

This account shall include the amounts of discount realized upon reacquisition or redemption of long-term debt. The amounts in this account shall be amortized in accordance with General Instruction 17.

SPECIAL INSTRUCTIONS

Accumulated Deferred Income Taxes

A. Before using the deferred tax accounts provided below refer to General Instruction 18. *Comprehensive Interperiod Income Tax Allocation.*

B. The text of these accounts are designed primarily to cover deferrals of Federal income taxes. However, they are also to be used when making deferrals of State and local income taxes. Natural gas companies which, in addition to a gas utility department, have another utility department, electric, water, etc., and nonutility property which have deferred taxes on income with respect thereto shall separately classify such deferrals in the accounts provided below so as to allow ready identification of items relating to each utility department and to Other Income and Deductions.

281 Accumulated deferred income taxes—Accelerated amortization property.

A. This account shall include tax deferrals resulting from adoption of the principles of comprehensive interperiod tax allocation described in General Instruction 18 of this system of accounts that relate to property for which the utility has availed itself of the use of accelerated (5-year) amortization of (1) certified defense facilities as permitted by Section 168 of the Internal Revenue Code and (2) certified pollution control facilities as permitted by Section 169 of the Internal Revenue Code.

B. This account shall be credited and accounts 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with tax effects related to property described in paragraph A above where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

C. This account shall be debited and accounts 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, or 411.2, Provision for Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall be credited with tax effects related to property described in paragraph A above where taxable income is higher than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

D. The utility is restricted in its use of this account to the purposes set forth above. It shall not transfer the balance in this account or any portion thereof to retained earnings or make any use thereof except as provided in the text of this account without prior approval of the Commission. Upon the disposition by sale, exchange, transfer, abandonment or premature retirement of plant on which there is a related balance herein, this account shall be charged with an amount equal to the related income tax expense, if any, arising from such disposition and account 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, or 411.2, Provision for Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall

be credited. When the remaining balance, after consideration of any related income tax expense, is less than $25,000, this account shall be charged and account 411.1 or 411.2, as appropriate, credited with such balance. If after consideration of any related income tax expense, there is a remaining amount of $25,000 or more, the Commission shall authorize or direct how such amount shall be accounted for at the time approval for the disposition of accounting is granted. When plant is disposed of by transfer to a wholly owned subsidiary the related balance in this account shall also be transferred. When the disposition relates to retirement of an item or items under a group method of depreciation where there is no tax effect in the year of retirement, no entries are required in this account if it can be determined that the related balances would be necessary to be retained to offset future group item tax deficiencies.

282 Accumulated deferred income taxes—Other property.

A. This account shall include the tax deferrals resulting from adoption of the principle of comprehensive interperiod income tax allocation described in General Instruction 18 of this system of accounts which are related to all property other than accelerated amortization property.

B. This account shall be credited and accounts 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with tax effects related to property described in paragraph A above where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

C. This account shall be debited and accounts 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, or 411.2, Provision for Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall be credited with tax effects related to property described in paragraph A above where taxable income is higher than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

D. The utility is restricted in its use of this account to the purposes set forth above. It shall not transfer the balance in this account or any portion thereof to retained earnings or make any use thereof except as provided in the text of this account without prior approval of the Commission. Upon the disposition by sale, exchange, transfer, abandonment or premature retirement of plant on which there is a related balance herein, this account shall be charged with an amount equal to the related income tax expense, if any, arising from such disposition and account 411.1, Income Taxes Deferred in Prior Years—Credit, Utility Operating Income, or 411.2, Income Taxes Deferred in Prior Years—Credit, Other Income and Deductions, shall be credited. When the remaining balance, after consideration of any related tax expenses, is less than $25,000, this account shall be charged and account 411.1 or 411.2, as appropriate, credited with such balance. If after consideration of any related income tax expense, there is a remaining amount of $25,000 or more, the Commission shall authorize or direct how such amount shall be accounted for at the time approval for the disposition of accounting is granted. When plant disposed of by transfer to a wholly owned subsidiary, the related balance in this account shall also be transferred. When the disposition relates to retirement of an item or items under a group method of depreciation where there is no tax effect in the year of retirement, no entries are required in this account if it can be determined that the related balance would be necessary to be retained to offset future group item tax deficiencies.

283 Accumulated deferred income taxes—Other.

A. This account shall include all credit tax deferrals resulting from the

adoption of the principles of comprehensive interperiod income tax allocation described in General Instruction 18 of this system of accounts other than those deferrals which are includible in Accounts 281, Accumulated Deferred Income Taxes—Accelerated Amortization Property and 282, Accumulated Deferred Income Taxes—Other Property.

B. This account shall be credited and accounts 410.1 Provision for Deferred Income Taxes, Utility Operating Income, or 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with tax effects related to items described in paragraph A above where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

C. This account shall be debited and accounts 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income or 411.2, Provision for Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate shall be credited with tax effects related to items described in paragraph A above where taxable income is higher than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

D. Records with respect to entries to this account, as described above, and the account balance, shall be so maintained as to show the factors of calculation with respect to each annual amount of the item or class of items.

E. The utility is restricted in its use of this account to the purposes set forth above. It shall not transfer the balance in the account or any portion thereof to retained earnings or to any other account or make any use thereof except as provided in the text of this account, without prior approval of the Commission. Upon the disposition by sale, exchange, transfer, abandonment or premature retirement of items on which there is a related balance herein, this account shall be charged with an amount equal to the related income tax effect, if any, arising from such disposition and account 411.1, Provision For Deferred Income Taxes—Credit, Utility Operating Income, or 411.2, Provision For Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall be credited. When the remaining balance, after consideration of any related tax expenses, is less than $25,000, this account shall be charged and account 411.1 or 411.2, as appropriate, credited with such balance. If after consideration of any related income tax expense, there is a remaining amount of $25,000 or more, the Commission shall authorize or direct how such amount shall be accounted for at the time approval for the disposition of accounting is granted.

When plant is disposed of by transfer to a wholly owned subsidiary, the related balance in this account shall also be transferred. When the disposition relates to retirement of an item or items under a group method of depreciation where there is no tax effect in the year of retirement, no entries are required in this account if it can be determined that the related balance would be necessary to be retained to offset future group item tax deficiencies.

Gas Plant Accounts

1. INTANGIBLE PLANT

301 Organization.
302 Franchises and consents.
303 Miscellaneous intangible plant.

2. PRODUCTION PLANT

A. MANUFACTURED GAS PRODUCTION PLANT

304 Land and land rights.
305 Structures and improvements.
306 Boiler plant equipment.
307 Other power equipment.
308 Coke ovens.
309 Producer gas equipment.
310 Water gas generating equipment.
311 Liquefied petroleum gas equipment.
312 Oil gas generating equipment.
313 Generating equipment—Other processes.
314 Coal, coke, and ash handling equipment.
315 Catalytic cracking equipment.
316 Other reforming equipment.
317 Purification equipment.
318 Residual refining equipment.
319 Gas mixing equipment.
320 Other equipment.

B. NATURAL GAS PRODUCTION PLANT

B.1. Natural Gas Production and Gathering Plant

325.1 Producing lands.
325.2 Producing leaseholds.
325.3 Gas rights.
325.4 Rights-of-way.
325.5 Other land and land rights.
326 Gas well structures.
327 Field compressor station structures.
328 Field measuring and regulating station structures.
329 Other structures.
330 Producing gas wells—Well construction.
331 Producing gas wells—Well equipment.
332 Field lines.
333 Field compressor station equipment.
334 Field measuring and regulating station equipment.
335 Drilling and cleaning equipment.
336 Purification equipment.
337 Other equipment.
338 Unsuccessful exploration and development costs.

B.2. Products Extraction Plant

340 Land and land rights.
341 Structures and improvements.
342 Extraction and refining equipment.
343 Pipe lines.
344 Extracted product storage equipment.
345 Compressor equipment.
346 Gas measuring and regulating equipment.
347 Other equipment.

3. NATURAL GAS STORAGE AND PROCESSING PLANT

A. UNDERGROUND STORAGE PLANT

350.1 Land.
350.2 Rights-of-way.
351 Structures and improvements.
352 Wells.
352.1 Storage leaseholds and rights.
352.2 Reservoirs.
352.3 Nonrecoverable natural gas.
353 Lines.
354 Compressor station equipment.
355 Measuring and regulating equipment.
356 Purification equipment.
357 Other equipment.

B. OTHER STORAGE PLANT

360 Land and land rights.
361 Structures and improvements.
362 Gas holders.
363 Purification equipment.
363.1 Liquefaction equipment.
363.2 Vaporizing equipment.
363.3 Compressor equipment.
363.4 Measuring and regulating equipment.
363.5 Other equipment.

C. BASE LOAD LIQUEFIED NATURAL GAS TERMINALING AND PROCESSING PLANT

364.1 Land and land rights .
364.2 Structures and improvements.
364.3 LNG processing terminal equipment.
364.4 LNG transportation equipment.
364.5 Measuring and regulating equipment.
364.6 Compressor station equipment.
364.7 Communication equipment.
364.8 Other equipment.

4. TRANSMISSION PLANT

365.1 Land and land rights.
365.2 Rights-of-way.
366 Structures and improvements.
367 Mains.
368 Compressor station equipment.
369 Measuring and regulating station equipment.
370 Communication equipment.
371 Other equipment.

5. DISTRIBUTION PLANT

374 Land and land rights.
375 Structures and improvements.
376 Mains.
377 Compressor station equipment.
378 Measuring and regulating station equipment—General.
379 Measuring and regulating station equipment—City gate check stations.
380 Services.
381 Meters.
382 Meter installations.
383 House regulators.
384 House regulatory installations.
385 Industrial measuring and regulating station equipment.
386 Other property on customers' premises.
387 Other equipment.

6. GENERAL PLANT

389 Land and land rights.
390 Structures and improvements.
391 Office furniture and equipment.
392 Transportation equipment.
393 Stores equipment.
394 Tools, shop and garage equipment.
395 Laboratory equipment.
396 Power operated equipment.
397 Communication equipment.
398 Miscellaneous equipment.
399 Other tangible property.

Gas Plant Accounts

301 Organization.

This account shall include all fees paid to Federal or State governments for the privilege of incorporation and expenditures incident to organizing the corporation, partnership, or other enterprises and putting it into readiness to do business.

ITEMS

1. Cost of obtaining certificates authorizing an enterprise to engage in the public utility business.
2. Fees and expenses for incorporation.
3. Fees and expenses for mergers or consolidations.
4. Office expenses incident to organizing the utility.
5. Stock and minute books and corporate seal.

NOTE A: This account shall not include any discounts upon securities issued or assumed; nor shall it include any costs incident to negotiating loans, selling bonds or other evidences of debt, or expenses in connection with the authorization, issuance, or sale of capital stock.

NOTE B: Exclude from this account and include in the appropriate expense account the cost of preparing and filing papers in connection with the extension of the term of incorporation unless the first organization costs have been written off. When charges are made to this account for expenses incurred in mergers, consolidations, or reorganizations, amounts previously included herein or in similar accounts in the books of the companies concerned shall be excluded from this account.

302 Franchises and consents.

A. This account shall include amounts paid to the Federal Government, to a State or to a political subdivision thereof in consideration for franchises, consents, or certificates, running in perpetuity or for a specified term of more than 1 year, together with necessary and reasonable expenses incident to procuring such franchises, consents, or certificates of permission and approval, including expenses of organizing and merging separate corporations, where statutes require, solely for the purpose of acquiring franchises.

B. If a franchise, consent, or certificate is acquired by assignment, the charge to this account in respect thereof shall not exceed the amount paid therefor by the utility to the assignor, nor shall it exceed the amount paid by the original grantee, plus the expense of acquisition to such grantee. Any excess of the amount actually paid by the utility over the amount above specified shall be charged to account 426.5, Other Deductions.

C. When any franchise has expired, the book cost thereof shall be credited hereto and charged to account 426.5, Other Deductions, or to account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, as appropriate.

D. Records supporting this account shall be kept so as to show separately the book cost of each franchise or consent.

NOTE: Annual or other periodic payments under franchises shall not be included herein but in the appropriate operating expense account.

303 Miscellaneous intangible plant.

A. 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 account.

B. When any item included in this account is retired or expires, the book cost thereof shall be credited hereto and charged to account 426.5, Other Deductions, or account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, as appropriate.

C. This account shall be maintained in such a manner that the utility can furnish full information with respect to the amounts included herein.

304 Land and land rights.

This account shall include the cost of land and land rights used in connection with manufactured gas production. (See gas plant instruction 7.)

305 Structures and improvements.

This account shall include the cost of structures and improvements used in connection with manufactured gas production. (See gas plant instruction 8.)

NOTE: Include relief holders in this account.

306 Boiler plant equipment.

This account shall include the cost installed of furnaces, boilers, steam and feed water piping, boiler apparatus, and accessories used in the production of steam at gas production plants.

ITEMS

1. Accumulators.

2. Air preheaters, including fans and drives, and ducts not part of building.
3. Ash disposal equipment, including sluiceways not part of a building, pumps and piping, crane, ash bucket conveyor and drives, ash cars, etc.
4. Belt conveyors, including drives.
5. Blast gate valves.
6. Blow-down tanks and piping.
7. Boilers, including valves attached thereto, casings, safety valves, soot blowers, soot hoppers, superheaters, and feed water regulators.
8. Cinder and dust catcher system, including mechanical and electric types.
9. Coal and coke handling equipment, including hoppers, lorries, etc., used wholly for boilers.
10. Combustion control system, including all apparatus installed for the regulation and control of the supply of fuel or air to boilers.
11. Control apparatus.
12. Cranes, hoists, etc., wholly identified with apparatus listed herein.
13. Desuperheaters and reducing valves.
14. Draft apparatus, including forced, induced, and other draft systems, with blowers, fans, and ducts not part of building.
15. Economizers.
16. Emergency lighting systems, not part of building, keep-a-lite systems, etc.
17. Emergency signal systems, in connection with boiler operation.
18. Feed water heaters, including primary and stage.
19. Flues, uptakes, and breeching, whether or not stacks are included in this account.
20. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
21. Furnaces.
22. Gas firing system, including gas lines, burners, etc., for gas fired boilers.
23. Injectors.
24. Mechanical stoker and feeding systems, clinker grinders, including drives.
25. Meters, gauges, recording instruments, etc.
26. Oil burning equipment, including tanks, heaters, pumps with drives, burner equipment, piping, and conditioning apparatus.
27. Painting, first cost.
28. Panels, control (for operating apparatus listed herein).
29. Piping system, steam header and exhaust header, including accessory pipe hangers, steam traps, etc., make-up water, feed water, drip, blow-off, water pipe lines used for steam plant, and valve control system.
30. Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.
31. Pulverizing equipment.
32. Pumps and driving units, for feed water, heater condensate, condenser water, and drip.
33. Stacks—brick, steel, and concrete, when set on separate foundations independent of substructure or superstructure of building.
34. Steam reheaters.
35. Steelwork, especially constructed for apparatus listed herein.
36. Tanks, including surge, weighing, return, blow-off, feed water storage.
37. Tar burning equipment for utilization of tar as boiler fuel, including tanks, pumps, burner equipment, piping, etc.
38. Waste heat boilers and accessories—stack valve and stack irrespective of location.
39. Water treatment system, including purifiers, settling tanks, filters, chemical mixing and dosing apparatus, etc.

NOTE A: This account shall not include boilers or steam pipes whose primary purpose is the heating of buildings.

NOTE B: When the system for supplying boiler or condenser water is elaborate, as when it includes a dam, reservoir, canal, or pipe line, the cost shall not be charged to this account but to a special subdivision of account 305, Structures and Improvements—Manufactured Gas.

307 Other power equipment.

A. This account shall include the cost installed of electric generating and accessory equipment used for supplying electricity in gas production plants.

B. This account shall also include the cost installed of miscellaneous power equipment at gas production plants which is not included in any other account.

ITEMS

1. Acid proofing of battery rooms.
2. Air duct runs in battery rooms.
3. Air pump, streamjet.
4. Batteries for control and general station use.
5. Belts, pulleys, hangers, shafts, and countershafts.
6. Cables between generators and switchboards.
7. Cabinets, control.
8. Compartments, including buses, connections, and items permanently attached.
9. Enclosure equipment not an integral part of building.
10. Engines, including steam rotary or reciprocating, steam turbines, and internal combustion engines.
11. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
12. Generators, a.c. or d.c., including excitation system.
13. Ground connections, for main station ground.

14. Lightning arresters.
15. Motor generators, frequency changers and converters.
16. Overhead power lines, including poles, crossarms, insulators, conductors, etc.
17. Panels, control, including supports and instruments.
18. Piping applicable to apparatus listed herein.
19. Reactors.
20. Rectifiers.
21. Safety equipment, including rubber mats, remote closing devices, glove cabinets.
22. Switchboards, including frames, panels, meters, and instruments.
23. Switching equipment, including oil circuit breakers, disconnecting switches, and connections.
24. Synchronous converters.
25. Transformers, including transformer platforms.
26. Underground conduit system, including manholes and conductors.

NOTE: When any unit of equipment listed herein is wholly used to furnish power to equipment included in another single account, its cost shall be included in such account.

308 Coke ovens.

This account shall include the cost installed of coke ovens used for the production of gas.

ITEMS

1. Apparatus for placing coal in ovens.
2. Bins, if not part of a building.
3. Cabinets, control.
4. Calorimeters.
5. Cars, quenching.
6. Charging lorry.
7. Clay mixers.
8. Coke guide.
9. Coke and pusher benches.
10. Collecting mains.
11. Control apparatus.
12. Conveyor, flight.
13. Cover lifting machinery.
14. Door handling machine.
15. Door luting machine.
16. Driving units for coke oven machinery.
17. Enclosures for machinery.
18. Engines, when not an integral part of the driven equipment.
19. Firing equipment.
20. Flues, uptakes, and breeching.
21. Foundations.
22. Fuel handling equipment used exclusively for coal to be carbonized in ovens.
23. Fuel systems under ovens.
24. Hot coke wharves.
25. Hot coke cars.
26. Instruments or meters, electrical.
27. Locomotives.
28. Mud mill.
29. Motor control equipment.
30. Ovens.
31. Panel, control.
32. Piping, including ascension pipes, hydraulic main, liquor flushing decanter tank, liquor pump, and return line to hydraulic main.
33. Pushers, including tracks and driving equipment.
34. Quenching station including structure, tank, well, piping, etc.
35. Quenching towers, piping, etc.
36. Regenerator, from bottom of oven floor tile to battery foundation.
37. Reversing machine, with enclosure.
38. Scale, platform.
39. Signal system.
40. Skip hoist.
41. Stacks.
42. Steel and iron work supports, platforms, stairways, etc.
43. Switches and switchboards.

309 Producer gas equipment.

This account shall include the cost installed of equipment used for the production of producer gas.

ITEMS

1. Ash handling equipment, used exclusively for producers.
2. Blast apparatus, including blowers, driving units, and blast mains.
3. Control apparatus.
4. Coolers and scrubbers.
5. Driving apparatus for producers.
6. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
7. Fuel handling equipment, used exclusively for producers.
8. Humidifiers.
9. Piping—air, steam (commencing at steam header), water (inside of building), and producer gas (up to outlet of final piece of apparatus in building).
10. Producer boosters, including driving units.
11. Producers.
12. Water separators.

310 Water gas generating equipment.

This account shall include the cost installed of equipment used in the generation of water gas.

ITEMS

1. Automatic operation equipment.
2. Back-run installations.
3. Blast equipment, including blowers and driving units, piping and supports.
4. Bridge, coal shed to generator house.

5. Carburetors.
6. Charging equipment, fuel.
7. Circulating water pumps.
8. Concrete or brick pits, including cover, not part of building.
9. Control apparatus.
10. Conveyors.
11. Dust collectors.
12. Enclosures for equipment (barriers, fire walls, guards, housings, screens, etc.).
13. Flow meters.
14. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
15. Fuel handling equipment used exclusively for fuel for this account.
16. Gauges, indicating and recording.
17. Generators.
18. Hot valves.
19. Hydraulic operation equipment.
20. Instruments and meters, electrical.
21. Oil handling and storage apparatus used solely for water gas apparatus (tanks, pumps and oil lines, oil heaters, manholes, valve pits, regulators, strainers, etc.).
22. Oil spray.
23. Operating floors and supports, stairways, etc.
24. Piling under foundations.
25. Piping and valves—steam (commencing at steam header) tar (to decanter) water (inside of building), and gas up to outlet of final pieces of apparatus in building).
26. Pressure regulators.
27. Scales, when used in connection with items in this account.
28. Seal pots.
29. Superheaters and superheater stacks.
30. Tanks, hydraulic pressure.
31. Valve operating mechanisms.
32. Wash boxes.

311 Liquefied petroleum gas equipment.

A. This account shall include the cost installed of equipment used for the production of gas from petroleum derivatives, such as propane, butane, or gasoline.

B. Subdivisions of this account shall be maintained for each producing process for which this account is provided. A separate subaccount shall be maintained also for bottling equipment included herein.

ITEMS

1. Blowers.
2. Boilers.
3. Calorimixer.
4. Carbureting equipment.
5. Compression equipment.
6. Controller.
7. Control apparatus.
8. Enclosures and protective fences.
9. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
10. Heat exchanger.
11. Gauges and instruments.
12. Mixing or proportioning equipment.
13. Motors, not an integral part of driven equipment.
14. Odorizing equipment.
15. Oil separator.
16. Piping—steam (commencing at steam header), water (inside of building), oil (from supply tank), and gas (up to outlet of final piece of apparatus in building).
17. Pits.
18. Prime movers.
19. Pumps, including driving units.
20. Regulator.
21. Stairs, platforms, and ladders.
22. Storage equipment, tanks, etc.
23. Superheater.
24. Traps.
25. Valves—regulating and check.
26. Vaporizing equipment.

312 Oil gas generating equipment.

This account shall include the cost installed of equipment used for generating oil gas.

ITEMS

1. Air blast equipment, including blowers and driving units, piping and supports.
2. Air inlet louvres and filters.
3. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
4. Generating equipment, including automatic cycle controls, generators, operating floor, superheaters and wash boxes.
5. Instruments and instrument boards, complete with signal lights and thermocouples and including gauge board, pressure gauges, and pyrometers.
6. Meters and regulators, such as, air flow meter, generator oil meter, steam flow meter, and steam regulator.
7. Piping and valves, air, steam (commencing at steam header), water (inside building), and oil gas (up to outlet of final piece of apparatus in building).
8. Pumps, hydraulic and oil.
9. Tanks, hydraulic accumulator, hydraulic return, oil and steam accumulator.

313 Generating equipment—Other processes.

This account shall include, with subdivisions for each type of gas produced, the cost installed of generating equipment which is not included in any of the foregoing accounts, such as benches and retorts for the production of coal gas, equipment used for generating acetylene gas, etc.

ITEMS

As to coal gas production equipment:
1. Benches.
2. Charging and drawing machines.
3. Control apparatus.
4. Equipment for steaming retorts.
5. Flues, uptakes and breeching, whether or not stacks are included in this account.
6. Foundations.
7. Fuel handling equipment used exclusively for retorts, including weight lorries, tracks, etc., and grinders, breakers, and screens located in retort house.
8. Fuel system under retorts, including built-in producers.
9. Piping, including ascension pipes, hydraulic main, liquor flushing decanter tank. liquor pump, and return line to hydraulic main.
10. Primary atmospheric condensers.
11. Retorts.
12. Stacks—brick, steel, and concrete when set on separate foundations independent of substructure or superstructure of buildings, including lightning arresters.

314 Coal, coke, and ash handling equipment.

This account shall include the cost installed of structures or equipment used for the transportation, storage, washing, and treatment of coal, coke, and ashes, when used for general gas plant operations.

ITEMS

1. Bins—mixing, refuse, storage, etc.
2. Boom operating mechanism.
3. Breaker equipment.
4. Bridges, bridge track, and machinery.
5. Bucket conveyors and supports.
6. Capstan.
7. Cars.
8. Chutes.
9. Circuit breakers.
10. Coal loaders.
11. Coal preparation machinery, including washing and drying equipment.
12. Conduit, electrical.
13. Conveyors and supports.
14. Crane, caterpillar.
15. Driving apparatus for equipment listed herein.
16. Elevators.
17. Enclosure equipment.
18. Engines, not an integral part of driven equipment.
19. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
20. Gravity swing unloader.
21. Hoppers.
22. Instruments or meters, electrical.
23. Ladders, fixed.
24. Loading towers and equipment.
25. Locomotives.
26. Motor generators used only for equipment in this account.
27. Panel, control.
28. Pitts.
29. Pulverizing equipment.
30. Railroad sidings and yard tracks.
31. Sampling equipment.
32. Scales.
33. Screens.
34. Sheds and fencing.
35. Shuttle boom.
36. Signal system equipment.
37. Silo.
38. Skip hoist.
39. Stairs, railings, etc.
40. Transfer cars and trucks.
41. Trestles.
42. Turntable.
43. Unloaders.
44. Weightometer.

315 Catalytic cracking equipment.

This account shall include the cost installed of equipment used for producing gas by the catalytic cracking process.

ITEMS

1. Caloric meters.
2. Catalytic furnace, including catalyst and foundation.
3. Combustion air blowers.
4. Compressors, air.
5. Control equipment.
6. Cooling coils, including foundations.
7. Cooling towers, including foundations.
8. Enclosures.
9. Fractionalizing units.
10. Piping and valves.
11. Preheaters.
12. Pressure regulators.
13. Proportioning controls.
14. Tanks.
15. Vaporizers.

316 Other reforming equipment.

This account shall include the cost installed of equipment, other than catalytic cracking equipment, used primarily for reforming gas with resultant changes in its chemical composition and calorific value.

ITEMS

1. Blast equipment, including blowers and driving units, piping, and supports.

2. Control apparatus.
3. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
4. Fuel and ash handling equipment, used wholly in reforming gas.
5. Oil gas apparatus, used for reforming gas.
6. Piping—steam (commencing at steam header), water (inside of building), and gas (up to outlet of final piece of apparatus in building).
7. Pumps and driving units.
8. Purifiers for gas to be reformed.
9. Regulators.
10. Water gas generators, used primarily for reforming gas.

317 Purification equipment.

This account shall include the cost installed of apparatus used for the removal of impurities from gas and apparatus for conditioning gas, including pumps, wells, and other accessory apparatus.

ITEMS

1. Blowers for revivifying.
2. Blowers for activators.
3. Condensers and washer coolers.
4. Control apparatus—conduit, cable, cabinets, switchboards, etc.
5. Crane or cover lifting equipment, not part of the structure.
6. Dehydrators.
7. Engines, not an integral part of driven equipment.
8. Foundations and settings, specially constructed for and not intended to outlast the equipment for which provided.
9. Instruments and meters, electric.
10. Lubricators.
11. Naphthalene and light oil scrubbers.
12. Other accessory equipment such as coolers, spray ponds, pumps, platforms, railings, stairs.
13. Oxide elevators and pits, platforms, tables, and trenches.
14. Piping—air, steam, water, gas, condensate, liquor, tar, etc., from inlet valve of first piece of apparatus to outlet valve of final piece of apparatus (or, in building, from entrance to building to exit from building).
15. Precipitators.
16. Purifiers—iron oxide or liquid, including first filling.
17. Recording gauges and thermometers.
18. Revivifying air ducts.
19. Saturator with auxiliary equipment.
20. Scrubbers.
21. Seal and drip pots.
22. Signal system identified with equipment herein.
23. Sulphur removal apparatus.
24. Tar extractors and Cottrell precipitators.
25. Tar pumps and tanks.
26. Track runs for cranes and hoists.
27. Wash boxes.
28. Water meters, for cooling water.

318 Residual refining equipment.

This account shall include the cost installed of apparatus used in refining and handling of residuals except where the apparatus is necessary for the operation of property included in account 317, Purification Equipment.

ITEMS

1. Ammonia stills, condensers, saturators, etc.
2. Apparatus for removal of residuals from purifier liquids.
3. Coke filter.
4. Coke handling and storage facilities used solely for coke held for sale.
5. Condensers.
6. Control apparatus.
7. Coolers.
8. Decanters.
9. Foundations specially constructed for and not intended to outlast the apparatus for which provided.
10. Gauges.
11. Heating equipment for apparatus included in this account.
12. Instruments.
13. Light oil stills, washers, etc.
14. Piping and pumps.
15. Platforms, stairs, and ladders.
16. Separators.
17. Storage tanks.
18. Supports.
19. Tar dehydrators, stills, etc.

319 Gas mixing equipment.

This account shall include the cost installed of equipment used for mixing manufactured and natural gas, or the mixing of other gases incident to delivery of such mixed gases to the distribution system.

ITEMS

1. Alcohol units.
2. Automatic mixing controls.
3. Btu adjustor.
4. Calorimeter.
5. Calorimixer.
6. Compressor.
7. Gas heater.
8. Gas scrubber (air filter, dust cleaner).
9. Gauges and instruments.
10. Meters.
11. Mixing chambers.

12. Odorizing equipment.
13. Oil pump units.
14. Panel and control equipment.
15. Piping and valves.
16. Regulators, pressure and ratio.
17. Safety alarm equipment.

320 Other equipment.

This account shall include the cost installed of equipment used in the production of gas, when not assignable to any of the foregoing accounts.

ITEMS

1. Cabinet, control.
2. Compressed air system.
3. Fire hose carts.
4. First aid room equipment.
5. Foamite system.
6. Foundations and settings specially constructed for and not intended to outlast the apparatus for which provided.
7. Gasoline pumps.
8. Hand pumps.
9. Machine shop equipment, such as lathes, pipe cutting and threading machines, vise grinders, power saw, shop motors, shafting and belting, drill press, shapers, milling machines, planes, etc.
10. Odorizing equipment.
11. Office furniture and equipment.
12. Oil foggers.
13. Panel, control.
14. Piping—yard, when not includible in other accounts.
15. Pits.
16. Platforms.
17. Portable scaffolds, ladders, etc.
18. Power shovels.
19. Production laboratory equipment.
20. Scales, not associated with other equipment.
21. Special signal equipment.
22. Tractors for general plant use.
23. Works exhauster including driving unit and governor.
24. Works station meters, including gauges, piping and accessories.

SPECIAL INSTRUCTIONS

Costs Related to Leases Acquired After October 7, 1969

The net book value of amounts recorded in the natural gas production accounts incurred on or related to leases acquired after October 7, 1969, shall, in general, not exceed the net realizable value (estimated selling price less estimated costs of extraction, completion, and disposal) of recoverable hydrocarbon reserves discovered on such leases. After initiation of exploration and development on leases acquired after October 7, 1969, the utility must determine after a reasonable period of time, and annually thereafter, whether the net realizable value of such recoverable reserves will be sufficient to absorb the net book value of amounts recorded in the accounts. The recoverable reserves shall be determined and attested to by independent appraisers no less frequently than every 3 years. If the net realizable value of recoverable reserves is not sufficient to absorb the net book value of amounts in the production accounts, the utility shall reduce the net book value of the amounts in the accounts to net realizable value of recoverable reserves. The reduction shall be done by first reducing the unamortized amounts recorded in Account 338, Unsuccessful Exploration and Development Costs, by debiting Account 404.1, Amortization and Depletion of Producing Natural Gas Land and Land Rights (for Nonmajor companies, 403.1, Depreciation and Depletion Expense). Next, if the net book value related to successful costs exceeds the net realizable value of the recoverable reserves, the production plant accounts shall be written down to such net realizable value by appropriate charges and credits to the expense and valuation accounts.

325.1 Producing lands.

This account shall include the cost of lands held in fee on which producing natural gas wells are located, and lands held in fee which are being drained of natural gas through the operation by the utility of wells on other land. (See gas plant instruction 7–G.)

325.2 Producing leaseholds.

A. This account shall include the cost of acquiring leaseholds on which the utility pays royalties for natural gas obtained therefrom. (See gas plant instruction 7–G.)

B. Exclude from this account rents paid periodically for rights obtained under leases. Exclude also from this account the cost of leaseholds which terminate in one year or less after they become effective.

325.3 Gas rights.

This account shall include the cost of natural gas rights used in producing natural gas, whereby the utility obtains ownership in gas underlying land not owned or leased by the utility. It does not provide for gas rights which are leased and which are properly chargeable to account 325.2, Producing Leaseholds.

325.4 Rights-of-way.

This account shall include the cost of all interests in land which terminate more than 1 year after they become effective and on which are located gathering pipelines, telephone pole lines, and like property used in connection with the production of natural gas. (See gas plant instruction 7.)

325.5 Other land and land rights.

This account shall include the cost of land and land rights used in connection with the production of natural gas, when not properly assignable to any of the foregoing accounts. (See gas plant instruction 7.)

326 Gas well structures.

This account shall include the cost of well structures and improvements used in connection with the housing of permanent bailers and other equipment necessary to keep the wells in operation. (See gas plant instruction 8.)

327 Field compressor station structures.

This account shall include the cost of structures and improvements used in connection with the housing of compressor station equipment used to raise the pressure of natural gas before it is conveyed to the terminus of the field lines. (See gas plant instruction 8.)

328 Field measuring and regulating station structures.

This account shall include the cost of structures and improvements used in connection with the housing of meters, regulators, and appurtenant appliances for measuring and regulating natural gas before the point where it enters the transmission or distribution system. (See gas plant instruction 8.)

329 Other structures.

This account shall include the cost of structures and improvements used in connection with natural gas production and gathering not provided for elsewhere. (See gas plant instruction 8.)

330 Producing gas wells—Well construction.

This account shall include the cost of drilling producing gas wells.

ITEMS

1. Clearing well site.
2. Hauling, erecting, dismantling, and removing boilers, portable engines, derricks, rigs, and other equipment and tools used in drilling.
3. Drilling contractors' charges.
4. Drive pipe.
5. Fuel or power.
6. Labor.
7. Rent of drilling equipment.
8. Water used in drilling, obtained either by driving wells, piping from springs or streams, or by purchase.
9. Hauling well equipment.
10. Shooting, fracturing, acidizing.

331 Producing gas wells—Well equipment.

This account shall include the cost of equipment in producing gas wells.

ITEMS

1. Bailing equipment.
2. Boilers and drives permanently connected.
3. Casing.
4. Derrick.
5. Fence, when solely an enclosure for equipment.
6. Fittings, including shut-in valves, bradenheads and casing heads.
7. Packing.
8. Tank, oil or water, etc.
9. Tubing.

332 Field lines.

This account shall include the cost installed of field lines used in conveying natural gas from the wells to the point where it enters the transmission or distribution system.

ITEMS

1. Gathering lines, including pipe, valves, fittings, and supports.
2. Cathodic protection equipment.
3. Creek crossings, suspension bridges and other special construction.
4. Line drips and separators.
5. Line pack gas.

333 Field compressor station equipment.

This account shall include the cost installed of compressor station equipment and associated appliances used to raise the pressure of natural gas before it is conveyed to the terminus of the field lines.

ITEMS

1. Boiler plant, coal handling and ash handling equipment for steam powered compressor station.
2. Compressed air system equipment.
3. Compressor equipment and driving units, including auxiliaries, foundations, guard rails and enclosures, etc.
4. Electric system equipment, including generating equipment and driving units, power wiring, transformers, regulators, battery equipment, switchboard, etc.
5. Fire fighting equipment.
6. Gas lines and equipment, including fuel supply lines, cooling tower and pond and associated equipment, dehydrators, fuel gas mixers, special pipe bends and connections, and associated scrubbers, separators, tanks, gauges and instruments.
7. Laboratory and testing equipment.
8. Lubricating oil system, including centrifuge, filter, tanks, purifier, and lubricating oil piping, etc.
9. Office furniture and fixtures and general equipment such as heating boilers, steel lockers, first-aid equipment, gasoline dispensing equipment, lawn mowers, incinerators, etc.
10. Shop tools and equipment.
11. Water supply and circulation system, including water well, tank, water piping, cooling tower, spray fence, and water treatment equipment, etc., but not including water system equipment solely for domestic and general use.

334 Field measuring and regulating station equipment.

This account shall include the cost installed of meters, gauges, and other equipment used in measuring and regulating natural gas collected in field lines before the point where it enters the transmission or distribution system.

ITEMS

1. Automatic control equipment.
2. Boilers, heaters, etc.
3. Foundations, pits, etc.
4. Gas cleaners, scrubbers, separators, dehydrators, etc.
5. Gauges and instruments, including piping, fittings, wiring, etc., and panel boards.
6. Headers.
7. Meters, orifice or positive, including piping and connections.
8. Oil fogging equipment.
9. Odorizing equipment.
10. Regulators or governors, including controls and instruments.
11. Structures of a minor nature or portable type.

335 Drilling and cleaning equipment.

This account shall include the cost of implements and equipment used in drilling and cleaning natural gas wells.

ITEMS

1. Bailers.
2. Bits and other drilling tools.
3. Boilers.
4. Derricks.
5. Drilling cables.
6. Drilling machines.
7. Engines.
8. Motors.
9. Pulling machines.
10. Pumps.
11. Rigs.
12. Tanks.

336 Purification equipment.

This account shall include the cost installed of apparatus used for the removal of impurities from gas and apparatus for conditioning gas.

ITEMS

1. Condensers and washer coolers.
2. Dehydrators.
3. Foundations and settings, specially constructed for and not intended to outlast the equipment for which provided.
4. Other accessory equipment, such as coolers, spray ponds, pumps, platforms, railings, stairs.
5. Piping, from inlet valve of first piece of apparatus to outlet valve of final piece of apparatus (or, in building, from entrance to building to exit from building).
6. Scrubbers.
7. Sulphur removal apparatus.
8. Water supply system.

NOTE: In general this account shall include all dehydrators located in or adjacent to production areas which are used to remove water and other stray liquids from gas produced by the utility or purchased in or adjacent to production areas. In some instances such dehydrators may be located some distance from the production sources of the gas. Where, however, the utility has no production and gathering facilities with respect to any of the gas passing through the dehydrators, such as at the purchase point at the head of a transmission pipe line company, the dehydrators may be included in account 368, Compressor Station Equipment, or account 367, Mains, whichever is the most practicable and reasonable under the circumstances. Dehydrators which are an adjunct to products extraction operations shall be included in account 342, Extraction and Refining Equipment. Dehydrators used in

connection with underground gas storage operations shall be included in account 356, Purification Equipment.

337 Other equipment.

This account shall include the cost installed of equipment used in the production and gathering of natural gas, when not assignable to any of the foregoing accounts.

ITEMS

1. Calorimeter.
2. Control installation.
3. Crane.
4. Laboratory equipment.
5. Odorizing unit.
6. Office furniture and equipment.
7. Oil fogger.

338 Unsuccessful exploration and development costs.

A. This account shall include unsuccessful exploration and development costs incurred on or related to hydrocarbon leases, on properties in the contiguous 48 States and the State of Alaska, acquired after October 7, 1969. It shall also include costs of a preliminary nature incurred in the search for natural gas in such areas after October 7, 1969.

B. The costs recorded in this account shall be amortized by debiting account 404.1, Amortization and Depletion of Producing Natural Gas Land and Land Rights, and crediting this account using the unit-of-production or other acceptable method of amortization as hydrocarbons are extracted from producing wells.

C. In general, the unamortized costs recorded in this account shall not exceed the net realizable value (estimated selling price less estimated costs of extraction, completion and disposal) of proven hydrocarbon reserves on leases acquired after October 7, 1969. (See "Special Instructions—Costs Related to Leases Acquired After October 7, 1969," above.)

340 Land and land rights.

This account shall include the cost of land and land rights used in connection with the processing of natural gas for removal of gasoline, butane, propane, or other salable products. (See gas plant instruction 7.)

341 Structures and improvements.

This account shall include the cost of structures and improvements used in connection with the processing of natural gas for removal of gasoline, butane, propane, or other salable products. (See gas plant instruction 8.)

342 Extraction and refining equipment.

This account shall include the cost installed of equipment used for the extraction from natural gas of gasoline, butane, propane, or other salable products and for the refining of such products.

ITEMS

1. Boiler plant equipment, including boiler, boiler setting, heat exchangers, etc.
2. Compressed air system, including air compressor, air storage tank, etc.
3. Cooling equipment such as coolers, cooling tower and accessories for gas, extracted products, etc.
4. Cranes, trolleys, and hoists.
5. Electrical system, including generator and driving unit, power lines, transformers, switchboard, yard lighting system, etc.
6. Extraction and refining equipment, such as absorbers, reabsorbers, stills, dephlegmators, fractionating towers, stabilizing columns, control apparatus.
7. Foundations and structural supports for equipment items not intended to outlast the equipment for which provided.
8. Fuel regulating and measuring equipment.
9. Gasoline blending equipment including dye pot, educator pumps, lead storage tanks, weighing device, etc.
10. Gauges and instruments.
11. Loading racks and associated other equipment.
12. Lubricating oil system.
13. Pumps of various types, such as boiler feed water pumps, loading and transfer pumps, drip still pumps, oil pumps, skimmer basin pumps, etc.
14. Tanks of various types such as accumulator and dewatering tanks, separator tanks, gasoline feed tanks, compressed air tanks, oil surge tanks, etc., except tanks classifiable as storage equipment, account 344.
15. Water supply system including water well, water tank and supports, water softener or purification apparatus, traveling water screen and drive.
16. Yard piping, gas, water, steam, compressed air, fuel, vapor, extracted products, including headers, valves, etc., but not including off-site lines includible in account 343, Pipe Lines.

343 Pipe lines.

This account shall include the cost installed of gas and liquids pipe lines used in connection with the processing of natural gas for the removal of gasoline, butane, propane, or other salable products, exclusive of runs of pipe appropriately includible in other equipment accounts, embracing principally off-site gas, gasoline gathering, and loading lines not includible as yard piping in account 342, Extraction and Refining Equipment.

ITEMS

1. Gas lines, off-site, relating solely to extraction operations.
2. Gasoline gathering lines connecting with off-site sources.
3. Gathering line drips.
4. Instruments, indicating and recording.
5. Loading lines connecting with remote off-site loading racks or storage facilities.
6. Pumps and driving units.

344 Extracted product storage equipment.

This account shall include the cost installed of storage tanks and associated equipment used in the storing, prior to sale, of gasoline, butane, propane, and other salable products extracted from natural gas.

ITEMS

1. Foundations.
2. Instruments.
3. Regulators.
4. Storage tanks for partially or fully processed products.
5. Valves.

345 Compressor equipment.

This account shall include the cost installed of compressor equipment and associated appliances used in connection with the receipt, processing, and return of natural gas processed for removal of gasoline, butane, propane, or other salable products.

ITEMS

(See account 333 for items.)

346 Gas measuring and regulating equipment.

This account shall include the cost installed of meters, gauges, and other equipment used in measuring or regulating natural gas received and/or returned from processing for removal of gasoline, butane, propane, or other salable products.

ITEMS

1. Automatic control equipment.
2. Boilers, heaters, etc.
3. Foundations, pits, etc.
4. Gas cleaners, scrubbers, separators, dehydrators, etc.
5. Gauges and instruments, including piping, fittings, wiring, etc., and panel boards.
6. Headers.
7. Meters, orifice or positive, including piping and connections.
8. Oil fogging equipment.
9. Odorizing equipment.
10. Regulators or governors, including controls and instruments.
11. Structures of a minor nature or portable type.

347 Other equipment.

This account shall include the cost installed of equipment used in processing natural gas and refining gasoline, butane, propane, and other salable products extracted from natural gas, when not assignable to any of the foregoing accounts.

ITEMS

1. Fire fighting equipment.
2. Laboratory and testing equipment.
3. Miscellaneous equipment, such as first-aid cabinet, gasoline dispensing pump, heating boiler, incinerator, lawn mower, warehouse truck.
4. Office furniture and equipment.
5. Shop tools and equipment.

SPECIAL INSTRUCTIONS—ACCOUNTS 350.1 THROUGH 363.5

The above accounts are to be used by the transmission and distribution companies for the classification of storage facilities used for peak shaving operations. The accounts shall be subdivided to classify the peak shaving storage facilities according to the transmission or distribution function, if the utility operates both transmission and distribution systems. Only base load liquefied natural gas terminaling and processing facilities are to be classified in accounts 364.1 through 364.8.

350.1 Land.

This account shall include the cost of lands held in fee on which underground storage wells are located, and other lands held in fee within an area utilized for the underground storage of gas. (See gas plant instruction 7–G.)

350.2 Rights-of-way.

This account shall include the cost of all interests in land which do not terminate until more than 1 year after they become effective and on which are located underground storage lines, telephone poles lines, and like property used in connection with underground gas storage operations. (See gas plant instruction 7.)

351 Structures and improvements.

A. This account shall include the cost in place of structures and improvements used wholly or predominantly in connection with underground storage of natural gas. (See gas plant instruction 8.)

B. This account shall be subdivided as follows:

351.1 Well structures.
351.2 Compressor station structures.
351.3 Measuring and regulating station structures.
351.4 Other structures.

352 Wells.

This account shall include the drilling cost of wells used for injection and withdrawal of gas from underground storage projects, including wells kept open and used for observation.

ITEMS

Drilling:
1. Clearing well site.
2. Hauling, erecting, dismantling, and removing boilers, portable engines, derricks, rigs, and other equipment and tools used in drilling.
3. Drilling contractors' charges.
4. Drive pipe.
5. Fuel or power.
6. Labor.
7. Rent of drilling equipment.
8. Water used in drilling, obtained either by driving wells, piping from springs or streams, or by purchase.
9. Hauling well equipment.
10. Shooting, fracturing, acidizing.

Equipment:
11. Bailing equipment.
12. Boilers and drives permanently connected.
13. Casing.
14. Derrick.
15. Fence, when solely an enclosure for equipment.
16. Fittings, including shut-in valves, bradenheads and casing heads.
17. Packing.
18. Tank, oil or water, etc.
19. Tubing.

352.1 Storage leaseholds and rights.

A. This account shall include the cost of leaseholds, storage rights, mineral deeds, etc. on lands for the purpose of utilizing subsurface reservoirs for underground gas storage operations. (See gas plant instruction 7–G.)

B. Exclude from this account rents or other charges paid periodically for use of subsurface reservoirs for underground gas storage purposes.

NOTE: Items such as buildings, wells, lines, equipment and recoverable gas used in storage operations acquired with land or storage leaseholds and rights are to be classified in the appropriate accounts.

352.2 Reservoirs.

This account shall include costs to prepare underground reservoirs for the storage of natural gas.

ITEMS

1. Geological, geophysical and seismic costs.
2. Plugging abandoned wells.
3. Fuel and power.
4. Drilling and equipping fresh water wells, disposal wells, and solution wells.
5. Leaching of salt dome caverns.
6. Rentals on storage rights and leases incurred during construction and development period.
7. Gas used during the development period.
8. Costs incident to maintaining covenants of production leaseholds during the period required to convert them to storage leaseholds.
9. Other rehabilitation work.

352.3 Nonrecoverable natural gas.

A. This account shall include the cost of gas in underground reservoirs, including depleted gas or oil fields and other underground caverns or reservoirs used for the storage of gas which will not be recoverable.

B. Such nonrecoverable gas shall be priced at cost according to generally accepted methods of cost determination consistently applied. (See the Special Instructions to Accounts 117.1, 117.2, and 117.3.

353 Lines.

This account shall include the cost installed of gas pipe lines used wholly or predominantly for conveying gas from point of connection with transmission or field lines to underground storage wells and from underground storage wells to the point where the gas enters the transmission or distribution system.

ITEMS

1. Cathodic protection equipment.
2. Creek crossings, suspension bridges and other special construction.
3. Lines, including pipe, valves, fittings, and supports.
4. Line drips and separators.
5. Line pack gas.

354 Compressor station equipment.

This account shall include the cost installed of compressor station equipment used wholly or predominantly for the purpose of raising the pressure of gas for delivery to underground storage or to raise the pressure of gas withdrawn from underground storage for delivery to the transmission or distribution system.

ITEMS

1. Boiler plant, coal handling and ash handling equipment for steam powered compressor station.
2. Compressed air system equipment.
3. Compressor equipment and driving units, including auxiliaries, foundations, guard rails and enclosures, etc.
4. Electric system equipment, including generating equipment and driving units, power wiring, transformers, regulators, battery equipment, switchboard, etc.
5. Fire fighting equipment.
6. Gas lines and equipment, including fuel supply lines, cooling tower and pond and associated equipment, dehydrators, fuel gas mixers, special pipe bends and connections, and associated scrubbers, separators, tanks, gauges and instruments.
7. Laboratory and testing equipment.
8. Lubricating oil system, including centrifuge, filter, tanks, purifier, and lubricating oil piping, etc.
9. Office furniture and fixtures and general equipment such as steel lockers, first-aid equipment, gasoline dispensing equipment, lawn mowers, incinerators, etc.
10. Shop tools and equipment.
11. Water supply and circulation system, including water well, tank, water piping, cooling tower, spray fence, and water treatment equipment, etc., but not including water system equipment solely for domestic and general use.

355 Measuring and regulating equipment.

This account shall include the cost installed if equipment used wholly or predominantly for the purpose of measuring and regulating deliveries of gas to underground storage and withdrawals of gas from underground storage.

ITEMS

1. Automatic control equipment.
2. Boilers, heaters, etc.
3. Foundations, pits, etc.
4. Gas cleaners, scrubbers, separators, dehydrators, etc.
5. Gauges and instruments, including piping, fittings, wiring, etc., and panel boards.
6. Headers.
7. Meters, orifice or positive, including piping and connections.
8. Oil fogging equipment.
9. Odorizing equipment.
10. Regulators or governors, including controls and instruments.
11. Structures of a minor nature or portable type.

356 Purification equipment.

This account shall include the cost installed of apparatus used wholly or predominantly for the removal of impurities from and the conditioning of, gas delivered to or removed from underground storage fields.

ITEMS

1. Condensers and washer coolers.
2. Dehydrators.
3. Foundations and settings, specially constructed for and not intended to outlast the equipment for which provided.
4. Other accessory equipment, such as coolers, spray ponds, pumps, platforms, railings, stairs.
5. Piping, from inlet valve of first piece of apparatus to outlet valve of final piece of apparatus (or, in building, from entrance to building to exit from building).
6. Scrubbers.

7. Sulphur removal apparatus.
8. Water supply system.

357 Other equipment.

This account shall include the cost installed of equipment used wholly or predominantly in connection with underground storage of gas, when not assignable to any of the foregoing accounts.

ITEMS

1. Calorimeter.
2. Control installation.
3. Crane.
4. Odorizing unit.
5. Office furniture and equipment.
6. Oil foggers.

360 Land and land rights.

This account shall include the cost of land and land rights used in connection with the storage of gas in holders. (See gas plant instruction 7.)

361 Structures and improvements.

This account shall include the cost in place of structures and improvements used in connection with the storage of gas in holders. (See gas plant instruction 8.)

362 Gas holders.

This account shall include the cost installed of holders and associated appliances used in the storage of gas above ground, or in underground receptacles.

ITEMS

1. Alarm systems.
2. Buried piping, tanks or other underground construction for gas storage.
3. Flood and fire control equipment.
4. Foundations.
5. Holder pistons.
6. Holders-waterless, including elevators, tar apparatus, and inlet and outlet connections.
7. Holders-waterseal, including oil skimmer, heating equipment, drips, and inlet and outlet connections.
8. Hortonspheres and high pressure tanks, including inlet and outlet connections, access equipment, etc.
9. Lighting.
10. Pumps.
11. Ventilating equipment.
12. Walkways.

NOTE A: If the utility stores gas by the liquefaction process the holders for such liquids, whether above or below ground, shall be included in a separate subaccount hereunder.

NOTE B: Relief holders used in connection with manufactured gas operations shall be included in account 305, Structures and Improvements.

363 Purification equipment.

This account shall include the cost installed of apparatus used for the removal of impurities from gas and apparatus for conditioning gas.

ITEMS

1. Condensers and washer coolers.
2. Dehydrators.
3. Foundations and settings, specially constructed for and not intended to outlast the equipment for which provided.
4. Other accessory equipment, such as coolers, spray ponds, pumps, platforms, railings, stairs.
5. Piping from inlet valve of first piece of apparatus to outlet valve of final piece of apparatus (or, in building from entrance to building to exit from building).
6. Scrubbers.
7. Sulphur removal apparatus.
8. Water supply system.

363.1 Liquefaction equipment.

This account shall include the cost installed of equipment used in liquefaction of natural gas.

ITEMS

1. Cold box.
2. Heat exchanger.
3. Condensers.
4. Pumps.
5. Tanks.

363.2 Vaporizing equipment.

This account shall include the cost installed of vaporizing equipment used in connection with liquefied natural gas storage.

363.3 Compressor equipment.

This account shall include the cost installed of compressor equipment and associated appliances used in connection with other storage plant.

363.4 Measuring and regulating equipment.

This account shall include the cost installed of equipment used to measure deliveries of gas to other storage and withdrawals of gas from other storage.

ITEMS

1. Automatic control equipment.
2. Boilers, heaters, etc.
3. Foundations, pits, etc.
4. Gas cleaners, scrubbers, separators, dehydrators, etc.
5. Gauges and instruments, including piping, fittings, wiring, etc., and panel boards.
6. Headers.
7. Meters, orifice or positive, including piping and connections.
8. Oil fogging equipment.
9. Odorizing equipment.
10. Regulators or governors, including controls and instruments.
11. Structures of a minor nature or portable type.

363.5 Other equipment.

This account shall include the cost installed of other equipment used in connection with the storage of gas in holders.

ITEMS

1. Complete inlet and outlet connections.
2. Compressor.
3. Foundation.
4. Gauges and instruments.
5. Regulating apparatus.
6. Line pack gas.

364.1 Land and land rights.

A. This account shall include the cost of land and land rights used in connection with liquefied natural gas terminaling and processing operations. (See gas plant instruction 7.)

364.2 Structures and improvements.

A. This account shall include the cost in place of structures and improvements used in connection with liquefied natural gas terminaling and processing operations. (See gas plant instruction 8.)

B. This account shall be subdivided as follows:

1. Docking and harbor facilities.
2. LNG processing terminal structures.
3. Measuring and regulating structures.
4. Compressor station structures.
5. Other structures.

364.3 LNG processing terminal equipment.

This account shall include the cost installed of equipment used to receive, hold, and regasify liquefied natural gas for delivery into the utility's transmission or distribution system.

ITEMS

1. Aftercoolers.
2. Air compressors.
3. Air coolers.
4. Alarm systems.
5. Blowers.
6. Cold box, condensers.
7. Controls and control apparatus.
8. Dikes.
9. Drums.
10. Electrical power and ignition circuits including wiring and conduits.
11. Emission control equipment.
12. Fire control devices and equipment.
13. Foundations.
14. Generators.
15. Heat exchangers.
16. Heaters and reheaters.
17. Instrumentation.
18. Intercoolers.
19. Liquefaction compressors.
20. Liquefied gas holders and storage tanks.
21. Nitrogen system equipment.
22. Plant piping including pipe supports.
23. Pollution control facilities.
24. Pumps and driving units.
25. Stacks.
26. Tanks, other than LNG storage tanks (including ladders, stairs, walkways, and lighting).
27. Unloading and loading arms, and appurtenant equipment.
28. Valves.
29. Vaporizers.
30. Waste heat recovery units.
31. Water craft not to include LNG tankers and barges.
32. Miscellaneous other equipment.
33. Line pack gas.

364.4 LNG transportation equipment.

This account shall include the cost of vehicles used for the transportation of liquefied natural gas.

ITEMS

1. LNG barges.
2. LNG maritime tankers.
3. LNG tank trucks.
4. Other LNG transportation equipment.

364.5 Measuring and regulating equipment.

This account shall include the cost installed of meters, gauges and other equipment used in base load LNG operations for measuring or regulating natural gas prior to its entrance into the utility's transmission or distribution system.

ITEMS

1. Automatic control equipment.
2. Boilers, heaters, etc.
3. Foundation, pits, etc.
4. Gas analyzer equipment.
5. Gas cleaners, scrubbers, separators, dehydrators, etc.
6. Gauges and instruments, including piping, fittings, wiring, etc., and panel boards.
7. Headers.
8. Meters, orifice or positive, including piping and connections.
9. Oil fogging equipment.
10. Odorizing equipment.
11. Regulators or governors, including controls and instruments.
12. Stabilization equipment.
13. Structures of a minor or portable type.
14. Other equipment.

364.6 Compressor station equipment.

This account shall include the cost installed of compressor station equipment and associated appliances used in connection with liquefied natural gas operations prior to entrance of vaporized gas into the utility's transmission or distribution system.

ITEMS

1. Boiler plant, coal handling, and ash handling equipment for steam powered compressor station.
2. Compressed air system equipment.
3. Compressor equipment and driving units, including auxiliaries, foundations, guard rails, and enclosures, etc.
4. Electric system equipment, including generating equipment and driving units, power wiring, transformers, regulators, battery equipment, switchboard, etc.
5. Fire fighting equipment.
6. Gas lines and equipment, including fuel supply lines, cooling tower and pond and associated equipment, dehydrators, fuel gas mixers, special pipebends and connections, and associated scrubbers, separators, tanks, gauges, and instruments.
7. Laboratory and testing equipment.
8. Lubricating oil system, including centrifuge, filter, tanks, purifier, and lubricating oil piping, etc.
9. Office furniture and fixtures and general equipment such as steel lockers, first-aid equipment, gasoline dispensing equipment, lawn mowers, incinerators, etc.
10. Shop tools and equipment.
11. Water supply and circulation system, including water well, tank, water pipeline, cooling tower, spray fence, and water treatment equipment, etc., but not including water system equipment used solely for domestic and general use.
12. Other equipment.

364.7 Communication equipment.

This account shall include the cost installed of radio, telephone, microwave, and other equipment used wholly or predominantly in connection with the operation and maintenance of the liquefied natural gas system. (See also accounts 370 and 397, Communication Equipment.)

ITEMS

1. Carrier terminal equipment including repeaters, power supply equipment, transmitting and receiving sets.
2. Microwave equipment, including power supply equipment, transmitters, amplifiers, paraboloids, towers, reflectors, receiving equipment, etc.
3. Radio equipment, fixed and mobile, including antenna, power equipment, transmitter units.
4. Telephone equipment including switchboards, power and testing equipment, conductors, pole lines, etc.
5. Other equipment.

364.8 Other equipment.

This account shall include the cost installed of equipment used in liquefied natural gas operations, when not assignable to any of the foregoing accounts.

ITEMS

1. Garage and service equipment.
2. General tools, including power operated equipment.
3. Laboratory equipment.
4. Materials handling equipment.
5. Office furniture and equipment.
6. Power generation equipment.
7. Shop equipment.
8. Tools, other than small hand tools.
9. Other equipment.

365.1 Land and land rights.

This account shall include the cost of land and land rights except rights-of-way used in connection with transmission operations. (See gas plant instruction 7.)

365.2 Rights-of-way.

This account shall include the cost of rights-of-way used in connection with transmission operations. (See gas plant instruction 7.)

366 Structures and improvements.

A. This account shall include the cost in place of structures and improvements used in connection with transmission operations. (See gas plant instruction 8.)

B. This account shall be subdivided as follows:

366.1 Compressor station structures.

366.2 Measuring and regulating station structures.

366.3 Other structures.

367 Mains.

A. This account shall include the cost installed of transmission system mains.

B. The records supporting this account shall be so kept as to show separately the cost of mains of different sizes and types and of each tunnel, bridge, or river crossing.

ITEMS

1. Anti-freeze lubricating equipment.
2. Automatic valve operating mechanisms, including pressure tanks, etc.
3. By-pass assembly.
4. Caissons, tunnels, trestles, etc., for submarine mains.
5. Cathodic protection equipment.
6. Drip lines and pots.
7. Excavation, including shoring, bracing, bridging, pumping, backfill, and disposal of excess excavated material.
8. Foundations.
9. Gas cleaners, scrubbers, etc. when not part of compressor station or measuring and regulating equipment.
10. Leak clamps. (See gas plant instruction 10–C (1).)
11. Line pack gas.
12. Linewalkers' bridges.
13. Manholes.
14. Municipal inspection.
15. Pavement disturbed, including cutting and replacing pavement, pavement base, and sidewalks.
16. Permits.
17. Pipe coating.
18. Pipe and fittings.
19. Pipe laying.
20. Pipe supports.
21. Protection of street openings.
22. River, highway, and railroad crossings, including revetments, pipe anchors, etc.
23. Valves.
24. Welding.

368 Compressor station equipment.

This account shall include the cost installed of compressor station equipment and associated appliances used in connection with transmission system operations.

ITEMS

1. Boiler plant, coal handling and ash handling equipment for steam powered compressor station.
2. Compressed air system equipment.
3. Compressor equipment and driving units, including auxiliaries, foundations guard rails and enclosures, etc.
4. Electric system equipment, including generating equipment and driving units power wiring, transformers, regulators, battery equipment, switchboard, etc.
5. Fire fighting equipment.
6. Gas lines and equipment, including fuel supply lines, cooling tower and pond and associated equipment, dehydrators, fuel gas mixers, special pipe bends and connections and associated scrubbers, separators, tanks gauges and instruments.
7. Laboratory and testing equipment.
8. Lubricating oil system, including centrifuge, filter, tanks, purifier, and lubricating oil piping, etc.
9. Office furniture and fixtures and general equipment such as steel lockers, first-aid equipment, gasoline dispensing equipment lawn mowers, incinerators, etc.
10. Shop tools and equipment.
11. Water supply and circulation system including water well, tank, water piping cooling tower, spray fence, and water treatment equipment, etc., but not including water system equipment solely for domestic and general use.

369 Measuring and regulating station equipment.

This account shall include the cost installed of meters, gauges, and other equipment used in measuring or regulating gas in connection with transmission system operations.

ITEMS

1. Automatic control equipment.

2. Boilers, heaters, etc.
3. Foundations, pits, etc.
4. Gas cleaners, scrubbers, separators, dehydrators, etc.
5. Gauges and instruments, including piping, fittings, wiring, etc., and panel boards.
6. Headers.
7. Meters, orifice or positive, including piping and connections.
8. Oil fogging equipment.
9. Odorizing equipment.
10. Regulators or governors, including controls and instruments.
11. Structures of a minor nature or portable type.

NOTE: Pipeline companies, including companies who measure deliveries of gas to their own distribution system, shall include in the transmission function classification city gate and main line industrial measuring and regulating stations.

370 Communication equipment.

This account shall include the cost installed of radio, telephone, microwave, and other equipment used wholly or predominantly in connection with the operation and maintenance of the gas transmission system. (See also account 397, Communication Equipment.)

ITEMS

1. Carrier terminal equipment including repeaters, power supply equipment, transmitting and receiving sets.
2. Microwave equipment, including power supply equipment, transmitters, amplifiers, paraboloids, towers, reflectors, receiving equipment, etc.
3. Radio equipment, fixed and mobile, including antenna, power equipment, transmitters and receivers, and portable receiver-transmitter units.
4. Telephone equipment including switchboards, power and testing equipment, conductors, pole lines, etc.

371 Other equipment.

This account shall include the cost installed of equipment used in transmission system operations, when not assignable to any of the foregoing accounts.

374 Land and land rights.

This account shall include the cost of land and land rights used in connection with distribution operations. (See gas plant instruction 7.)

375 Structures and improvements.

This account shall include the cost in place of structures and improvements used in connection with distribution operations. (See gas plant instruction 8.)

376 Mains.

A. This account shall include the cost installed of distribution system mains.

B. The records supporting this account shall be so kept as to show separately the cost of mains of different sizes and types and of each tunnel, bridge, or river crossing.

ITEMS

1. Caissons, tunnels, trestles, etc. for submarine mains.
2. Clamps, leak (bell and spigot) when installed at time of construction; when clamps are installed subsequent to construction, the accounting shall be in accordance with gas plant instruction 10, paragraph (C) 1.
3. Drip lines and pots.
4. Electrolysis tests, in connection with new construction.
5. Excavation, including shoring, bracing, bridging, pumping, backfill, and disposal of excess excavated material.
6. Hauling, unloading, and stringing pipe.
7. Lamping and watching new construction.
8. Line pack gas.
9. Municipal inspection.
10. Pavement disturbed, including cutting and replacing pavement, pavement base, and sidewalks.
11. Permits.
12. Pipe coating.
13. Pipe and fittings.
14. Pipe laying.
15. Pipe supports.
16. Protection of street openings.
17. Relocating city storm and sanitary sewers, catch basins, etc., or protecting same in connection with new construction.
18. Replacement of municipal drains and culverts in connection with new construction.
19. Roadway boxes.
20. Shifting excavated material due to traffic conditions in connection with new construction.
21. Sleeves and couplings.
22. Special crossovers, bridges and foundations for special construction.
23. Surveying and staking lines.
24. Valves not associated with pumping or regulating equipment.
25. Welding.
26. Wood blocking.

377 Compressor station equipment.

This account shall include the cost installed of compressor station equipment and associated appliances used in connection with distribution system operations.

ITEMS

1. Boiler plant, coal handling and ash handling equipment for steam powered compressor station.
2. Compressed air system equipment.
3. Compressor equipment and driving units, including auxiliaries, foundations, guard rails and enclosures, etc.
4. Electric system equipment, including generating equipment and driving units power wiring, transformers, regulators, battery equipment, switchboard, etc.
5. Fire fighting equipment.
6. Gas lines and equipment, including fuel supply lines, cooling tower and pond and associated equipment, dehydrators, fuel gas mixers, special pipe bends and connections, and associated scrubbers, separators, tanks, gauges and instruments.
7. Laboratory and testing equipment.
8. Lubricating oil system, including centrifuge, filter, tanks, purifier, and lubricating oil piping, etc.
9. Office furniture and fixtures and general equipment such as steel lockers, first-aid equipment, gasoline dispensing equipment, lawn mowers, incinerators, etc.
10. Shop tools and equipment.
11. Water supply and circulation system, including water well, tank water piping, cooling tower, spray fence and water treatment equipment, etc., but not including water system equipment solely for domestic and general use.

378 Measuring and regulating station equipment—General.

This account shall include the cost installed of meters, gauges and other equipment used in measuring and regulating gas in connection with distribution system operations other than the measurement of gas deliveries to customers.

ITEMS

1. Automatic control equipment.
2. Foundations.
3. Gauges and instruments.
4. Governors or regulators.
5. Meters.
6. Odorizing equipment.
7. Oil fogging equipment.
8. Piping.
9. Pressure relief equipment.
10. Vaults or pits, including valves contained therein.

NOTE: By-passes outside governor pits are includible in account 376, Mains.

379 Measuring and regulating station equipment—City gate check stations.

This account shall include the cost installed of meters, gauges, and other equipment used in measuring and regulating the receipt of gas at entry points to distribution systems.

NOTE: Pipeline companies, including companies who measure deliveries of gas to their own distribution system, shall include in the transmission function classification city gate and main line industrial measuring and regulating stations.

ITEMS

(See account 378 for items.)

380 Services.

A. This account shall include the cost installed of service pipes and accessories leading to the customers' premises.

B. A complete service begins with the connection on the main and extends to but does not include the connection with the customer's meter. A stub service extends from the main to the property line, or the curb stop.

C. Services which have been used but have become inactive shall be retired from utility plant in service immediately if there is no prospect for reuse, and, in any event, shall be retired by the end of the second year following that during which the service became inactive unless reused in the interim.

ITEMS

1. Curb valves and curb boxes.
2. Excavation, including shoring, bracing, bridging, pumping, backfill, and disposal of excess excavated material.
3. Landscaping, including lawns, and shrubbery.
4. Municipal inspection.
5. Pavement disturbed, including cutting and replacing pavement, pavement base, and sidewalks.
6. Permits.
7. Pipe and fittings, including saddle, T, or other fitting on street main.
8. Pipe coating.
9. Pipe laying.

10. Protection of street openings.
11. Service drips.
12. Service valves, at head of service, when installed or furnished by the utility.

381 Meters.

A. This account shall include the cost installed of meters or devices and appurtenances thereto, for use in measuring gas delivered to users, whether actually in service or held in reserve.

B. When a meter is permanently retired from service, the installed cost included herein shall be credited to this account.

C. The records of meters shall be so kept that the utility can furnish information as to the number of meters of each type and capacity in service and in reserve as well as the location of each meter.

ITEMS

1. Meters, including badging and initial testing.

Meter installations:
2. Cocks.
3. Labor.
4. Locks.
5. Meter bars.
6. Pipe and fittings.
7. Seals.
8. Shelves.
9. Swivels and bushings.
10. Transportation.

NOTE A: At the option of the utility, costs of meter installations may be accounted for separately from the cost of meters in accordance with the provisions of account 382, Meter Installations. The practice of the utility, however, shall be consistent from year to year and throughout the utility's system.

NOTE B: The cost of removing and resetting meters shall be charged to account 878, Meter and House Regulator Expenses.

382 Meter installations.

A. This account shall include the cost of labor and materials used, and expenses incurred in connection with the original installation of customer meters.

B. When a meter installation is permanently retired from service, the cost thereof shall be credited to this account.

ITEMS

1. Cocks.
2. Locks.
3. Labor.
4. Meter bars.
5. Pipe and fittings.
6. Seals.
7. Shelves.
8. Swivels and bushings.
9. Transportation.

NOTE: At the option of the utility, meter installations may be accounted for as part of the cost installed of meters, in accordance with the provisions of account 381, Meters. The practice of the utility, however, shall be consistent from year to year and throughout the utility's system.

383 House regulators.

A. This account shall include the cost installed of house regulators whether actually in service or held in reserve.

B. When a house regulator is permanently retired from service, the installed cost thereof shall be credited to this account.

ITEMS

1. House regulator.

House regulator installations:
2. Cocks.
3. Labor.
4. Locks.
5. Pipe and fittings.
6. Regulator vents.
7. Swivels and bushings.
8. Transportation.

NOTE: At the option of the utility, costs of house regulator installations may be accounted for separately from the cost of house regulators in accordance with the provisions of account 384, House Regulator Installations. The practice of the utility, however, shall be consistent from year to year and throughout the utility's system.

384 House regulator installations.

A. This account shall include the cost of labor and materials used and expenses incurred in connection with the original installation of house regulators.

B. When a house regulator installation is permanently retired from service, the cost thereof shall be credited to this account.

ITEMS

1. Cocks.
2. Labor.
3. Locks.
4. Pipe and fittings.
5. Regulator vents.
6. Swivels and bushings.
7. Transportation.

NOTE: At the option of the utility, house regulator installations may be accounted for as part of the cost installed of house regulators in accordance with the provisions of account 383. House Regulators. The practice, however, shall be consistent from year to year and throughout the utility's system.

385 Industrial measuring and regulating station equipment.

This account shall include the cost of special and expensive installations of measuring and regulating station equipment, located on the distribution system, serving large industrial customers.

ITEMS

(See account 378 for items.)

NOTE A: Do not include in this account measuring and regulating station equipment serving main line industrial customers. (See account 369.

NOTE B: By-passes outside of governor pits are includible in account 376, Mains.

386 Other property on customers' premises.

This account shall include the cost, including first setting and connecting, of equipment owned by the utility installed on customer premises which is not includible in other accounts.

387 Other equipment.

This account shall include the cost installed of all other distribution system equipment not provided for in the foregoing accounts, including street lighting equipment.

ITEMS

1. Carbon monoxide tester and indicators.
2. Explosimeters.
3. Fire extinguisher.
4. Gas masks.
5. Lockers.
6. Portable pump.
7. Recording gauges.
8. Street lighting equipment.
9. Test meters.
10. Watchmen's clocks.

389 Land and land rights.

This account shall include the cost of land and land rights used for utility purposes, the cost of which is not properly includible in other land and land rights accounts. (See gas plant instruction 7.)

390 Structures and improvements.

This account shall include the cost in place of structures and improvements used for utility purposes, the cost of which is not properly includible in other structures and improvements accounts. (See gas plant instruction 8.)

391 Office furniture and equipment.

This account shall include the cost of office furniture and equipment owned by the utility and devoted to utility service, and not permanently attached to buildings, except the cost of such furniture and equipment which the utility elects to assign to other plant accounts on a functional basis.

ITEMS

1. Book cases and shelves.
2. Desks, chairs, and desk equipment.
3. Drafting-room equipment.
4. Filing, storage and other cabinets.
5. Floor covering.
6. Library and library equipment.
7. Mechanical office equipment such as accounting machines, typewriters, etc.
8. Safes.
9. Tables.

392 Transportation equipment.

This account shall include the cost of transportation vehicles used for utility purposes.

ITEMS

1. Airplanes.
2. Automobiles.
3. Bicycles.
4. Electrical vehicles.
5. Motor trucks.
6. Motorcyles.
7. Repair cars or trucks.
8. Tractors and trailers.
9. Other transportation vehicles.

393 Stores equipment.

This account shall include the cost of equipment used for the receiving, shipping, handling and storage of materials and supplies.

ITEMS

1. Chain falls.
2. Counters.
3. Cranes (portable).
4. Elevating and stacking equipment (portable).
5. Hoists.
6. Lockers.
7. Scales.
8. Shelving.
9. Storage bins.
10. Trucks, hand and power driven.
11. Wheelbarrows.

394 Tools, shop and garage equipment.

This account shall include the cost of tools, implements, and equipment used in construction, repair work, general shops and garages and not specifically provided for or includible in other accounts.

ITEMS

1. Air compressors.
2. Anvils.
3. Automobile repair shop equipment.
4. Battery charging equipment.
5. Belts, shafts and countershafts.
6. Boilers.
7. Cable pulling equipment.
8. Concrete mixers.
9. Derricks.
10. Drill presses.
11. Electric equipment.
12. Engines.
13. Forges.
14. Foundations and settings specially constructed for equipment in this account and not expected to outlast the equipment for which provided.
15. Furnaces.
16. Gas producers.
17. Gasoline pumps, oil pumps, and storage tanks.
18. Greasing tools and equipment.
19. Hoists.
20. Ladders.
21. Lathes.
22. Machine tools.
23. Motor driven tools.
24. Motors.
25. Pipe threading and cutting tools.
26. Pneumatic tools.
27. Pumps.
28. Riveters.
29. Smithing equipment.
30. Tool racks.
31. Vises.
32. Welding apparatus.
33. Work benches.

395 Laboratory equipment.

This account shall include the cost installed of laboratory equipment used for general laboratory purposes and not specially provided for or includible in other departmental or functional plant accounts.

ITEMS

1. Balances and scales.
2. Barometers.
3. Calorimeters-bomb, flow, recording types, etc.
4. Electric furnaces.
5. Gas burning equipment.
6. Gauges.
7. Glassware, beakers, burettes, etc.
8. Humidity testing apparatus.
9. Laboratory hoods.
10. Laboratory tables and cabinets.
11. Muffles.
12. Oil analysis apparatus.
13. Piping.
14. Specific gravity apparatus.
15. Standard bottles for meter prover testing.
16. Stills.
17. Sulphur and ammonia apparatus.
18. Tar analysis apparatus.
19. Thermometers—indicating and recording.
20. Any other item of equipment for testing gas, fuel, flue gas, water, residuals, etc.

396 Power operated equipment.

This account shall include the cost of power operated equipment used in construction or repair work exclusive of equipment includible in other accounts. Include, also, the tools and accessories acquired for use with such equipment and the vehicle on which such equipment is mounted.

ITEMS

1. Air compressors, including driving unit and vehicle.
2. Back filling machines.
3. Boring machines.
4. Bulldozers.
5. Cranes and hoists.
6. Diggers.
7. Engines.
8. Pile drivers.
9. Pipe cleaning machines.
10. Pipe coating or wrapping machines.
11. Tractors—Crawler type.
12. Trenchers.
13. Other power operated equipment.

NOTE: It is intended that this account include only such large units as are generally self-propelled or mounted on movable equipment.

397 Communication equipment.

This account shall include the cost installed of telephone, telegraph and wireless equipment for general use in connection with the utility's gas operations. (See account 370 for communication equipment used wholly or predominantly in connection with operation and maintenance of the transmission system.)

ITEMS

1. Carrier terminal equipment including repeaters, power supply equipment, transmitting and receiving sets.
2. Microwave equipment, including power supply equipment, transmitters, amplifiers, paraboloids, towers, reflectors, receiving equipment, etc.
3. Radio equipment, fixed and mobile, including antenna, power equipment, transmitters and receivers, and portable receiver-transmitter units.
4. Telephone equipment including switchboards, power and testing equipment, conductors, pole lines, etc.

398 Miscellaneous equipment.

This account shall include the cost of equipment, apparatus, etc., used and useful in gas operations, which is not includible in any other account.

ITEMS

1. Hospital and infirmary equipment.
2. Kitchen equipment.
3. Operator's cottage furnishings.
4. Radios.
5. Recreation equipment.
6. Restaurant equipment.
7. Soda fountains.
8. Other miscellaneous equipment.

NOTE: Miscellaneous equipment of the nature indicated above wherever practicable shall be assigned to the utility plant accounts on a functional basis.

399 Other tangible property.

This account shall include the cost of tangible utility plant not provided for elsewhere.

Income Chart of Accounts

1. UTILITY OPERATING INCOME

OPERATING EXPENSES

400 Operating revenues.
401 Operation expense.
402 Maintenance expense.
403 Depreciation expense.
404.1 Amortization and depletion of producing natural gas land and land rights.
404.2 Amortization of underground storage land and land rights.
404.3 Amortization of other limited-term gas plant.
405 Amortization of other gas plant.
406 Amortization of gas plant acquisition adjustments.
407.1 Amortization of property losses, unrecovered plant and regulatory study costs.
407.2 Amortization of conversion expense.
407.3 Regulatory debits.
407.4 Regulatory credits.
408 [Reserved]
408.1 Taxes other than income taxes, utility operating income.
409 [Reserved]
409.1 Income taxes, utility operating income.
410 [Reserved]
410.1 Provision for deferred income taxes, utility operating income.
411 [Reserved]
411.1 Provision for deferred income taxes—Credit, utility operating income.
411.3 [Reserved]
411.4 Investment tax credit adjustments, utility operations.
411.6 Gains from disposition of utility plant.
411.7 Losses from disposition of utility plant.
Total utility operating expenses.

OTHER OPERATING INCOME

412 Revenues from gas plant leased to others.
413 Expenses of gas plant leased to others.
414 Other utility operating income. Net utility operating income.

2. OTHER INCOME AND DEDUCTIONS

A. OTHER INCOME

415 Revenues from merchandising, jobbing and contract work.
416 Costs and expenses of merchandising, jobbing and contract work.
417 Revenues from nonutility operations.
417.1 Expenses of nonutility operations.
418 Nonoperating rental income.
418.1 Equity in earnings of subsidiary companies.
419 Interest and dividend income.
419.1 Allowance for other funds used during construction.
421 Miscellaneous nonoperating income.

421.1 Gain on disposition of property. Total other income.

B. OTHER INCOME DEDUCTIONS

421.2 Loss on disposition of property.
425 Miscellaneous amortization.
426 [Reserved]
426.1 Donations.
426.2 Life insurance.
426.3 Penalties.
426.4 Expenditures for certain civic, political and related activites.
426.5 Other deductions. Total other income deductions. Total other income and deductions.

C. TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS

408.2 Taxes other than income taxes, other income and deductions.
409.2 Income taxes, other income and deductions.
410.2 Provision for deferred income taxes, other income and deductions.
411.2 Provision for deferred income taxes—Credit, other income and deductions.
411.5 Investment tax credit adjustments, nonutility operations.
420 Investment tax credits. Total taxes on other income and deductions. Net other income and deductions.

3. INTEREST CHARGES

427 Interest on long-term debt.
428 Amortization of debt discount and expense.
428.1 Amortization of loss on reacquired debt.
429 Amortization of premium on debt—Credit.
429.1 Amortization of gain on reacquired debt—Credit.
430 Interest on debt to associated companies.
431 Other interest expense.
432 Allowance for borrowed funds used during construction—Credit. Net interest charges.

4. EXTRAORDINARY ITEMS

434 Extraordinary income.
435 Extraordinary deductions.
409.3 Income taxes, extraordinary items. Net income

Income Accounts

400 Operating revenues.

There shall be shown under this caption the total amount included in the gas operating revenue accounts provided herein.

401 Operation expense.

There shall be shown under this caption the total amount included in the gas operation expense accounts provided herein. (See note to operating expense instruction 3.)

402 Maintenance expense.

There shall be shown under this caption the total amount included in the gas maintenance expense accounts provided herein.

403 Depreciation expense.

A. This account shall include the amount of depreciation expense for all classes of depreciable gas plant in service except such depreciation expense as is chargeable to clearing accounts or to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work.

B. The utility shall keep such records of property and property retirements as will reflect the service life of property which has been retired and aid in estimating probable service life by mortality, turnover, or other appropriate methods; and also such records as will reflect the percentage of salvage and cost of removal for property retired from each account, or subdivision thereof, for depreciable gas plant.

NOTE A: Depreciation expense applicable to property included in account 104, Gas Plant Leased to Others, shall be charged to account 413, Expenses of Gas Plant Leased to Others.

NOTE B: Depreciation expense applicable to transportation equipment, shop equipment, tools, work equipment, power operated equipment and other general equipment may be charged to clearing accounts as necessary in order to obtain a proper distribution of expenses between construction and operation.

404.1 Amortization and depletion of producing natural gas land and land rights.

A. This account shall include charges for amortization and depletion of producing natural gas land and land rights. (See account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant).

B. The charges to this account shall be made in such manner as to distribute the cost of producing natural gas land and land rights over the period of their benefit to the utility, based upon the exhaustion of the natural gas deposits recoverable from such land and land rights.

404.2 Amortization of underground storage land and land rights.

A. This account shall include charges for amortization of land and land rights of underground storage projects for natural gas. (See account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant.)

B. The charges to this account shall be made in such manner as to distribute the cost of amortizable land and land rights over the period of their benefit to the utility, and with respect to any land or land rights which include native gas in the storage reservoir, such amounts shall be amortized or depleted on the basis of production of such native gas after the volume of stored gas has been withdrawn from the reservoir.

404.3 Amortization of other limited-term gas plant.

This account shall include amortization charges applicable to amounts included in the gas plant accounts for limited-term franchises, licenses, patent rights limited-term interests in land, and expenditures on leased property where the service life of the improvements is terminable by action of the lease. The charges to this account shall be such as to distribute the book cost of each investment as evenly as may be over the period of its benefit to the utility. (See account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant.)

405 Amortization of other gas plant.

A. When authorized by the Commission, this account shall include charges for amortization of intangible or other gas utility plant, which does not have a definite or terminable life and which is not subject to charges for depreciation expense.

B. This account shall be supported in such detail as to show the amortization applicable to each investment being amortized, together with the book cost of the investment and the period over which it is being written off.

406 Amortization of gas plant acquisition adjustments.

This account shall be debited or credited, as the case may be, with amounts includible in operating expenses, pursuant to approval or order of the Commission, for the purpose of providing for the extinguishment of the amount in account 114, Gas Plant Acquisition Adjustments.

407.1 Amortization of property losses, unrecovered plant and regulatory study costs.

This account shall be charged with amounts credited to Account 182.1, Extraordinary Property Losses, and Account 182.2 Unrecovered Plant and Regulatory Study Costs, when the Commission has authorized the amount in the latter account to be amortized by charges to gas operating expenses.

407.2 Amortization of conversion expenses.

This account shall be charged with amortization of amounts authorized by the Commission to be included in Account 186, Miscellaneous Deferred Debits, for expenses incurred in the conversion of distribution plant from manufactured gas service to natural gas service.

407.3 Regulatory debits.

This account shall be debited, when appropriate, with the amounts credited to Account 254, Other Regulatory Liabilities, to record regulatory liabilities imposed on the utility by the ratemaking actions of regulatory agencies. This account shall also be debited when appropriate, with the amount credited to Account 182.3, Other Regulatory Assets, concurrent with the recovery of such amounts in rates.

407.4 Regulatory credits.

This account shall be credited, when appropriate, with the amounts debited to Account 182.3, Other Regulatory Assets, to establish regulatory assets. This account shall also be credited when appropriate, with the amounts debited to Account 254, Other Regulatory Liabilities, concurrent with the return of such amounts to customers through rates.

408 [Reserved]

SPECIAL INSTRUCTIONS

Accounts 408.1 and 408.2

A. These accounts shall include the amounts of ad valorem, gross revenue or gross receipts, taxes, state unemployment insurance, franchise taxes, federal excise taxes, social security taxes, and all other taxes assessed by federal, state, county, municipal, or other local governmental authorities, except income taxes.

B. These accounts shall be charged in each accounting period with the amounts of taxes which are applicable thereto, with concurrent credits to account 236, Taxes Accrued, or account 165, Prepayments, as appropriate. When it is not possible to determine the exact amounts of taxes, the amounts shall be estimated and adjustments made in current accruals as the actual tax levies become known.

C. The charges to these accounts shall be made or supported so as to show the amount of each tax and the basis upon which each charge is made. In the case of a utility rendering more than one utility service, taxes of the kind includible in these accounts shall be assigned directly to the utility department the operation of which gave rise to the tax in so far as a specific utility department, it shall be distributed among the utility departments or nonutility operations on an equitable basis after appropriate study to determine such basis.

NOTE A: Special assessments for street and similar improvements shall be included in the appropriate utility plant or nonutility property account.

NOTE B: Taxes specifically applicable to construction shall be included in the cost of construction.

NOTE C: Gasoline and other sales taxes shall be charged as far as practicable to the same amount as the materials on which the tax is levied.

NOTE D: Social security and other forms of so-called payroll taxes shall be distributed to utility departments and to nonutility functions on a basis related to payroll. Amounts applicable to construction shall be charged to the appropriate plant accounts.

NOTE E: Interest on tax refunds or deficiencies shall not be included in these accounts but in account 419, Interest and Dividend Income, or 431, Other Interest Expense, as appropriate.

408.1 Taxes other than income taxes, utility operating income.

This account shall include those taxes other than income taxes which relate to utility operating income This account shall be maintained so as to allow ready identification of the various classes of taxes relating to Utility Operating Income (by department), Utility Plant Leased to Others and Other Utility Operating Income.

408.2 Taxes other than income taxes, other income and deductions.

This account shall include those taxes other than income taxes which relate to Other Income and Deductions.

409 [Reserved]

SPECIAL INSTRUCTIONS

Accounts 409.1, 409.2 and 409.3

A. These accounts shall include the amounts of local, state and federal income taxes on income properly accruable during the period covered by the income statement to meet the actual liability for such taxes. Concurrent credits for the tax accruals shall be made to account 236, Taxes Accrued, and as the exact amounts of taxes become known, the current tax accruals shall be adjusted by charges or credits to these accounts so that these accounts as nearly as can be ascertained shall include the actual taxes payable by the utility.

B. The accruals for income taxes shall be apportioned among utility departments and to Other Income and Deductions so that, as nearly as practicable, each tax shall be included in the expenses of the utility department or Other Income and Deductions, the income from which gave rise to the tax. The tax effects relating to Interest Charges shall be allocated between utility and nonutility operations. The basis for this allocation shall be the ratio of net investment in utility plant to net investment in nonutility plant.

NOTE A: Taxes assumed by the utility on interest shall be charged to account 431, Other Interest Expense.

NOTE B: Interest on tax refunds or deficiencies shall not be included in these accounts but in account 419, Interest and Dividend Income, or account 431, Other Interest Expense, as appropriate.

409.1 Income taxes, utility operating income.

This account shall include the amount of those local, state and federal income taxes which relate to utility operating income. This account shall be maintained so as to allow ready identification of tax effects (both positive and negative) relating to Utility Operating Income (by department), Utility Plant Leased to Others and Other Utility Operating Income.

409.2 Income taxes, other income and deductions.

This account shall include the amount of those local, state and federal income taxes (both positive and negative), which relate to Other Income and Deductions.

409.3 Income taxes, extraordinary items.

This account shall include the amount of those local, state and federal income taxes (both positive and negative), which relate to Extraordinary Items.

410 [Reserved]

SPECIAL INSTRUCTIONS

Accounts 410.1, 410.2, 411.1 and 411.2

A. Accounts 410.1 and 410.2 shall be debited, and Accumulated Deferred Income Taxes shall be credited with amounts equal to any current deferrals of taxes on income or any allocations of deferred taxes originating in prior periods, as provided by the texts of accounts 190, 281, 282 and 283. There shall not be netted against entries required to be made to these accounts any credit amounts appropriately includible in accounts 411.1 or 411.2.

B. Accounts 411.1 and 411.2 shall be credited, and Accumulated Deferred Income Taxes shall be debited with amounts equal to any allocations of deferred taxes originating in prior periods or any current deferrals of taxes on income, as provided by the texts of accounts 190, 281, 282, and 283. There shall not be netted against entries required to be made to these accounts any debit amounts appropriately includible in accounts 410.1 or 410.2.

410.1 Provision for deferred income taxes, utility operating income.

This account shall include the amounts of those deferrals of taxes and allocations of deferred taxes which relate to Utility Operating Income (by department).

410.2 Provision for deferred income taxes, other income and deductions.

This account shall include the amounts of those deferrals of taxes and allocations of deferred taxes which relate to other income and deductions.

411 [Reserved]

411.1 Provision for deferred income taxes—Credit, utility operating income.

This account shall include the amounts of those allocations of deferred taxes and deferrals of taxes, credit, which relate to Utility Operating Income (by department).

411.2 Provision for deferred income taxes—Credit, other income and deductions.

This account shall include the amounts of those allocations of deferred taxes and deferrals of taxes, credit, which relate to Other Income and Deductions.

411.3 [Reserved]

SPECIAL INSTRUCTIONS

Accounts 411.4 and 411.5

A. Account 411.4 shall be debited with the amounts of investment tax credits related to gas utility property that are credited to account 255, Accumulated Deferred Investment Tax Credits, by companies which do not apply the entire amount of the benefits of the investment credit as a reduction of the overall income tax expense in the year in which such credit is realized (see account 255).

B. Account 411.4 shall be credited with the amounts debited to account 255 for proportionate amounts of tax credit deferrals allocated over the average useful life of gas utility property to which the tax credits relate or such lesser period of time as may be adopted and consistently followed by the company.

C. Account 411.5 shall also be debited and credited as directed in paragraphs A and B, for investment tax credits related to nonutility property.

411.4 Investment tax credit adjustments, utility operations.

This account shall include the amount of those investment tax credit adjustments related to property used in Utility Operations (by department).

411.5 Investment tax credit adjustments, nonutility operations.

This account shall include the amount of those investment tax credit adjustments related to property used in Nonutility Operations.

411.6 Gains from disposition of utility plant.

This account shall include, as approved by the Commission, amounts relating to gains from the disposition of future use utility plant including amounts which were previously recorded in and transferred from account 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use, under the provisions of paragraphs B, C, and D thereof. Income taxes relating to gains recorded in this account shall be recorded in account 409.1, Income Taxes, Utility Operating Income.

411.7 Losses from disposition of utility plant.

This account shall include, as approved by the Commission, amounts relating to losses from the disposition of future use utility plant including amounts which were previously recorded in and transferred from account 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use, under the provisions of paragraphs B, C, and D thereof. Income taxes relating to losses recorded in this account shall be recorded in account 409.1, Income Taxes, Utility Operating Income.

412 Revenues from gas plant leased to others.

413 Expenses of gas plant leased to others.

A. These accounts shall include, respectively, revenues from gas property constituting a distinct operating unit or system leased by the utility to others, and which property is properly includible in account 104, Gas Plant Leased to Others, and the expenses attributable to such property.

B. The detail of expenses shall be kept or supported so as to show separately the following:

Operation.
Maintenance.
Depreciation.
Amortization.

NOTE: Related taxes shall be recorded in account 408.1, Taxes Other Than Income Taxes, Utility Operating Income, or account 409.1, Income Taxes, Utility Operating Income, as appropriate.

414 Other utility operating income.

A. This account shall include the revenues received and expenses incurred in connection with the operations of utility plant, the book cost of which is included in account 118, Other Utility Plant.

B. The expenses shall include every element of cost incurred in such operations, including depreciation, rents, and insurance.

NOTE: Related taxes shall be recorded in account 408.1, Taxes Other Than Income Taxes, Utility Operating Income, or account 409.1, Income Taxes, Utility Operating Income, as appropriate.

415 Revenues from merchandising, jobbing and contract work.

416 Costs and expenses of merchandising, jobbing and contract work.

A. These accounts shall include, respectively, all revenues derived from the sale of merchandise and jobbing or contract work, including any profit or commission accruing to the utility on jobbing work performed by it as agent under contracts whereby it does jobbing work for another for a stipulated profit or commission, and all expenses incurred in such activities. Interest related income from installment sales shall be recorded in Account 419, Interest and Dividend Income.

B. Records in support of these accounts shall be so kept as to permit ready summarization of revenues, costs and expenses by such major items as are feasible.

NOTE A: The classification of revenues, costs and expenses of merchandising, jobbing and contract work as nonoperating, and thus inclusion in this account, is for accounting purposes. It does not preclude consideration for justification to the contrary for ratemaking or other purpose.

NOTE B: Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

ITEMS

Account 415:

1. Revenues from sale of merchandise and from jobbing and contract work.
2. Discounts and allowances made in settlement of bills for merchandise and jobbing work.

Account 416:

Labor:

1. Canvassing and demonstrating appliances in homes and other places for the purpose of selling appliances.
2. Demonstrating and selling activities in sales rooms.
3. Installing appliances on customer premises where such work is done only for purchasers of appliances from the utility.
4. Installing piping or other property work on a jobbing or contract basis.
5. Preparing advertising materials for appliance sales purposes.
6. Receiving and handling customer orders for merchandise or for jobbing services.
7. Cleaning and tidying sales rooms.
8. Maintaining display counters and other equipment used in merchandising.
9. Arranging merchandise in sales rooms and decorating display windows.
10. Reconditioning repossessed appliances.
11. Bookkeeping and other clerical work in connection with merchandise and jobbing activities.
12. Supervising merchandise and jobbing operations.

Materials and expenses:

13. Advertising in newspapers, periodicals, radio, television, etc.
14. Cost of merchandise sold and of materials used in jobbing work.
15. Stores expenses on merchandise and jobbing stocks.
16. Fees and expenses of advertising and commercial artists' agencies.
17. Printing booklets, dodgers, and other advertising data.
18. Premiums given as inducement to buy appliances.
19. Light, heat, and power.
20. Depreciation on equipment used primarily for merchandise and jobbing operations.
21. Rent of sales rooms or of equipment.
22. Transportation expense in delivery and pick-up of appliances by utility's facilities or by others.
23. Stationery and office supplies and expenses.
24. Losses from uncollectible merchandise and jobbing accounts.

417 Revenues from nonutility operations.

417.1 Expenses of nonutility operations.

A. These accounts shall include revenues and expenses applicable to operations which are nonutility in character but nevertheless constitute a distinct operating activity of the enterprise as a whole, such as the operation of an ice department where applicable statutes do not define such operation as a utility, or the operation of a servicing organization for furnishing supervision, management, engineering, and similar services to others.

B. The expenses shall include all elements of costs incurred in such operations, and the accounts shall be maintained so as to permit ready summarization as follows:

Operation.
Maintenance.
Rents.
Depreciation.
Amortization.

NOTE B: Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

418 Nonoperating rental income.

A. This account shall include all rent revenues and related expenses of land, buildings, or other property included in account 121, Nonutility Property, which is not used in operations covered by accounts 417 or 417.1.

B. The expenses shall include all elements of costs incurred in the ownership and rental of property and the accounts shall be maintained so as to permit ready summarization as follows:

Operation.
Maintenance.
Rents.
Depreciation.
Amortization.

NOTE: Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

418.1 Equity in earnings of subsidiary companies.

This account shall include the utility's equity in the earnings or losses of subsidiary companies for the year.

419 Interest and dividend income.

A. This account shall include interest revenues on securities, loans, notes, advances, special deposits, tax refunds and all other interest-bearing assets, and dividends on stocks of other companies, whether the securities on which the interest and dividends are received

are carried as investments or included in sinking or other special fund accounts.

B. This account may include the pro rata amount necessary to extinguish (during the interval between the date of acquisition and the date of maturity) the difference between the cost to the utility and the face value of interest-bearing securities. Amounts thus credited or charged shall be concurrently included in the accounts in which the securities are carried.

C. Where significant in amount expenses, excluding operating taxes and income taxes, applicable to security investments and to interest and dividend revenues thereon shall be charged hereto.

NOTE A: Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

NOTE B: Interest accrued, the payment of which is not reasonably assured, dividends receivable which have not been declared or guaranteed, and interest or dividends upon reacquired securities issued or assumed by the utility shall not be credited to this account.

419.1 Allowance for other funds used during construction.

This account shall include concurrent credits for allowance for other funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Gas Plant Instruction 3(17).

420 Investment tax credits.

This account shall be credited as follows with investment tax credit amounts not passed on to customers:

(a) By amounts equal to debits to accounts 411.4, Investment Tax Credit Adjustments, Utility Operations, and 411.5, Investment Tax Credit Adjustments, Nonutility Operations, for investment tax credits used in calculating income taxes for the year when the company's accounting provides for nondeferral of all or a portion of such credits; and,

(b) By amounts equal to debits to account 255, Accumulated Deferred Investment Tax Credits, for proportionate amounts of tax credit deferrals allocated over the average useful life of the property to which the tax credits relate, or such lesser period of time as may be adopted and consistently used by the company.

421 Miscellaneous nonoperating income.

This account shall include all revenue and expense items except taxes properly includible in the income account and not provided for elsewhere. Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

ITEMS

1. Profit on sale of timber. (See gas plant instruction 7C.)
2. Profits from operations of others realized by the utility under contracts.
3. Gains on disposition of investments. Also gains on reacquisition and resale or retirement of utilities debt securities when the gain is not amortized and used by a jurisdictional regulatory agency to reduce embedded debt cost in establishing rates. See General Instruction 17.

421.1 Gain on disposition of property.

This account shall be credited with the gain on the sale, conveyance, exchange or transfer of utility or other property to another. Amounts relating to gains on land and land rights held for future use recorded in accounts 105, Gas Plant Held for Future Use and 105.1, Production Properties Held for Future Use, will be accounted for as prescribed in paragraphs B, C, and D thereof. (See gas plant instructions 5F, 7E, and 10E.) Income taxes on gains recorded in this account shall be recorded in account 409.2, Income Taxes, Other Income and Deductions.

421.2 Loss on disposition of property.

This account shall be charged with the loss on the sale, conveyance, exchange or transfer of utility or other property to another. Amounts relating to losses on land and land rights held for future use recorded in accounts 105, Gas Plant Held for Future Use and 105.1, Production Properties Held for Future Use, will be accounted for as prescribed in paragraphs B, C, and D thereof. (See gas plant instructions 5F, 7E, and 10E.) The reduction in income taxes relating to losses recorded in this account shall be recorded in account 409.2, Income Taxes, Other Income and Deductions.

425 Miscellaneous amortization.

This account shall include amortization charges not includible in other accounts which are properly deductible in determining the income of the utility before interest charges. Charges includible herein, if significant in amount, must be in accordance with an orderly and systematic amortization program.

ITEMS

1. Amortization of utility plant acquisition adjustments, or of intangibles included in utility plant in service when not authorized to be included in utility operating expenses by the Commission.
2. Other miscellaneous amortization charges allowed to be included in this account by the Commission.

SPECIAL INSTRUCTIONS

Accounts 426.1, 426.2, 426.3, 426.4 and 426.5

These accounts shall include miscellaneous expense items which are nonoperating in nature but which are properly deductible before determining total income before interest charges.

NOTE: The classification of expenses as nonoperating and their inclusion in these accounts is for accounting purposes. It does not preclude Commission consideration of proof to the contrary for ratemaking or other purposes.

426.1 Donations.

This account shall include all payments or donations for charitable, social or community welfare purposes.

426.2 Life insurance.

This account shall include all payments for life insurance of officers and employees where company is beneficiary (net premiums less increase in cash surrender value of policies).

426.3 Penalties.

This account shall include payments by the company for penalties or fines for violation of any regulatory statutes by the company or its officials.

426.4 Expenditures for certain civic, political and related activities.

This account shall include expenditures for the purpose of influencing public opinion with respect to the election or appointment of public officials, referenda, legislation, or ordinances (either with respect to the possible adoption of new referenda, legislation or ordinances or repeal or modification of existing referenda, legislation or ordinances) or approval, modification, or revocation of franchises; or for the purpose of influencing the decisions of public officials, but shall not include such expenditures which are directly related to appearances before regulatory or other governmental bodies in connection with the reporting utility's existing or proposed operations.

426.5 Other deductions.

This account shall include other miscellaneous expenses which are nonoperating in nature, but which are properly deductible before determining total income before interest charges.

ITEMS

1. Loss relating to investments in securities written-off or written-down.
2. Loss on sale of investments.
3. Loss on reacquisition, resale or retirement of utility's debt securities, when the loss is not amortized and used by a jurisdictional regulatory agency to increase embedded debt cost in establishing rates. See General Instruction 17.
4. Preliminary survey and investigation expenses related to abandoned projects, when not written-off to the appropriate operating expense account.
5. Costs of preliminary abandonment costs recorded in accounts 182.1, Extraordinary Property Losses, and 182.2, Unrecovered Plant and Regulatory Study Costs, not allowed to be amortized to account 407.1, Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs.

427 Interest on long-term debt.

A. This account shall include the amount of interest on outstanding long-term debt issued or assumed by the utility, the liability for which is included in account 221, Bonds, or account 224, Other Long-Term Debt.

B. This account shall be so kept or supported as to show the interest accruals on each class and series of long-term debt.

NOTE: This account shall not include interest on nominally issued or nominally outstanding long-term debt, including securities assumed.

428 Amortization of debt discount and expense.

A. This account shall include the amortization of unamortized debt discount and expense on outstanding long-term debt. Amounts charged to this account shall be credited concurrently to accounts 181, Unamortized Debt Expense, and 226, Unamortized Discount on Long-Term Debt—Debit.

B. This account shall be so kept or supported as to show the debt discount and expense on each class and series of long-term debt.

428.1 Amortization of loss on reacquired debt.

A. This account shall include the amortization of the losses on reacquisition of debt. Amounts charged to this account shall be credited concurrently to account 189, Unamortized Loss on Reacquired Debt.

B. This account shall be maintained so as to allow ready identification of the loss amortized applicable to each class and series of long-term debt reacquired. See General Instruction 17.

429 Amortization of premium on debt—Credit.

A. This account shall include the amortization of unamortized net premium on outstanding long-term debt. Amounts credited to this account shall be charged concurrently to account 225, Unamortized Premium on Long-Term Debt.

B. This account shall be so kept or supported as to show the premium on each class and series of long-term debt.

429.1 Amortization of gain on reacquired debt—Credit.

A. This account shall include the amortization of the gains realized from reacquisition of debt. Amounts credited to this account shall be charged concurrently to account 257, Unamortized Gain on Reacquired Debt.

B. This account shall be maintained so as to allow ready identification of the gains amortized applicable to each class and series of long-term debt reacquired. See General Instruction 17.

430 Interest on debt to associated companies.

A. This account shall include interest accrued on amounts included in account 223, Advances from Associated Companies, and on all other obligations to associated companies.

B. The records supporting the entries to this account shall be so kept as to show to whom the interest is to be paid, the period covered by the accrual, the rate of interest and the principal amount of the advances or other obligations on which the interest is accrued.

431 Other interest expense.

This account shall include all interest charges not provided for elsewhere.

ITEMS

1. Interest on notes payable on demand or maturing one year or less from date and on open accounts, except notes and accounts with associated companies.
2. Interest on customers' deposits.
3. Interest on claims and judgments, tax assessments, and assessments for public improvements past due.
4. Income and other taxes levied upon bondholders of utility and assumed by it.

432 Allowance for borrowed funds used during construction—Credit.

This account shall include concurrent credits for allowance for borrowed funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Gas Plant Instruction 3(17).

434 Extraordinary income.

This account shall be credited with gains of unusual nature and infrequent occurrence, which would significantly distort the current year's income computed before Extraordinary Items, if reported other than as extraordinary items. Income tax relating to the amounts recorded in this account shall be recorded in account 409.3, Income Taxes, Extraordinary Items. (See General Instruction 7.)

435 Extraordinary deductions.

This account shall be debited with losses of unusual nature and infrequent occurrence, which would significantly distort the current year's income computed before Extraordinary Items, if reported other than as extraordinary items. Income tax relating to the amounts recorded in this account shall be recorded in account 409.3, Income Taxes, Extraordinary Items. (See General Instruction 7.)

Retained Earnings Chart of Accounts

433 Balance transferred from income.
436 Appropriations of retained earnings.
437 Dividends declared—preferred stock.
438 Dividends declared—common stock.
439 Adjustments to retained earnings.

Retained Earnings Accounts

433 Balance transferred from income.

This account shall include the net credit or debit transferred from income for the year.

436 Appropriations of retained earnings.

This account shall include appropriations of retained earnings.

ITEMS

1. Appropriations required under terms of mortgages, orders of courts, contracts, or other agreements.
2. Appropriations required by action of regulatory authorities.
3. Other appropriations made at option of utility for specific purposes.

437 Dividends declared—preferred stock.

A. This account shall include amounts declared payable out of retained earnings as dividends on actually outstanding preferred or prior lien capital stock issued by the utility.

B. Dividends shall be segregated for each class and series of preferred stock as to those payable in cash, stock and other forms. If not payable in cash, the medium of payment shall be described with sufficient detail to identify it.

438 Dividends declared—common stock.

A. This account shall include amounts declared payable out of retained earnings as dividends on actually outstanding common capital stock issued by the utility.

B. Dividends shall be segregated for each class of common stock as to those payable in cash, stock and other forms. If not payable in cash, the medium of payment shall be described with sufficient detail to identify it.

439 Adjustments to retained earnings.

A. This account shall, with prior Commission approval, include significant nonrecurring transactions accounted for as prior period adjustments, as follows:

(1) Correction of an error in the financial statements of a prior year.

(2) Adjustments that result from realization of income tax benefits of preacquisition operating loss carryforwards of purchased subsidiaries.

All other items of profit and loss recognized during a year shall be included in the determination of net income for that year.

B. Adjustments, charges, or credits due to losses on reacquisition, resale or retirement of the company's own capital stock shall be included in this account. (See account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, for the treatment of gains.)

Operating Revenue Chart of Accounts

1. SALES OF GAS

480 Residential sales.
481 Commercial and industrial sales.
482 Other sales to public authorities.
483 Sales for resale.
484 Interdepartmental sales.
485 Intracompany transfers.

2. OTHER OPERATING REVENUES

487 Forfeited discounts.
488 Miscellaneous service revenues.
489.1 Revenues from transportation of gas of others through gathering facilities.
489.2 Revenues from transportation of gas of others through transmission facilities.
489.3 Revenues from transportation of gas of others through distribution facilities.
489.4 Revenues from storing gas of others.
490 Sales of products extracted from natural gas.

491 Revenues from natural gas processed by others.
492 Incidental gasoline and oil sales.
493 Rent from gas property.
494 Interdepartmental rents.
495 Other gas revenues.
496 Provision for rate refunds.

Operating Revenue Accounts

480 Residential sales.

A. This account shall include the net billing for gas supplied for residential or domestic purposes.

B. Records shall be maintained so that the quantity of gas sold and the revenues received under each rate schedule shall be readily available.

NOTE: When gas supplied through a single meter is used for both residential and commercial purposes, the total revenue shall be included in this account or account 481, Commercial and Industrial Sales, according to the rate schedule which is applied. If the same rate schedules are applicable to both residential and commercial service, classification shall be according to principal use.

481 Commercial and industrial sales.

A. This account shall include the net billing for gas supplied to commercial and industrial customers.

B. Records shall be maintained so that the quantity of gas sold and revenue received under each rate schedule shall be readily available.

C. Records shall be maintained so as to show separately the revenues from commercial and industrial customers, as follows:

Large commercial and industrial sales (wherein shall be included the revenues from customers which use large volumes of gas, generally in excess of 200,000 Dth per year or approximately 800 Dth per day of normal requirements. Reasonable deviations are permissible in order that transfers of customers between the large and small classifications may be minimized).

Small commercial and industrial sales (wherein shall be included the revenues from customers which use volumes of gas generally less than 200,000 Mcf per year or less than approximately 800 Mcf per day of normal requirements).

NOTE: When gas supplied through a single meter is used for both commercial and residential purposes, the total revenue shall be included in this account or in account 480, Residential Sales, according to the rate schedule which is applied. If the same rate schedules are applicable to both residential and commercial service, classification shall be according to principal use.

482 Other sales to public authorities.

A. This account shall include the net billing for gas supplied to municipalities or divisions or agencies of Federal or State Governments, under special contracts or agreements or service classifications, applicable only to public authorities, for general governmental and institutional purposes, except any revenues under rate schedules the revenues from which are includible in account 481 or 483, and except any revenues from gas used for purposes such as powerplant fuel for publicly owned electric systems, manufacturing processes of arsenals, etc., and other major uses of gas which appropriately may be classified in account 481, Commercial and Industrial Sales.

B. Records shall be maintained so that the quantity of gas sold and the revenue received from each customer and from each major special contract shall be readily available.

483 Sales for resale.

A. This account shall include the net billing for gas supplied to other gas utilities or to public authorities for resale purposes.

B. Records shall be maintained so that there shall be readily available the revenues for each customer under each revenue schedule and the billing determinants, as applicable, i.e., volume of gas (actual and billing), contract demand, maximum actual demand, billing demand, and Btu adjustment factor.

NOTE: Revenues from gas supplied to other public utilities for use by them and not for distribution, shall be included in account 481, Commercial and Industrial Sales, unless supplied under the same contract as and not readily separable from revenues includible in this account.

484 Interdepartmental sales.

A. This account shall include amounts charged by the gas department at tariff or other specified rates

for gas supplied by it to other utility departments.

B. Records shall be maintained so that the quantity of gas supplied each other department and the charge made therefor shall be readily available.

485 Intracompany transfers

A. This account shall include, for informational purposes only, the amount recorded for gas supplied by the production division when the price is not determined by a cost-of-service rate proceeding.

B. Records shall be maintained so that the quality of gas transferred shall be readily available.

487 Forfeited discounts.

This account shall include the amount of discounts forfeited or additional charges imposed because of the failure of customers to pay gas bills on or before a specified date.

488 Miscellaneous service revenues.

This account shall include revenues from all miscellaneous services and charges billed to customers which are not specifically provided for in other accounts.

ITEMS

1. Fees for changing, connecting, or disconnecting service.
2. Profit on maintenance of appliances, piping, gas firing, and other utilization facilities, or other installations on customers' premises.
3. Net credit or debit (cost less net salvage and less payment from customers) on closing work orders for plant installed for temporary service of less than 1 year. (See account 185, Temporary Facilities.)
4. Recovery of expenses in connection with gas diversion cases. (Billing for the gas consumed shall be included in the appropriate gas revenue account.)
5. Services performed for other gas companies for testing and adjusting meters, changing charts, etc.

489.1 Revenues from transportation of gas of others through gathering facilities.

This account includes revenues from transporting gas for other companies through the gathering facilities of the utility.

489.2 Revenues from transportation of gas of others through transmission facilities.

This account includes revenues from transporting gas for other companies through the transmission facilities of the utility.

489.3 Revenues from transportation of gas of others through distribution facilities.

This account includes revenues from transporting gas for other companies through the distribution facilities of the utility.

489.4 Revenues from storing gas of others.

This account includes revenues from storing gas for other companies.

490 Sales of products extracted from natural gas.

A. This account shall include revenues from sales of gasoline, butane, propane, and other products extracted from natural gas, net of allowances, adjustments, and discounts, including sales of similar products purchased for resale.

B. Records shall be maintained so that the quantity, sales price, and revenues for each type of product sold to each purchaser shall be readily available.

491 Revenues from natural gas processed by others.

A. This account shall include revenues from royalties and permits, or other bases of settlement, for permission granted others to remove products from natural gas of the utility.

B. The records supporting this account must be maintained so that full information concerning determination of the revenues will be readily available concerning each processor of gas of the utility, including as applicable (a) The Dth of gas delivered to such other party for processing, (b) the Dth of gas received back from the processor, (c) the field, general production area , or other source of the gas processed, (d) Dth of gas used for processing fuel, etc., which is chargeable to the utility, (e) total gallons of each product recovered by the processor and the

utility's share thereof, (f) the revenues accruing to the utility, and (g) the basis of determination of the revenues accruing to the utility. Such records shall be maintained even though no revenues are derived from the processor.

492 Incidental gasoline and oil sales.

This account shall include revenues from natural gas gasoline produced direct from gas wells or recovered from drips or obtained in connection with purification or dehydration processes, and revenues from oil obtained from wells which produce oil and gas, the investment in which is carried in accounts 330, Producing Gas Wells—Well Construction, and 331, Producing Gas Wells—Well Equipment.

493 Rent from gas property.

A. This account shall include rents received for the use by others of land, buildings, and other property devoted to gas operations by the utility.

B. When property owned by the utility is operated jointly with others under a definite arrangement for sharing the actual expenses among the parties to the arrangement, any amount received by the utility for interest or return or in reimbursement of taxes or depreciation on the property shall be credited to this account.

NOTE: Do not include rent from property constituting an operating unit or system in this account. (See account 412, Revenues From Gas Plant Leased to Others.)

494 Interdepartmental rents.

This account shall include credits for rental charges made against other departments of the utility. In the case of property operated under a definite arrangement to allocate actual costs among the departments using the property, any allowance to the gas department for interest or return and depreciation and taxes shall be credited to this account.

495 Other gas revenues.

This account includes revenues derived from gas operations not includible in any of the foregoing accounts.

ITEMS

1. Commission on sale or distribution of gas of others when sold under rates filed by such others.
2. Compensation for minor or incidental services provided for others such as customer billing, engineering, etc.
3. Profit or loss on sale of material and supplies not ordinarily purchased for resale and not handled through merchandising and jobbing accounts.
4. Sales of steam, water, or electricity, including sales or transfers to other departments of the utility.
5. Miscellaneous royalties received.
6. Revenues from dehydration and other processing of gas of others, except products extraction where products are received as compensation and sales of such are includible in account 490, Sales of Products Extracted From Natural Gas, and except compression of gas of others, revenues from which are includible in accounts 489.1, 489.2, or 489.3, Revenues from Transportation of Gas of Others.
7. Include in a separate subaccount, revenues in payment for rights and/or benefits received from others which are realized through research, development, and demonstration ventures.
8. Include in a separate subaccount, gains on settlements of imbalance receivables and payables (See Accounts 174 and 242) and gains on replacement of encroachment volumes (See Account 117.4). Records must be maintained and readily available to support the gains included in this account.
9. Include in a separate subaccount revenues from penalties earned pursuant to tariff provisions, including penalties associated with cash-out settlements.

496 Provision for rate refunds.

A. This account shall be charged with provisions for the estimated pretax effects on net income of the portions of amounts being collected subject to refund which are estimated to be required to be refunded. Such provisions shall be credited to Account 229, Accumulated Provision for Rate Refunds.

B. This account shall also be charged with amounts refunded when such amounts had not been previously accrued.

C. Income tax effects relating to the amounts recorded in this account shall be recorded in account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or account 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, as appropriate.

Operation and Maintenance Expense Chart of Accounts

1. PRODUCTION EXPENSES

A. MANUFACTURED GAS PRODUCTION

A.1. Steam Production

OPERATION

700 Operation supervision and engineering.
701 Operation labor.
702 Boiler fuel.
703 Miscellaneous steam expenses.
704 Steam transferred—Credit.

MAINTENANCE

705 Maintenance supervision and engineering.
706 Maintenance of structures and improvements.
707 Maintenance of boiler plant equipment.
708 Maintenance of other steam production plant.

A.2. Manufactured Gas Production

OPERATION

710 Operation supervision and engineering.

PRODUCTION LABOR AND EXPENSES

711 Steam expenses.
712 Other power expenses.
713 Coke oven expenses.
714 Producer gas expenses.
715 Water gas generating expenses.
716 Oil gas generating expenses.
717 Liquefied petroleum gas expenses.
718 Other process production expenses.

GAS FUELS

719 Fuel under coke ovens.
720 Producer gas fuel.
721 Water gas generator fuel.
722 Fuel for oil gas.
723 Fuel for liquefied petroleum gas process.
724 Other gas fuels.

GAS RAW MATERIALS

725 Coal carbonized in coke ovens.
726 Oil for water gas.
727 Oil for oil gas.
728 Liquefied petroleum gas.
729 Raw materials for other gas processes.
730 Residuals expenses.
731 Residuals produced—Credit.
732 Purification expenses.
733 Gas mixing expenses.
734 Duplicate charges—Credit.
735 Miscellaneous production expenses.
736 Rents.

MAINTENANCE

740 Maintenance supervision and engineering.
741 Maintenance of structures and improvements.
742 Maintenance of production equipment.

B. NATURAL GAS PRODUCTION EXPENSES

B.1. Natural Gas Prodcution and Gathering

OPERATION

750 Operation supervision and engineering.
751 Production maps and records.
752 Gas wells expenses.
753 Field lines expenses.
754 Field compressor station expenses.
755 Field compressor station fuel and power.
756 Field measuring and regulating station expenses.
757 Purification expenses.
758 Gas well royalties.
759 Other expenses.
760 Rents.

MAINTENANCE

761 Maintenance supervision and engineering.
762 Maintenance of structures and improvements.
763 Maintenance of producing gas wells.
764 Maintenance of field lines.
765 Maintenance of field compressor station equipment.
766 Maintenance of field measuring and regulating station equipment.
767 Maintenance of purification equipment.
768 Maintenance of drilling and cleaning equipment.
769 Maintenance of other equipment.

B.2. Products Extraction

OPERATION

770 Operation supervision and engineering.
771 Operation labor.
772 Gas shrinkage.
773 Fuel.
774 Power.
775 Materials.
776 Operation supplies and expenses.
777 Gas processed by others.
778 Royalties on products extracted.
779 Marketing expenses.
780 Products purchased for resale.
781 Variation in products inventory.
782 Extracted products used by the utility—Credit.
783 Rents.

MAINTENANCE

784 Maintenance supervision and engineering.
785 Maintenance of structures and improvements.
786 Maintenance of extraction and refining equipment.
787 Maintenance of pipe lines.
788 Maintenance of extracted products storage equipment.

789 Maintenance of compressor equipment.
790 Maintenance of gas measuring and regulating equipment.
791 Maintenance of other equipment.

C. EXPLORATION AND DEVELOPMENT EXPENSES

OPERATION

795 Delay rentals.
796 Nonproductive well drilling.
797 Abandoned leases.
798 Other exploration.

D. OTHER GAS SUPPLY EXPENSES

OPERATION

800 Natural gas well head purchases.
800.1 Natural gas well head purchases, intracompany transfers.
801 Natural gas field line purchases.
802 Natural gas gasoline plant outlet purchases.
803 Natural gas transmission line purchases.
804 Natural gas city gate purchases.
804.1 Liquefied natural gas purchases.
805 Other gas purchases.
805.1 Purchased gas cost adjustments.
806 Exchange gas.
807 Purchased gas expenses.
808.1 Gas withdrawn from storage—Debt.
808.2 Gas delivered to storage—Credit.
809.1 Withdrawals of liquefied natural gas held for processing—Debt.
809.2 Deliveries of natural gas for processing—Credit.
810 Gas used for compressor station fuel—Credit.
811 Gas used for products extraction—Credit.
812 Gas used for other utility operations—Credit.
813 Other gas supply expenses.

2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES

A. UNDERGROUND STORAGE EXPENSES

814 Operation supervision and engineering.
815 Maps and records.
816 Wells expenses.
817 Lines expenses.
818 Compressor station expenses.
819 Compressor station fuel and power.
820 Measuring and regulating station expenses.
821 Purification expenses.
822 Exploration and development.
823 Gas losses.
824 Other expenses.
825 Storage well royalties.
826 Rents.

MAINTENANCE

830 Maintenance supervision and engineering.
831 Maintenance of structures and improvements.
832 Maintenance of reservoirs and wells.
833 Maintenance of lines.
834 Maintenance of compressor station equipment.
835 Maintenance of measuring and regulating station equipment.
836 Maintenance of purification equipment.
837 Maintenance of other equipment.

B. OTHER STORAGE EXPENSES

OPERATION

840 Operation supervision and engineering.
841 Operation labor and expenses.
842 Rents.
842.1 Fuel.
842.2 Power.
842.3 Gas losses.

MAINTENANCE

843.1 Maintenance supervision and engineering.
843.2 Maintenance of structures and improvements.
843.3 Maintenance of gas holders.
843.4 Maintenance of purification equipment.
843.5 Maintenance of liquefaction equipment.
843.6 Maintenance of vaporizing equipment.
843.7 Maintenance of compressor equipment.
843.8 Maintenance of measuring and regulating equipment.
843.9 Maintenance of other equipment.

C. LIQUEFIED NATURAL GAS TERMINALING AND PROCESSING EXPENSES

OPERATION

844.1 Operation supervision and engineering.
844.2 LNG processing terminal labor and expenses.
844.3 Liquefaction processing labor and expenses.
844.4 LNG transportation labor and expenses.
844.5 Measuring and regulating labor and expenses.
844.6 Compressor station labor and expenses.
844.7 Communication system expenses.
844.8 System control and load dispatching.
845.1 Fuel.
845.2 Power.
845.3 Rents.
845.4 Demurrage charges.
845.5 Wharfage receipts—credit.
845.6 Processing liquefied or vaporized gas by others.
846.1 Gas losses.
846.2 Other expenses.

MAINTENANCE

847.1 Maintenance supervision and engineering.
847.2 Maintenance of structures and improvements.
847.3 Maintenance of LNG processing terminal equipment.
847.4 Maintenance of LNG transportation equipment.

847.5 Maintenance of measuring and regulating equipment.
847.6 Maintenance of compressor station equipment.
847.7 Maintenance of communication equipment.
847.8 Maintenance of other equipment.

3. TRANSMISSION EXPENSES

OPERATION

850 Operation supervision and engineering.
851 System control and load dispatching.
852 Communication system expenses.
853 Compressor station labor and expenses.
854 Gas for compressor station fuel.
855 Other fuel and power for compressor stations.
856 Mains expenses.
857 Measuring and regulating station expenses.
858 Transmission and compression of gas by others.
859 Other expenses.
860 Rents.

MAINTENANCE

861 Maintenance supervision and engineering.
862 Maintenance of structures and improvements.
863 Maintenance of mains.
864 Maintenance of compressor station equipment.
865 Maintenance of measuring and regulating station equipment.
866 Maintenance of communication equipment.
867 Maintenance of other equipment.
870 Operation supervision and engineering.

4. DISTRIBUTION EXPENSES

OPERATION

871 Distribution load dispatching.
872 Compressor station labor and expenses.
873 Compressor station fuel and power (Major only).
874 Mains and services expenses.
875 Measuring and regulating station expenses—General.
876 Measuring and regulating station expenses—Industrial.
877 Measuring and regulating station expenses—City gate check stations.
878 Meter and house regulator expenses.
879 Customer installations expenses.
880 Other expenses.
881 Rents.

MAINTENANCE

885 Maintenance supervision and engineering.
886 Maintenance of structures and improvements.
887 Maintenance of mains.
888 Maintenance of compressor station equipment.
889 Maintenance of measuring and regulating station equipment—General.
890 Maintenance of measuring and regulating station equipment—Industrial.
891 Maintenance of measuring and regulating station equipment—City gate check stations.
892 Maintenance of services.
893 Maintenance of meters and house regulators.
894 Maintenance of other equipment.

5. CUSTOMER ACCOUNTS EXPENSES

OPERATION

901 Supervision.
902 Meter reading expenses.
903 Customer records and collection expenses.
904 Uncollectible accounts.
905 Miscellaneous customer accounts expenses.

6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES

OPERATION

907 Supervision.
908 Customer assistance expenses.
909 Informational and instructional advertising expenses.
910 Miscellaneous customer service and informational expenses.

7. SALES EXPENSES

OPERATION

911 Supervision.
912 Demonstrating and selling expenses.
913 Advertising expenses.
914 [Reserved]
915 [Reserved]
916 Miscellaneous sales expenses.

8. ADMINISTRATIVE AND GENERAL EXPENSES

OPERATION

920 Administrative and general salaries.
921 Office supplies and expenses.
922 Administrative expenses transferred—Credit.
923 Outside services employed.
924 Property insurance.
925 Injuries and damages.
926 Employee pensions and benefits.
927 Franchise requirements.
928 Regulatory commission expenses.
929 Duplicate charges—Credit.
930.1 General advertising expenses.
930.2 Miscellaneous general expenses.
931 Rents.

MAINTENANCE

932 Maintenance of general plant.

Operation and Maintenance Expense Accounts

700 Operation supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of steam production. (See operating expense instruction 1.)

701 Operation labor.

This account shall include the cost of labor used in boiler rooms and elsewhere about the premises engaged in the production of steam or assignable to the production of steam.

ITEMS

1. Blowing flues.
2. Cleaning boilers.
3. Handling coal, coke, and breeze from place of storage to boilers.
4. Janitorial, messenger, watchmen, and similar services.
5. Operating boilers.
6. Operating elevators.
7. Pulverizing coal.
8. Pumping tar from storage tank to boilers.
9. Removing ashes.
10. Testing steam meters, gauges, and other instruments.

702 Boiler fuel.

A. This account shall include the cost of coal, oil, gas, or other fuel used in the production of steam, including applicable amounts of fuel stock expenses. It shall also include the net cost of, or the net amount realized from, the disposal of ashes.

B. Records shall be maintained to show the quantity and cost of each type of fuel used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel, except gas, and related fuel stock expenses, shall be charged initially to appropriate fuel accounts carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for basis of fuel costs and includible items of fuel stock expenses.

703 Miscellaneous steam expenses.

This account shall include the cost of materials used and expenses incurred in the production of steam, not includible in the foregoing accounts.

ITEMS

1. Boiler compounds.
2. Building service expenses.
3. Chemicals.
4. Communication service.
5. Lubricants.
6. Miscellaneous supplies.
7. Pumping supplies and expenses.
8. Purification supplies and expenses.
9. Tools, hand.
10. Waste.
11. Water purchased.
12. Research, development, and demonstration expenses.

704 Steam transferred—Credit.

A. This account shall include such portion of the cost of producing steam as is charged to other gas operating expense accounts, or to others or to a coordinate department under a joint facility arrangement.

B. The records supporting the entries to this account shall be so kept that the utility can furnish readily an explanation of the bases of the credits to this account and the amounts charged to (1) other gas accounts, (2) other utility departments, and (3) outside parties under a joint facility arrangement. The records shall show, likewise, the amounts of steam production operation and steam production maintenance expenses, respectively, chargeable to each of the foregoing.

NOTE A: If the utility produces gas by a single process at only one plant, credits need not be made to this account for the cost of steam used in such gas production facility.

NOTE B: Where steam is produced by producer gas equipment or waste heat boilers, and such steam becomes part of the general plant supply, this account should be charged and the steam expense account in the appropriate functional group of accounts (coal gas production, water gas production, etc.) credited with the value of such steam. However, if the steam so produced is used in the same functional operation as that through which derived, such entries need not be made.

705 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of steam production facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance accounts. (See operating expense instruction 1.)

706 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures and improvements used in steam production operations, the book cost of which is includible in account 305, Structures and Improvements. (See operating expense instruction 2.)

707 Maintenance of boiler plant equipment.

This account shall indicate the cost of labor, materials used and expenses incurred in the maintenance of equipment used in steam production the book cost of which is includible in account 306, Boiler Plant Equipment. (See operating expense instruction 2.)

708 Maintenance of other steam production plant.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment used in steam production operations, the book cost of which is includible in account 314, Coal, Coke, and Ash Handling Equipment, or account 320, Other Equipment. (See operating expense instruction 2.)

710 Operation supervision and engineering.

A. This account shall include the cost of labor and expenses occurred in the general supervision and direction of the operation of manufactured gas stations. Direct supervision of specific activities such as steam production and power operations, coke oven operations, water gas generation, etc., shall be charged to the appropriate account. (See operating expense instruction 1.)

711 Steam expenses.

A. This account shall include the cost of steam used in manufactured gas production. This includes the cost of steam transferred from the gas department's own supply and charges for steam transferred from others or from coordinate departments under joint facility arrangements. (See account 704, Steam Transferred—Credit.)

B. This account shall be so kept as to show separately for each source of steam the point of delivery, the quantity, the charges therefor, and the bases of such charges.

712 Other power expenses.

This account shall include the cost of electricity or other power, except steam, used in manufactured gas operation. This includes the cost of power purchased, the operation cost of electricity or other power such as compressed air produced by the gas department and charges from others or from coordinate departments for power produced under joint facility arrangements.

713 Coke oven expenses.

This account shall include the cost of labor used and expenses incurred in the operation of coke ovens for the production of coal gas, exclusive of the cost of fuel for the coke ovens and coal carbonized.

ITEMS

Labor:

1. Supervising.
2. Work of the following character in operation of coke ovens:
   a. Charging and leveling coal.
   b. Heating ovens to produce coke.
   c. Pushing, transporting, quenching, and dumping coke on wharf.
   d. Reclaiming coke spillage, removing, replacing, and luting oven doors and lids.
   e. Handling and mixing luting mud.
   f. Controlling oven heats and gas heating value with dilution gas.
   g. Controlling flue temperature, stack drafts, collecting main pressure and the flow of flushing liquor and drains.
   h. Operating, cleaning, and lubricating equipment not incidental to maintenance work, such as: charger, pusher, door operating and luting, mud mixing, gas reversal transportation machinery and equipment quenching pumps and tower, together with valves, instruments, meters, controls gauges, and records connected with their operation.
   i. Tar chasing (spooning tar in hot drains.
   j. Cleaning doors, jambs, and stand pipes.
3. Handling and transporting coal from storage or boats to battery bins.
4. Operating, cleaning and lubricating mechanical equipment, such as: hoist machines conveyors and their housing, hammermill

and breakers, mixing and battery bins, together with their control valves, instruments, etc.

5. Wetting and handling coke to the coke wharf or storage including cleaning and lubricating of equipment not incident to maintenance.

6. Pumping gas from ovens and maintaining the proper pressures on the collecting main and throughout the apparatus train, including cleaning and lubricating the oven gas exhausters and revivifying blowers, not incident to maintenance.

7. Removing and disposing of carbon, fines, sediment, and waste material.

8. Cleaning ovens and exhauster house, including janitor service in the employees' locker and wash room within this operating area.

Materials and expenses:

9. Packing, waste, lubricants, etc.

10. Small hand tools.

11. Building service, communication service, transportation.

714 Producer gas expenses.

This account shall include the cost of labor used and expenses incurred in making producer gas exclusive of the cost of fuel for producer gas.

ITEMS

Labor:

1. Supervising.

2. Work of the following character in connection with operation of producer gas sets (excepting the waste heat boiler and auxiliaries):

a. Inspecting, testing, clinkering, lighting and starting set.

b. Controlling fire and heats with fuel charges.

c. Barring, measuring, and rodding fires.

d. Observing pyrometers, pressures and CO_2 in stack gases.

e. Regulating input materials, such as coke, steam and air and making required flow rate and operating cycle changes.

f. Cleaning and removal of ash, dust, sediment and materials from the set and connections, seal pots, duct pockets, bootlegs, collectors and pumps.

g. Cleaning and reluting producer set doors.

h. Operating, cleaning and lubricating fuel charging lorries, grates, jackets and auxiliaries, ash removal apparatus, and associated instruments, meters, gauges, controls, etc.

3. Handling fuel from storage into bins with conveyors.

4. Operating, cleaning and lubricating auxiliary equipment, not incident to maintenance work, such as coolers, pumps, blowers, exhausters or boosters, fuel handling equipment, etc.

5. Removing and disposing of ashes, sediment and other waste material.

6. Cleaning the producer and booster houses including janitorial and similar services.

Materials and expenses:

7. Packing, waste, lubricants, etc.

8. Small hand tools.

9. Building service, communication service, transportation.

715 Water gas generating expenses.

This account shall include the cost of labor used and expenses incurred in the operation of water gas sets exclusive of the cost of fuel and oil for water gas production.

ITEMS

Labor:

1. Supervising.

2. Work of the following character in connection with the operation of water gas sets (excepting the waste heat boiler and auxiliaries):

a. Inspecting, testing, clinkering, lighting and starting up.

b. Controlling fire and heats with fuel charges, barring and rodding fires, operating grates and jackets, taking stains, observing pyrometers, pressures, seal pot water flow and stack gases, regulating input materials such as coke, oil, natural gas, steam and air.

c. Making required flow rate and operating cycle changes.

d. Cleaning and removing ashes, carbon, and sediment from the set and connections, the wash box, seal pot, oil spray, duct pockets, bootlegs, and collectors, and cleaning and reluting producer set doors.

e. Operating, cleaning and lubricating fuel charging lorries, blowers, valves, automatic operators, and grates, together with their instruments, gauges, and controls, also the ash belts.

3. Operating, cleaning and lubricating auxiliary equipment, such as hydraulic pumps, circulating water pumps, oil pumps from storage to sets, steam accumulators and regulators and reducers on natural gas for reforming, exhausters, revivifying air blowers, and purifier exhausters.

4. Handling fuel from storage into bins with conveyors.

5. Removing and disposing of ashes, carbon, sediment, and other waste material.

6. Cleaning of generator and exhauster houses, including janitorial and similar services.

Materials and expenses:

7. Packing, waste, lubricants, etc.

8. Small hand tools.

9. Building service, communication service, transportation.

716 Oil gas generating expenses.

This account shall include the cost of labor used and expenses incurred in the operation of equipment for the production of oil gas exclusive of cost of the oil.

ITEMS

Labor:

1. Supervising.

2. Cleaning, firing and operating oil gas machines.

3. Handling oil from place of storage to oil gas sets.

4. Measuring oil.

5. Removing and disposing of carbon deposits, and other cleaning and incidental labor.

Materials and expenses:

6. Packing, waste, lubricants, etc.

7. Small hand tools.

8. Building service, communication service, transportation.

717 Liquefied petroleum gas expenses.

This account shall include the cost of labor used and expenses incurred in the operation of equipment used for vaporizing petroleum derivatives such as propane, butane or gasoline exclusive of cost of the materials vaporized or used for fuel in the vaporizing process.

ITEMS

Labor:

1. Supervising.

2. Operating, cleaning and lubricating liquid petroleum vaporizers and injectors.

3. Taking pressures and temperatures, and reading gauges on storage tanks.

4. Inspecting and testing equipment and setting and adjusting controls and regulators.

5. Watching pressure gauges, maintaining pressures and relieving excess pressures through lines.

6. Repressuring storage tanks.

Materials and expenses:

7. Packing, waste, lubricants, etc.

8. Small hand tools.

9. Building service, communication service, transportation.

718 Other process production expenses.

This account shall include the cost of labor used and expenses incurred in operating equipment used for the production of gas by processes not provided for in the foregoing accounts.

719 Fuel under coke ovens.

A. This account shall include the cost of gas, other than coke oven gas or producer gas, or other fuel used under coke ovens for making coal gas. Concurrent credits shall be made to account 734, Duplicate Charges—Credit, for gas made by the utility and so used, or account 812, Gas Used for Other Utility Operations—Credit, for other gas used under coke ovens.

B. Records shall be kept to show the quantity and cost of each type of fuel used and fuel handling expenses.

ITEMS

1. Gas made by the utility and used under coke ovens.

2. Natural and other purchased gas used under coke ovens.

720 Producer gas fuel.

A. This account shall include the cost of fuel used in making producer gas including applicable amounts of fuel stock expenses. It shall also include the net cost of, or the net amount realized from, the disposal of ashes.

B. Records shall be kept to show the quantity and the cost of each type of fuel used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel and related fuel stock expenses shall be charged initially to the appropriate fuel account carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for basis of fuel costs and includible items of fuel stock expenses.

721 Water gas generator fuel.

A. This account shall include the cost of fuel used in making water gas, including applicable amounts of fuel stock expenses. It shall also include the net cost of, or net proceeds from, the disposal of ashes.

B. Records shall be kept to show the quantity and cost of each type of fuel used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel and related fuel stock expenses shall be charged initially to the appropriate fuel account carried under

accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for basis of fuel costs and includible items of fuel stock expenses.

722 Fuel for oil gas.

This account shall include the cost of fuel for the manufacture of gas by the oil gas process.

723 Fuel for liquefied petroleum gas process.

This account shall include the cost of fuel for vaporization of liquefied petroleum gas and for the compression of air in liquefied petroleum gas process.

724 Other gas fuels.

This account shall include the cost of fuel for the manufacture of gas by processes not provided for in the above fuel accounts.

725 Coal carbonized in coke ovens.

A. This account shall include the cost of coal used in coke ovens for making coal gas, including applicable amounts of fuel stock expenses.

B. Records shall be kept to show the type, quantity, and cost of coal used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of coal carbonized and related fuel stock expenses shall be charged initially to the appropriate account carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of coal used. See accounts 151 and 152 for basis of costs and includible items of fuel stock expenses.

726 Oil for water gas.

A. This account shall include the cost of oil used in carbureting water gas, including applicable amounts of fuel stock expenses.

B. Records shall be kept to show the type, quantity, and cost of oil used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of oil and related fuel stock expenses shall be charged initially to the appropriate accounts carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of oil used. See accounts 151 and 152 for basis of costs and includible items of fuel stock expenses.

727 Oil for oil gas.

A. This account shall include the cost of oil used in making oil gas, including applicable amounts of fuel stock expenses.

B. Records shall be kept to show the type, quantity, and cost of oil used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of oil and related fuel stock expenses shall be charged initially to the appropriate raw materials account carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of oil used. See accounts 151 and 152 for basis of costs and includible items of fuel stock expenses.

728 Liquefied petroleum gas.

A. This account shall include the cost of liquefied petroleum gas, such as propane, butane, or gasoline, vaporized for mixing with other gases or for sale unmixed, including applicable amounts of fuel stock expenses.

B. Records shall be kept to show the type, quantity, and cost of liquefied petroleum gas. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of liquefied petroleum gas and related fuel stock expenses shall be charged initially to the appropriate accounts under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of liquefied petroleum gas used. See accounts 151 and 152 for basis of costs and includible items of fuel stock expenses.

729 Raw materials for other gas processes.

A. This account shall include the cost of raw materials used in the production of manufactured gas by any process not provided for by the foregoing accounts including the production of coal gas by use of retorts, including applicable amounts of fuel stock expenses.

B. Records shall be kept to show the type, quantity, and cost of each raw material used, comparable to the accounting specified in the foregoing accounts for specified types of gas processes. Respective amount of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of raw materials and fuel stock expenses shall be charged initially to the appropriate accounts carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of raw materials used. See accounts 151 and 152 for basis of raw materials costs and includible items of raw materials stock expenses.

730 Residuals expenses.

A. This account shall include the cost of labor, materials used and expenses incurred including uncollectible accounts in obtaining, handling, preparing, refining, and marketing residuals produced in manufactured gas production processes.

B. Divisions of this account shall be maintained for each of the principal types of expenses chargeable hereto and for each residual or by-product carried in account 731, Residuals Produced—Credit.

731 Residuals produced—Credit.

A. This account shall be credited and the appropriate subdivision of account 153, Residuals and Extracted Products, debited monthly with the estimated value of residuals and other by-products obtained in connection with the production of manufactured gas, whether intended for sale or for use in operations.

B. If the net amount realized from the sale of residuals is greater or less than the amount at which they were originallly credited hereto, an adjusting entry shall be made crediting or debiting this account and charging or crediting the appropriate subdivision of account 153, Residuals and Extracted Products, with the difference.

732 Purification expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating purification equipment and apparatus used for conditioning manufactured gas.

ITEMS

Labor:

1. Supervising.
2. Operating conveyors, condensers, coolers, tar extractors and precipitators, shaving scrubbers and naphthalene and light oil scrubbers.
3. Emptying, rearranging, shifting, cleaning, purging, and refilling purifier boxes.
4. Removing spent oxide to refuse pile.
5. Revivifying oxide.
6. Oiling dip sheets of purifier boxes.
7. Inspecting, testing, controlling adjustments, and taking stains.
8. Cleaning and lubricating purification equipment.

Materials and expenses:

9. Iron oxide.
10. Unslacked lime.
11. Shavings.
12. Soda ash for liquid purifiers.
13. Wash oil for naphthalene scrubber.
14. Sulphuric acid.

733 Gas mixing expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating equipment for mixing natural and manufactured gas, or vaporized liquefied petroleum gases for delivery to the distribution system.

ITEMS

Labor:

1. Supervising.
2. Mixing enrichment gas and other gases or air, including mixing of liquid petroleum gas with air in a liquid petroleum air gas plant, and operation of air jetting equipment and controls.
3. Operating, cleaning and lubricating of cleaners, reducers, calorimeters, calorimixers, appliances and mixing apparatus with their related recorders, gauges, valves and controls, and gravitometers.
4. Inspecting, testing and adjusting mixing equipment.
5. Reading instruments and gauges, changing charts, and recording instrument and gauge readings.

Materials and expenses:

6. Packing, waste, lubricants, etc.
7. Small hand tools.
8. Building service, communication service, transportation.

734 Duplicate charges—Credit.

This account shall include concurrent credits for charges which are made to manufactured gas production operating expenses for manufactured gas not entering common system supply,

steam or electricity used for which there is no direct money outlay.

NOTE: For manufactured gas used from the common system supply, concurrent credits shall be made to account 812, Gas Used for Other Utility Operations—Credit.

735 Miscellaneous production expenses.

This account shall include the cost of labor, materials used and expenses incurred in manufacturing gas production operations not includible in any of the foregoing accounts.

ITEMS

Labor:

1. Supervising.
2. Cleaning gas works yard of coke dust and other waste materials.
3. Humidifying gas or oil fogging gas at the production plant.
4. Cutting grass and care of the grounds around the gas works.
5. Clearing gas works yard of snow.
6. Janitor service and messenger service.
7. Operating elevators and other conveyances for general use at the gas works.
8. General clerical and stenographic work at gas works.
9. Guarding and patrolling plant and yard.
10. Testing plant instruments not elsewhere provided for.
11. Laboratory labor, except that chargeable to other accounts.
12. Reading manufactured gas meters, and calculating and recording hourly volumes produced.
13. Pumping drips (water) at plant (not provided for elsewhere).
14. Odorizing manufactured gas.
15. Operating, cleaning, and lubricating of air compressors with their tanks, instruments, meters, gauges, and controls when used to supply compressed air into the plant's air system.
16. Operating effluent water treatment systems, including chemical treatment ozonation, filter, and related equipment, including treatment of carbon and residual sludge, and removing spent oxide, and spent filtering materials.
17. Pumping water for cooling and condensing.
18. Cleaning filters and other operating duties of water system.

Materials and expenses:

19. Producer gas transferred from coke oven plant to water gas plant for dilution purposes.
20. Building service, communication service, transportation.
21. First aid supplies and safety equipment.
22. Office supplies, printing and stationery.
23. Meals, travelling and incidental expenses.
24. Fuel for heating plant, water for fire protection or general use, and similar items.
25. Lubricants, packing, waste, etc.
26. Odorizing chemicals.
27. Hand tools, drills, saw blades, files, etc.
28. Fire protection supplies.
29. Fogging oils, alcohol, etc.
30. Chemicals, filter materials, etc., and payments to others for disposal of plant effluents and waste.
31. Chemicals for water treatment.
32. Research, development, and demonstration expenses.

736 Rents.

This account shall include rents for property of others used, occupied or operated in connection with manufactured gas production operations. (See operating expense instruction 3.)

740 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of manufactured gas production facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance accounts. (See operating expense instruction 1.)

741 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 305, Structures and Improvements. (See operating expense instruction 2.)

742 Maintenance of production equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment for the production of manufactured gas, the book cost of which is included in accounts 306 to 320, inclusive, except such equipment as is used for the production of steam the maintenance of which is includible in accounts 707, Maintenance of Boiler Plant Equipment, and 708, Maintenance of Other Steam Production Plant. (See operating expense instruction 2.)

750 Operation supervision and engineering.

A. This account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of production and gathering systems. Direct supervision of specific activities such as turning on and shutting off wells, operating measuring and regulating stations, etc., shall be charged to the appropriate account. (See operating expense instruction 1.)

B. For Nonmajor companies, this account shall include the cost of supervision and labor in the operation of gas wells, lines, compressors and other equipment of the natural gas production and gathering system including miscellaneous labor such as care of grounds, building service, and general clerical and stenographic work at field offices.

ITEMS

1. Supervision. (See operating expense instruction 1.)
2. Gas depletion and gas reserve activities.
3. Geological activities in connection with gas production.
4. Rights-of-way office activities and supervision, not in connection with construction or retirement work, or storage.

751 Production maps and records.

This account shall include the cost of labor, materials used and expenses incurred in the preparation and maintenance of production maps and records.

ITEMS

Labor:

With respect to production maps:

1. Supervising.
2. Preparing farm maps, field inventory maps, well location plats, and other maps used in connection with natural gas production and gathering operations.
3. Posting changes and making corrections of maps.
4. Maintaining files of maps and tracings.
5. Surveying deeds, leases, rights-of-way, well locations, etc., for map revisions.
6. Reproducing maps (blueprints, photostats, etc.).

With respect to land records:

7. Supervising.
8. Abstracting titles to date for extension and renewal of leases.
9. Adjusting land and well rentals.
10. Checking free gas rights.
11. Maintaining land and lease records.
12. Delivering rental and royalty checks.
13. Assigning, pooling, merging, renewing, and extending leases.
14. Patrolling land.
15. Preparing expiration calendars.
16. Replacing leases (not involving additional consideration).
17. Transferring payees.

Materials and expenses:

18. Blueprints, photostats, etc.
19. Drafting materials and supplies.
20. Surveying materials and supplies.
21. Employee transportation and travel expenses.
22. Freight, express, parcel post, trucking, and other transportation.
23. Janitor and washroom supplies, etc.
24. Office supplies, stationery and printed forms.
25. Utility services: light, water, and telephone.

752 Gas wells expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating producing gas wells.

ITEMS

Labor:

1. Supervising.
2. Testing, bailing, swabbing, blowing and gauging producing gas wells.
3. Cleaning off old well locations.
4. Painting signs, etc.
5. Minor upkeep of well roads and fences, etc.
6. Turning wells off and on.
7. Pumping wells.

Materials and expenses:

8. Gas, gasoline, and oil used in pumping, bailing, heating, and swabbing.
9. Lumber, nails, and other materials used for upkeep of fences, making signs, etc.
10. Materials for upkeep of well roads, etc.
11. Well swabs.
12. Employees' transportation and travel expenses.
13. Freight, express, parcel post, trucking and other transportation.
14. Transportation: company and rented vehicles.

753 Field lines expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating field lines.

ITEMS

Labor:

1. Supervising.
2. Walking or patrolling lines.
3. Attending valves, lubricating valves and other equipment, blowing and cleaning lines and drips, draining water from lines, operating and cleaning scrubbers, thawing freezes.
4. Taking line pressures, changing pressure charts, operating alarm gauges.
5. Building and repairing gate boxes, foot bridges, stiles, tool boxes, etc., used in line operations, erecting line markers and warning signs, repairing old line roads.
6. Cleaning debris, cutting grass and weeds on rights-of-way.
7. Inspecting and testing not specifically to determine necessity for repairs.
8. Protecting utility property during work by others.
9. Standby time of emergency crews, responding to fire calls, etc.
10. Locating valve boxes or drip riser boxes.
11. Cleaning and repairing tools used in mains operations, making tool boxes, etc.
12. Cleaning structures and equipment.
13. Driving trucks.

Materials and expenses:

14. Line markers and warning signs.
15. Lumber, nails, etc., used in building and repairing gate boxes, foot bridges, stiles, tool boxes, etc.
16. Charts.
17. Scrubber oil.
18. Hand tools.
19. Lubricants, wiping rags, waste, etc.
20. Freight, express, parcel post, trucking and other transportation charges.
21. Employees' transportation and travel expenses.
22. Janitor and washroom supplies.
23. Utility services: light, water, telephone.
24. Gas used in field line operations.

754 Field compressor station expenses.

This account shall include the cost of labor, materials used, except fuel, and expenses incurred in operating field compressor stations.

ITEMS

Labor:

1. Supervising.
2. Operating and checking engines, equipment valves, machinery, gauges, and other instruments, including cleaning, wiping, polishing, and lubricating.
3. Operating boilers and boiler accessory equipment, including fuel handling and ash disposal, recording fuel used, and unloading and storing coal and oil.
4. Repacking valves and replacing gauge glasses, etc.
5. Recording pressures, replacing charts, keeping logs, and preparing reports of station operations.
6. Inspecting and testing equipment when not specifically to determine necessity for repairs or replacement of parts.
7. Pumping drips at the station.
8. Taking dew point readings.
9. Testing water.
10. Cleaning structures, cutting grass and weeds, and minor grading around station.
11. Cleaning and repairing hand tools used in operations.
12. Driving trucks.
13. Watching during shut downs.
14. Clerical work at station.

Materials and expenses:

15. Scrubber oil.
16. Lubricants, wiping rags, and waste.
17. Charts and printed forms, etc.
18. Gauge glasses.
19. Chemicals to test waters.
20. Water tests and treatment by other than employees.
21. Janitor and washroom supplies, first aid supplies, landscaping supplies, etc.
22. Employees' transportation and travel expenses.
23. Freight, express, parcel post, trucking, and other transportation.
24. Utility services: light, water, telephone.

755 Field compressor station fuel and power.

A. This account shall include the cost of gas, coal, oil, or other fuel, or electricity, used for the operation of field compressor stations, including applicable amounts of fuel stock expenses.

B. Records shall be maintained to show the quantity of each type of fuel consumed or electricity used at each compressor station, and the cost of such fuel or power. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel, except gas, and related fuel stock expenses shall be charged initially to appropriate fuel accounts carried in accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for the basis of fuel costs and includible fuel stock expenses.

756 Field measuring and regulating station expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating field measuring and regulating stations.

ITEMS

Labor:

1. Supervising.
2. Recording pressures and changing charts, reading meters, etc.
3. Estimating lost meter registrations, etc., except gas purchases and sales.
4. Calculating gas volumes from meter charts, except for gas purchases and sales.
5. Adjusting and calibrating measuring equipment, changing meters, orifice plates, gauges, clocks, etc., not in connection with maintenance or construction.
6. Testing gas samples, inspecting and testing gas sample tanks and other meter engineer's equipment, determining specific gravity and Btu content of gas.
7. Inspecting and testing equipment not specifically to determine necessity for repairs including pulsation tests.
8. Cleaning and lubricating equipment.
9. Keeping log and other operating records, preparing reports of operations, etc.
10. Attending boilers and operating other accessory equipment.
11. Installing and removing district gauges for pressure survey.
12. Thawing freeze in gauge pipes.
13. Inspecting and pumping drips, dewatering manholes and pits, inspecting sumps, cleaning pits, etc., blowing meter drips.
14. Moving equipment, minor structures, etc., not in connection with construction, retirement, or maintenance work.

Materials and expenses:

15. Charts and printed forms, stationery and office supplies, etc.
16. Lubricants, wiping rags, waste.
17. Employees' transportation and travel expense.
18. Freight, express, parcel post, trucking and other transportation.
19. Utility services: light, water, telephone.

757 Purification expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating equipment used for purifying, dehydrating, and conditioning of natural gas.

ITEMS

Labor:

1. Supervising.
2. Changing charts on fuel meters.
3. Emptying, cleaning and refilling purifier boxes.
4. Oiling dip sheets of purifier covers.
5. Removing spent oxide to refuse piles.
6. Revivifying oxide.
7. Taking readings of inlet and outlet pressures and temperature.
8. Unloading and storing glycol.
9. Watching station and equipment.
10. Cutting grass and weeds, and minor grading around equipment and stations.
11. Hauling operating employees, materials, supplies and tools, etc.
12. Inspecting and testing equipment, not specifically to determine necessity for repairs or replacement of parts.
13. Lubricating equipment, valves, etc.
14. Operating and checking equipment, valves, instruments, etc.

Materials and expenses:

15. Liquid purifying supplies.
16. Iron oxide.
17. Odorizing materials.
18. Charts, printed forms, etc.
19. Employees' transportation and travel expenses.
20. Freight, express, parcel post, trucking, and other transportation.
21. Gas used in operations.
22. Janitor, washroom, and landscaping supplies.
23. Lubricants, wiping rags, waste, etc.
24. Utility services: light, water, telephone.

NOTE: Inclusion of dehydration expenses in this account shall be consistent with the functional classification of dehydration plant as to which, see the note to account 336, Purification Plant, relating to cases where dehydrators may be located some distance from the production sources of gas.

758 Gas well royalties.

A. This account shall include royalties paid for natural gas produced by the utility from wells on land owned by others.

B. Records supporting the entries to this account shall be so kept that the utility can furnish the name of the parties to each contract involving royalties, the terms of each contract, the location of the property involved, the method of determining the royalties, and the amounts payable.

759 Other expenses.

This account shall include the cost of labor, materials used and expenses incurred in producing and gathering natural gas and not includible in any of the foregoing accounts.

ITEMS

Labor:

1. Moving cleaning tools between locations.
2. Operating communications system.
3. Reading limited and unlimited free gas meters.

Materials and expenses:

4. Miscellaneous small tools, etc.

5. Research, development, and demonstration expenses.

760 Rents.

This account shall include rents for property of others used, occupied or operated in connection with the production and gathering of natural gas, other than rentals on land and land rights held for the supply of natural gas. (See operating expense instruction 3.)

NOTE: See account 795, Delay Rentals, for rentals paid on lands held for the purpose of obtaining a supply of gas in the future.

761 Maintenance supervision and engineering.

This account shall include the cost of labor, materials used and expenses incurred in the general supervision and direction of maintenance of the production and gathering facilities as a whole. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

762 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures and improvements, the book cost of which is includible in accounts 326, Gas Well Structures, 327, Field Compressor Station Structures, 328, Field Measuring and Regulating Station Structures, and 329, Other Structures. (See operating expense instruction 2.)

763 Maintenance of producing gas wells.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of gas wells and equipment includible in accounts 330. Producing Gas Wells—Well Construction, and 331, Producing Gas Wells—Well Equipment. (See operating expense instruction 2.)

764 Maintenance of field lines.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of field lines the book cost of which is includible in account 332, Field Lines. (See operating expense instruction 2.)

ITEMS

1. Electrolysis and leak inspections (not routine).
2. Installing and removing temporary lines, when necessitated by maintenance.
3. Lamping and watching while making repairs.
4. Lowering and changing location of portion of lines, when the same pipe is used.
5. Protecting lines from fires, floods, land slides, etc.
6. Rocking creek crossings.

765 Maintenance of field compressor station equipment.

This account shall include the cost of labor and expenses incurred in the maintenance of field compressor station equipment includible in account 333, Field Compressor Station Equipment. (See operating expense instruction 2.)

766 Maintenance of field measuring and regulating station equipment.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of field measuring and regulating station equipment includible in account 334, Field Measuring and Regulating Station Equipment. (See operating expense instruction 2.)

767 Maintenance of purification equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of purification equipment includible in account 336, Purification Equipment. (See operating expense instruction 2.)

NOTE: Inclusion of dehydration maintenance expenses in this account shall be consistent with the functional classification of dehydration plant as to which see the note to account 336, Purification Equipment, relating to cases where dehydrators may be located some distance from the production sources of gas.

768 Maintenance of drilling and cleaning equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of drilling and cleaning equipment includible in account 335, Drilling and Cleaning Equipment, except such costs of maintaining drilling tools or other equipment which are assignable to the cost of drilling wells. (See operating expense instruction 2.)

769 Maintenance of other equipment.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of other production and gathering equipment includible in account 337, Other Equipment. (See operating expense instruction 2.)

770 Operation supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of products extraction and refining operations, except supervision of marketing and selling operations which shall be charged to account 779, Marketing Expenses. Direct supervision of specific extraction and refining activities shall be charged to the appropriate account. (See operating expense instruction 1.)

771 Operation labor.

This account shall include the cost of labor used in the operation of facilities for the extraction of gasoline, butane, propane, or other salable products from natural gas and for refining such products.

ITEMS

Labor:

1. Supervising.
2. Operating, checking, lubricating, wiping, polishing, and cleaning engines, equipment, valves, machinery, gauges, and other instruments, etc.
3. Inspecting and testing equipment and instruments, not specifically to determine necessity for repairs or replacement of parts.
4. Reading meters, gauges, and other instruments, changing charts, preparing operating reports, etc.
5. Testing gasoline samples, water, etc.
6. Cleaning structures housing equipment, cutting grass and weeds and doing minor grading work around equipment and structures, etc.
7. Driving trucks used in products extraction operations.
8. Cleaning and repairing hand tools used in operations, etc.
9. Watching plant during shut-down periods.
10. Making electricity or steam.

772 Gas shrinkage.

A. This account shall include the cost of gas lost or absorbed in the process of extraction of salable products from natural gas, exclusive of gas used as fuel, the cost of which shall be included in account 773, Fuel.

B. Concurrent credits offsetting charges to this account shall be made to account 811, Gas Used for Products Extraction—Credit.

773 Fuel.

A. This account shall include the cost of natural gas or other fuel used in extracting gasoline, butane, propane and other salable products from natural gas, including fuel used for generation of electricity or making steam.

B. Concurrent Credits offsetting charges to this account shall be made to account 811, Gas Used for Products Extraction—Credit.

774 Power.

This account shall include the cost of electricity purchased for operation of facilities used in the extraction of gasoline, butane, propane, or other salable products from natural gas.

775 Materials.

This account shall include the cost of materials used in extracting salable products from natural gas and blending and refining such products.

ITEMS

1. Absorption oil.
2. Charcoal.
3. Water (payments to others for water).
4. Steam (payments to others for steam).
5. Blending agents.
6. Natural gasoline removed from inventory for blending and refining purposes.
7. Tetraethyl lead.

776 Operation supplies and expenses.

This account shall include supplies used and expenses incurred in the operation of facilities for recovering salable products from natural gas and blending and refining such products, not provided for elsewhere.

ITEMS

1. Employee transportation and travel expenses.
2. Freight, express, parcel post, trucking and other transportation.
3. Utility services: light, water, telephone.
4. Charts, gas measurement, etc.
5. Janitor, washroom and landscaping supplies.
6. Lubricants: oil and grease, wiping rags and waste, etc.
7. Testing equipment, hand tools, etc., of a portable nature and relatively minor cost or of short life.
8. Research, development, and demonstration expenses.

777 Gas processed by others.

A. This account shall include the cost of gas shrinkage, gas consumed for fuel, royalties, and other expenses in connection with the processing of gas of the utility by others for extraction of salable products, for which the related revenues are includible in account 491, Revenues from Natural Gas Processed by Others.

B. Concurrent credits offsetting charges to this account for the difference between gas delivered to others for processing and gas returned after processing, such as shrinkage in the processing operations and gas of the utility used for fuel, shall be made to account 811, Gas Used for Products Extraction of Credit.

C. Records supporting this account shall be so maintained that full information will be readily available concerning gas shrinkage, gas used for fuel, royalties, and other expenses assumed or paid by the utility with regard to each processor of gas of the utility. (See paragraph B of account 491, Revenues from Natural Gas Processed by Others.)

ITEMS

1. Gas shrinkage, being cost of the reduction in gas from products extraction operations of gas of the utility processed by others.
2. Gas for fuel, being cost of gas of the utility used for fuel in connection with the products extraction processing of the utility's gas by others.
3. Royalties, being payments of fractional interests of royalty holders in products extracted by others from gas of the utility.

778 Royalties on products extracted.

This account shall include royalties paid by the utility to others for the right to extract salable products from natural gas.

779 Marketing expenses.

A. This account shall include the cost of labor, materials used and expenses incurred in the marketing of products extracted from natural gas and of similar products purchased for resale.

B. The records supporting this account shall be so maintained that summaries of the various types of expenses shall be readily available.

ITEMS

Labor:
1. Salaries of persons directly engaged in marketing operations.

Materials and expenses:
2. Employee transportation and travel expenses.
3. Tank car rentals.
4. Freight and hauling charges for products shipped.
5. Miscellaneous marketing expenses.
6. Building service charges for space occupied by marketing personnel.
7. Uncollectible accounts for extracted products sold.

780 Products purchased for resale.

A. This account shall include the cost of gasoline, butane, propane, or other salable products purchased from others for resale.

B. The records supporting this account shall be so maintained that the kind, quantity, and cost of products purchased from each vendor are readily available.

781 Variation in products inventory.

This account shall include credits for increases, and debits for decreases in the inventories of salable products extracted from natural gas or purchased for resale. The net debit or credit in this account shall equal the difference between the inventory at the beginning of the accounting year and the end of the accounting month.

782 Extracted products used by the utility—Credit.

This account shall include concurrent credits for charges which are made of operating expenses or other accounts of the gas department for gasoline or other extracted products which are used from stocks recovered in the natural gas extraction process or purchased for resale, and for such products used for blending and refining processes, the contra debit for which is account 775, Materials.

783 Rents.

This account shall include all rents for the property of others used, occupied, or operated in connection with the extraction of salable products from natural gas, exclusive of tank car rentals and other similar rentals includible in account 779, Marketing Expenses. (See operating expense instruction 3.)

784 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of facilities used in the extraction and refining of salable products from natural gas. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

785 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 341, Structures and Improvements. (See operating expense instruction 2.)

786 Maintenance of extraction and refining equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 342, Extraction and Refining Equipment. (See operating expense instruction 2.)

787 Maintenance of pipe lines.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 343, Pipe Lines. (See operating expense instruction 2.)

788 Maintenance of extracted products storage equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 344, Extracted Products Storage Equipment. (See operating expense instruction 2.)

789 Maintenance of compressor equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 345, Compressor Equipment. (See operating expense instruction 2.)

790 Maintenance of gas measuring and regulating equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 346, Gas Measuring and Regulating Equipment. (See operating expense instruction 2.)

791 Maintenance of other equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 347, Other Equipment. (See operating expense instruction 2.)

795 Delay rentals.

A. This account shall be charged with the amount of rents paid periodically on natural gas lands acquired by lease before October 8, 1969, in order to hold natural gas land and land rights for the purpose of obtaining a supply of gas in the future.

B. Include also in this account, the cost of obtaining natural gas leases for a period of 1 year or less when such

leases were acquired before October 8, 1969.

C. Records supporting this account shall be so kept that the utility can furnish complete details of the charges made for each natural gas leasehold. (See note to gas plant instruction 7G.)

NOTE: Rents paid periodically on natural gas lands acquired by lease after October 7, 1969, shall be charged to account 105.1, Production Properties Held for Future Use.

796 Nonproductive well drilling.

This account shall include the net cost of drilling wells on natural gas leases acquired before October 8, 1969, which prove to be nonproductive.

NOTE A: Records in support of the charges to this account shall conform, as appropriate, to Note B of General Instruction 12, Records for Each Plant.

NOTE B: The net cost of drilling wells on natural gas leases acquired after October 7, 1969, which prove to be nonproductive, shall be charged to account 338, Unsuccessful Exploration and Development Costs.

797 Abandoned leases.

A. This account shall be charged with amounts credited to account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, to cover the probable loss on abandonment of natural gas leases acquired before October 8, 1969, included in account 105, Gas Plant Held for Future Use, which has never been productive. (See account 182.1.)

B. When natural gas leaseholds which were acquired before October 8, 1969, and which have never been productive are abandoned, and the amounts provided in account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, are not sufficient to cover the cost thereof, the deficiency shall be charged to this account unless otherwise authorized or directed by the Commission. (See account 182.1.)

NOTE: Losses on abandonment of natural gas leases acquired after October 7, 1969, shall be charged to account 338, Unsuccessful Exploration and Development Costs.

798 Other exploration.

This account shall be charged with the cost of abandoned projects involving natural gas leases acquired before October 8, 1969, on which preliminary expenditures were made for the purpose of determining the feasibility of acquiring acreage to provide a future supply of natural gas (see account 183.1, Preliminary Natural Gas Survey and Investigation Charges).

NOTE: Preliminary expenditures on abandoned projects involving natural gas leases acquired after October 7, 1969, shall be charged to account 338, Unsuccessful Exploration and Development Costs.

800 Natural gas well head purchases.

A. This account shall include the cost at well head of natural gas purchased from producers in gas fields or production areas where only the utility's facilities are used in bringing the gas from the well head into the utility's natural gas system.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and well head the quantity of gas, basis of charges, and amount paid for the gas.

NOTE: If gas purchases are made under one contract covering both well head and field line purchases and such amounts are not readily separable, the utility may classify such purchases according to predominant source or according to a reasonable estimate.

800.1 Natural gas well-head purchases; intracompany transfers.

A. This account shall include, for informational purposes only, the amount recorded for gas supplied by the production division when the price is not determined by a cost-of-service rate proceeding.

B. The records supporting this account shall be so maintained that there will be readily available for each wellhead, the quantity of gas, the basis of intracompany charges, and the amount of intracompany charges for gas.

801 Natural gas field line purchases.

A. This account shall include the cost, at point of receipt by the utility, of natural gas purchased in gas fields or production areas at points along gathering lines, and at points along the utility's transmission lines within field

or production areas, exclusive of purchases at outlets of gasoline plants includible in account 802, where facilities of the vendor or others are used in bringing the gas from the well head to the point of entry into the utility's natural gas system.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and each point of receipt, the quantity of gas, basis of charges, and amount paid for the gas.

NOTE: If gas purchases are made under one contract covering both well head and field line purchases and such amounts are not readily separable, the utility may classify such purchases according to predominant source or according to a reasonable estimate.

802 Natural gas gasoline plant outlet purchases.

A. This account shall include the cost, at point of receipt by the utility, of natural gas purchased at the outlet side of vendor's natural gas products extraction plants.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and for each products extraction plant, the quantity of gas, basis of the charges, and the amount paid for the gas.

803 Natural gas transmission line purchases.

A. This account shall include the cost, at point of receipt by the utility, of natural gas purchased at points along the utility's transmission lines not within gas fields or production areas, excluding purchases at the outlets of products extraction plants includible in account 802.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and each point of receipt, the quantity of gas, basis of charges, and the amount paid for the gas.

804 Natural gas city gate purchases.

A. This account shall include the cost, at point of receipt by the utility, of natural gas purchased which is received at the entrance to the distribution system of the utility.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and each point of receipt, the quantity of gas, basis of the charges, and the amount paid for the gas.

NOTE: Do not credit this account for gas used in reforming for which the cost is charged to manufactured gas production expenses. Credits for such gas should be made to account 812, Gas Used for Other Utility Operations—Credit.

804.1 Liquefied natural gas purchases.

A. This account shall include the cost, including transportation, at point of receipt by the utility, of liquefied natural gas purchased for the purpose of vaporization and injection into the utility's transmission or distribution system for resale.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and point of receipt, the quantity of liquefied natural gas purchased, basis of charges, the amount paid for the liquefied gas, and transportation charges incurred up to the point of receipt of the liquefied gas.

805 Other gas purchases.

A. This account shall include the cost, at point of receipt by the utility, of manufactured gas, refinery gas, or any gas other than natural gas, or other than any mixed gas in which the natural gas is an important proportion of the mixture.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and each point of receipt, the kind and quantity of gas, Btu content, basis of the charges, and the amount paid for the gas.

C. Utilities recognizing revenue for shipper-supplied gas must include the current market price of such gas in this account. Current market price is the delivered spot price of gas in the utility's supply area, as published in a recognized industry journal. The publication used must be the same one identified in the pipeline's tariff for use in its cash-out provision, if it has one. If it has no cash-out provision, the utility must use one publication consistently. Contra entries to those recorded herein

must be made to the appropriate transportation revenue account (Account 489.1 through Account 489.4). Records are to be maintained and readily available that include the name of shipper, quantity of gas, and the publication and price used to value shipper-supplied gas.

D. The value of gas received from shippers under tariff allowances that is not consumed in operations nor returnable to customers through rate tracking mechanisms must be credited to Account 495, Other Gas Revenues and charged to this account. Utilities must simultaneously charge Accounts 117.3 or 117.4 as appropriate, with contra credits to Account 808.2, Gas Delivered to Storage—Credit. Records are to be maintained and readily available that include the name of shipper, quantity of gas, and the publication and price used to value shipper-supplied gas.

805.1 Purchased gas cost adjustments.

A. This account shall be debited or credited with decreases or increases in purchased gas costs related to Commission approved purchased gas adjustment clauses when such costs are not included in the utility's rate schedules on file with the Commission.

B. This account shall be debited or credited with amounts amortized from Account 191, Unrecovered Purchased Gas Costs.

806 Exchange gas.

This account includes debits or credits for the cost of gas in unbalanced transactions where gas is received from or delivered to another party in exchange, load balancing, or no-notice transportation transactions. The costs are to be determined consistent with the accounting method adopted by the utility for its system gas. If the utility has adopted the inventory method of accounting, the amounts to be recorded in Account 806 must be based on the historical cost of the gas. If the utility has adopted the fixed asset method of accounting, the amounts to be recorded in Account 806 must be based on the current market price of gas at the time gas is tendered for transportation. (See the Special Instructions to Accounts 117.1, 117.2, and 117.3 for a description of the inventory and fixed asset methods and the definition of the current market price of gas.) Contra entries to those in this account are to be made to account 174, Miscellaneous Current and Accrued Assets, for gas receivable and to account 242, Miscellaneous Current and Accrued Liabilities, for gas deliverable under such transactions. Such entries must be reversed and appropriate contra entries made to this account when gas is received or delivered in satisfaction of the amounts receivable or deliverable.

807 Purchased gas expenses.

A. This account shall include expenses incurred directly in connection with the purchase of gas for resale.

B. The utility shall not include as purchased gas expense, segregated or apportioned expenses of operating and maintaining gathering system plant whether such plant is devoted solely or partially to purchases of gas, except that the utility shall include the cost of turning on and off purchase gas wells and operating measuring stations devoted exclusively to measuring purchased gas.

C. In general, it is intended that this account include only the expenses directly related to purchased gas, including the expenses of computing volumes of gas purchased, and special items directly related to gas purchases which are not includible in other accounts.

D. This account shall be subdivided as follows:

807.1 Well expenses—Purchased gas.
807.2 Operation of purchased gas measuring stations.
807.3 Maintenance of purchased gas measuring stations.
807.4 Purchased gas calculations expenses.
807.5 Other purchased gas expenses.

808.1 Gas withdrawn from storage-Debit.

A. This account shall include debits for the cost of gas withdrawn from storage during the year. Contra credits for entries to this account shall be made to accounts 117.1 through 117.4, or account 164.2, Liquefied Natural Gas Stored, as appropriate. (See the Special Instructions to accounts 117.1, 117.2, and 117.3).

B. Withdrawal of gas from storage shall not be netted against deliveries to storage. (See account 808.2.)

NOTE: Adjustments for gas inventory losses due to cumulative inaccuracies in gas measurement, or from other causes, shall be entered in account 823, Gas Losses. If, however, any adjustment is substantial, the utility may, with approval of the Commission, amortize the amount of the adjustment to account 823 over future operating periods.

808.2 Gas delivered to storage-Credit.

A. This account shall include credits for the cost of gas delivered to storage during the year. Contra debits for entries to this account shall be made to accounts 117.1 through 117.4, or account 164.2, Liquefied Natural Gas Stored, as appropriate. (See the Special Instructions to accounts 117.1, 117.2, and 117.3).

809.1 Withdrawals of liquefied natural gas held for processing—Debit.

A. This account shall include debits for the cost of liquefied gas withdrawn during the year. Contra credits for entries to this account shall be made to account 164.3, Liquefied Natural Gas Held for Processing.

B. Withdrawals of liquefied natural gas held for processing shall not be netted against deliveries. (See account 809.2).

NOTE: Adjustments for gas inventory losses due to cumulative inaccuracies in gas measurement, or from other causes, shall be entered in account 846.1, Gas Losses, in the month determined, if, however, any adjustment is substantial, the utility may, with approval of the Commission, amortize the amount of the adjustment to account 846.1 over future operating periods.

809.2 Deliveries of natural gas for processing—Credit.

A. This account shall include credits for the cost of gas delivered for processing during the year. Contra debits for entries to this account shall be made to account 164.3, Liquefied Natural Gas Held for Processing.

B. Deliveries of natural gas for processing shall not be netted against withdrawals from processing. (See account 809.1).

810 Gas used for compressor station fuel—Credit.

This account shall include concurrent credits for charges which are made to operating expenses for gas consumed for compressor station fuel from the common system gas supply.

811 Gas used for products extraction—Credit.

This account shall include concurrent credits for charges which are made to products extraction expenses for gas shrinkage and gas used for fuel in products extraction operations of the utility and for similar uses of gas of the utility by others processing gas of the utility for extraction of salable products.

812 Gas used for other utility operations—Credit.

This account shall include concurrent credits for charges which are made to operating expenses or other accounts of the gas department for gas consumed from the common system supply for operating and utility purposes other than uses for which credits are includible in any of the foregoing accounts. (See account 484, Interdepartmental Sales, for gas supplied to departments other than the gas utility department.)

813 Other gas supply expenses.

A. This account shall include the cost of labor, materials used and expenses incurred in connection with gas supply functions not provided for in any of the above accounts, including, research and development expenses.

These accounts are to be used by both transmission and distribution companies to account for natural gas storage expenses. If the utility operates both transmission and distribution systems, subaccounts shall be maintained classifying the expenses to the transmission or distribution function.

B. Include in separate subaccounts: (1) losses on settlements of imbalance receivables and payables (See Account 174 and 242) and losses on replacement of encroachment volumes (See the Special Instructions to Accounts 117.1, 117.2 and 117.3); (2) revaluations of storage encroachments; and (3) system gas

losses not associated with storage. Appropriate records must be maintained and readily available that include the amount of losses and associated volumes in Dth.

814 Operation supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of underground storage operations. Direct supervision of specific activities such as turning on and shutting off storage wells, compressor station operations, etc., shall be charged to the appropriate account. (See operating expense instruction 1.)

815 Maps and records.

This account shall include the cost of labor, materials used and expenses incurred in the preparation and maintenance of storage maps and land records.

ITEMS

Labor:

With respect to land records:

1. Supervising.
2. Abstracting titles to date for extension and renewal of leases.
3. Adjusting land and well rentals.
4. Renewing and extending leases or replacing leases not involving additional consideration.
5. Transferring, assigning, pooling, and merging leases.
6. Delivering rental checks.
7. Clerical work in maintaining storage land and lease records.
8. Preparing and maintaining lease expiration calendars.

With respect to maps:

9. Supervising.
10. Preparing maps, well location plats, etc.
11. Reproducing maps (blueprints or photostats).
12. Posting and revising maps.
13. Surveying deeds, leases, rights-of-way, well locations, etc., for map revisions.
14. Maintaining files of maps and tracings.
15. Field checking boundaries, markers, etc. in connection with preparation of maps.

Materials and expenses (general):

16. Reproduction of land and lease records and maps (blueprints, photostats, etc.).
17. Drafting materials and supplies.
18. Surveying materials and supplies.
19. Employees' transportation and travel expenses.

816 Wells expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating storage gas wells.

ITEMS

Labor:

1. Supervising.
2. Testing, bailing, swabbing, blowing, and gauging storage wells.
3. Painting signs, etc.
4. Minor upkeep of well roads, fences, etc.
5. Turning storage wells on and off.
6. Moving cleaning out tools between locations.
7. Driving trucks.

Materials and expenses:

8. Gas, gasoline, and oil used in pumping, bailing, heating, and swabbing.
9. Lumber, nails, and other materials used for repairing old well roads and fences.
10. Well swabs.
11. Employees' transportation and travel expenses.
12. Freight, express, parcel post, trucking, and other transportation.

817 Lines expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating underground storage lines.

ITEMS

Labor:

1. Supervising.
2. Walking or patrolling lines.
3. Attending valves, lubricating valves and other equipment, blowing and cleaning lines and drips, draining water from lines, operating and cleaning scrubbers, thawing freezes.
4. Taking line pressures, changing pressure charts, operating alarm gauges.
5. Building and repairing gate boxes, foot bridges, stiles, tool boxes, etc., used in line operations, erecting line markers and warning signs, repairing old line roads.
6. Cleaning debris, cutting grass and weeds on rights-of-way.
7. Inspecting and testing not specifically to determine necessity for repairs.
8. Protecting utility property during work by others.
9. Standby time of emergency crews, responding to fire calls, etc.
10. Locating valve boxes or drip riser boxes.
11. Cleaning and repairing tools used in storage lines operations.
12. Cleaning structures and equipment.
13. Driving trucks.

Materials and expenses:

14. Line markers and warning signs.
15. Lumber, nails, etc., used in building and repairing gate boxes, foot bridges, stiles, etc.
16. Charts.
17. Scrubber oil.
18. Hand tools.
19. Lubricants, wiping rags, waste, etc.
20. Freight, express, parcel post, trucking and other transportation.
21. Employees' transportation and travel expenses.
22. Janitor and washroom supplies.
23. Utility services: light, water, telephone.
24. Gas used in operations.

818 Compressor station expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating underground storage compressor stations.

ITEMS

Labor:

1. Supervising.
2. Operating and checking engines, equipment, valves, machinery, gauges, and other instruments, including cleaning, wiping, polishing, and lubricating.
3. Operating boilers and boiler accessory equipment, including fuel handling and ash disposal, recording fuel used, and unloading and storing coal and oil.
4. Repacking valves and replacing gauge glasses, etc.
5. Recording pressures, replacing charts, keeping logs, and preparing reports of station operations.
6. Inspecting and testing equipment when not specifically to determine necessity for repairs or replacement of parts.
7. Pumping drips at the station.
8. Taking dew point readings.
9. Testing water.
10. Cleaning structures housing equipment, cutting grass and weeds, and minor grading around station.
11. Cleaning and repairing hand tools used in operations.
12. Driving trucks
13. Watching during shut downs.
14. Clerical work at station.

Materials and expenses:

15. Scrubber oil.
16. Lubricants, wiping rags, and waste.
17. Charts and printed forms, etc.
18. Gauge glasses.
19. Chemicals to test water.
20. Water tests and treatment by other than employees.
21. Janitor and washroom supplies, first aid supplies, landscaping supplies, etc.
22. Employees' transportation and travel expenses.
23. Freight, express, parcel post, trucking, and other transportation.
24. Utility services: light, water, telephone.

819 Compressor station fuel and power.

A. This account shall include the cost of gas, coal, oil, or other fuel, or electricity, used for the operation of underground storage compressor stations, including applicable amounts of fuel stock expenses.

B. Records shall be maintained to show the quantity of each type of fuel consumed or electricity used at each compressor station, and the cost of such fuel or power. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel, except gas, and related fuel stock expenses shall be charged initially to appropriate fuel accounts carried in accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for the basis of fuel costs and includible fuel stock expenses.

820 Measuring and regulating station expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating underground storage measuring and regulating stations.

ITEMS

Labor:

1. Supervising.
2. Recording pressures and changing charts, reading meters, etc.
3. Estimating lost meter registrations, etc. except gas purchases and sales.
4. Calculating gas volumes from meter charts except gas purchases and sales.
5. Adjusting and calibrating measuring equipment, changing meters, orifice plates, gauges, clocks, etc., not in connection with construction or maintenance.
6. Testing gas samples, inspecting and testing gas sample tanks and other meter engineers equipment, determining specific gravity and Btu content of gas.
7. Inspecting and testing equipment not specifically to determine necessity for repairs, including pulsation tests.
8. Cleaning and lubricating equipment.
9. Keeping log and other operating records, preparing reports of operation, etc.
10. Attending boilers and operating other accessory equipment.
11. Installing and removing district gauges for pressure survey.
12. Thawing freeze in gauge pipe.

13. Inspecting and pumping drips, dewatering manholes and pits, inspecting sumps, cleaning pits, etc., blowing meter drips.
14. Moving equipment, minor structures, etc., not in connection with maintenance or construction.

Materials and expenses:

15. Charts and printed forms, stationery and office supplies, etc.
16. Lubricants, wiping rags, waste.
17. Employees' transportation and travel expense.
18. Freight, express, parcel post, trucking and other transportation.
19. Utility services: light, water, telephone.

821 Purification expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating equipment used for purifying, dehydrating, and conditioning of natural gas in connection with underground storage operations.

ITEMS

Labor:

1. Supervising.
2. Changing charts on fuel meters.
3. Emptying, cleaning and refilling purifier boxes.
4. Oiling dip sheets of purifier covers.
5. Removing spent oxide to refuse piles.
6. Revivifying oxide.
7. Taking readings of inlet and outlet pressures and temperature.
8. Unloading and storing glycol.
9. Watching station and equipment.
10. Cutting grass and weeds, and minor grading around equipment and stations.
11. Hauling operating employees, materials, supplies and tools, etc.
12. Inspecting and testing equipment, not specifically to determine necessity for repairs or replacement of parts.
13. Lubricating equipment, valves, etc.
14. Operating and checking equipment, valves, instruments, etc.

Materials and expenses:

15. Liquid purifying supplies.
16. Iron oxide.
17. Odorizing materials.
18. Charts, printed forms, etc.
19. Employees' transportation and travel expenses in connection with purification and dehydration operations.
20. Freight, express, parcel post, trucking and other transportation.
21. Gas used in operations.
22. Janitor, washroom and landscaping supplies.
23. Lubricants, wiping rags, waste, etc.
24. Utility services: light, water, telephone.

822 Exploration and development.

This account shall include expenses of investigation, exploration, and development of underground storage projects under consideration which prove not feasible. There also shall be included in this account the net cost of drilling nonoperative wells within an existing storage project. (For Major companies see account 183.2, Other Preliminary Survey and Investigation Charges.)

NOTE: Include in account 352, Wells, the cost of wells which may be drilled within a storage project for purposes of pressure observation rather than for injection or withdrawal of gas.

823 Gas losses.

This account shall include the amounts of inventory adjustments representing the cost of gas lost or unaccounted for in underground storage operations due to cumulative inaccuracies of gas measurements or other causes. (See the Special Instructions to Accounts 117.1, 117.2 and 117.3). If however, any adjustment is substantial, the utility may, with approval of the Commission, amortize the amount of the adjustment to this account over future operating periods.

824 Other expenses.

This account shall include the cost of labor, material used and expenses incurred in operating underground storage plant, and other underground storage operating expenses, not includible in any of the foregoing accounts, including research, development, and demonstration expenses.

825 Storage well royalties.

A. This account shall include royalties, rents, and other payments includible in operating expenses for gas wells and gas land acreage located within and comprising underground storage projects of the utility. (See operating expense instruction 3.)

B. The records supporting this account shall be so maintained that information will be readily available for each storage project, of the parties to each contract, basis of the charges, and location of wells to which the royalties or rents of each contract relate.

826 Rents.

This account shall include rents for property of others used in connection with the storage of gas underground, other than rents and royalties paid with respect to storage wells and gas lands utilized for the holding of gas in underground storage. (See operating expense instruction 3.)

830 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of underground storage facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

831 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 351, Structures and Improvements. (See operating expense instruction 2.)

832 Maintenance of reservoirs and wells.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of storage wells, the book cost of which is included in account 352, Wells, and the maintenance of reservoirs, the book cost of which is included in account 352.2, Reservoirs. (See operating expense instruction 2.)

833 Maintenance of lines.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of underground storage lines, the book cost of which is includible in account 353, Lines. (See operating expense instruction 2.)

834 Maintenance of compressor station equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 354, Compressor Station Equipment. (See operating expense instruction 2.)

835 Maintenance of measuring and regulating station equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 355, Measuring and Regulating Equipment. (See operating expense instruction 2.)

836 Maintenance of purification equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of purification equipment, the book cost of which is includible in account 356, Purification Equipment. (See operating expense instruction 2.)

837 Maintenance of other equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 357, Other Equipment. (See operating expense instruction 2.)

840 Operation supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of other storage facilities. Direct supervision of specific activities such as operation of gas holders shall be charged to the appropriate account. (See operating expense instruction 1.)

841 Operation labor and expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating storage holders and other storage equipment.

ITEMS

Labor:

1. Supervising.
2. Operating, checking, lubricating, cleaning, and polishing equipment, machinery, valves, instruments, and other local storage equipment.
3. Reading meters, gauges and other instruments, changing charts, preparing operating reports, etc.

4. Pumping inlet and outlet holder drips.
5. Inspecting and testing equipment when not specifically for repairs or replacement of parts.
6. Cleaning structures and housing equipment, cutting grass and weeds, and doing minor grading work around structures and equipment.
7. Cleaning and repairing hand tools used for operations, etc.
8. Operating steam lines for heating storage facilities.

Materials and expenses:

9. Charts for pressure gauges and meters, printed forms, etc.
10. Lubricants, wiping rags, waste, etc.
11. Janitor and washroom supplies, landscaping supplies, etc.
12. Employee travel and transportation expenses.
13. Freight, express, parcel post, trucking, and other transportation.
14. Utility services: light, water, and telephone.
15. Chemicals.
16. Refrigerants.
17. Research, development, and demonstration expenses.

842 Rents.

This account shall include rents for property of others used or operated in connection with other storage operations. (See operating expense instruction 3.)

842.1 Fuel.

A. This account shall include the cost of natural gas or other fuel used in the operation of other storage plant.

B. Concurrent credits offsetting charges to this account for natural gas used for fuel shall be made to account 812, Gas Used for Other Utility Operations—Credit.

842.2 Power.

This account shall include the cost of electricity consumed for operation of facilities used in the operation of other storage plant.

842.3 Gas Losses.

This account shall include the amounts of inventory adjustments representing the cost of gas lost or unaccounted for in other storage operations due to shrinkage or other causes.

843.1 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of other storage facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

843.2 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 361, Structures and Improvements. (See operating expense instruction 2.)

843.3 Maintenance of gas holders.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of gas holders, the book cost of which is includible in account 362, Gas Holders. (See operating expense instruction 2.)

843.4 Maintenance of purification equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of purification equipment, the book cost of which is includible in account 363, Purification Equipment. (See operating expense instruction 2.)

843.5 Maintenance of liquefaction equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of liquefaction equipment, the book cost of which is includible in account 363.1, Liquefaction Equipment. (See operating expense instruction 2.)

843.6 Maintenance of vaporizing equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of vaporizing equipment, the book cost of which is includible in account 363.2, Vaporizing Equipment. (See operating expense instruction 2.)

843.7 Maintenance of compressor equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of compressor equipment, the book cost of which is includible in account 363.3, Compressor Equipment. (See operating expense instruction 2.)

843.8 Maintenance of measuring and regulating equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of measuring and regulating equipment, the book cost of which is includible in account 363.4, Measuring and Regulating Equipment. (See operating expense instruction 2.)

843.9 Maintenance of other equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment the book cost of which is includible in account 363.5, Other Equipment. (See operating expense instruction 2.)

844.1 Operations supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of operations of liquefied natural gas facilities. Direct supervision of specific activities shall be charged to the appropriate operations accounts.

844.2 LNG processing terminal labor and expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating liquefied natural gas processing equipment.

ITEMS

Labor

1. Supervising.
2. Operating, checking, lubricating, cleaning, and polishing equipment, machinery, valves, instruments, and other processing equipment.
3. Reading meters, gauges and other instruments, changing charts, preparing operating reports, etc.
4. Inspecting and testing equipment when not specifically for repairs or replacement of parts.
5. Cleaning structures housing equipment, cutting grass and weeds, and doing minor grading work around structures and equipment.
6. Cleaning and repairing hand tools used for operations, etc.
7. Operating offshore facilities such as piers, docks, loading and unloading arms, water craft, etc.

Materials and expenses

8. Charts for pressure gauges and meters, printed forms, office supplies, etc.
9. Lubricants, wiping rags, cleaning materials, etc.
10. Janitor and washroom supplies, landscaping supplies, etc.
11. Employee travel and transportation expenses.
12. Freight, express, parcel post, trucking, and other transportation.
13. Utility services: light, water, and telephone.
14. Chemicals.
15. Refrigerants.
16. Small hand tools.

844.3 Liquefaction processing labor and expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating natural gas liquefaction equipment.

ITEMS

Labor

1. Supervising.
2. Operating, checking, lubricating, cleaning, and polishing equipment, machinery, valves, instruments, and other processing equipment.
3. Reading meters, gauges and other instruments, changing charts, preparing operating reports, etc.
4. Inspecting and testing equipment when not specifically for repairs or replacement of parts.
5. Cleaning structures housing equipment, cutting grass and weeds, and doing minor grading work around structures and equipment.
6. Cleaning and repairing hand tools used for operations, etc.
7. Operating offshore facilities such as piers, docks, loading and unloading arms, water craft, etc.

Materials and expenses

8. Charts for pressure gauges and meters, printed forms, office supplies, etc.
9. Lubricants, wiping rags, cleaning materials, etc.
10. Janitor and washroom supplies, landscaping supplies, etc.

11. Employee travel and transportation expenses.
12. Freight, express, parcel post, trucking, and other transportation.
13. Utility services: light, water, and telephone.
14. Chemicals.
15. Refrigerants.
16. Small hand tools.

844.4 LNG transportation labor and expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating LNG transportation equipment.

ITEMS

Labor

1. Supervision.
2. Operating LNG maritime tankers, LNG barges, LNG tank trucks and other LNG transportation equipment.
3. Cleaning and lubricating equipment.
4. Inspecting and testing equipment.

Materials and expenses

5. Charts, printed forms, office supplies, etc.
6. Dry dock charges.
7. Lubricants, wiping rags, cleaning materials, etc.
8. Employee's transportation travel and temporary housing expenses.

844.5 Measuring and regulating labor and expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating, measuring and regulating stations in connection with liquefied natural gas operations.

ITEMS

Labor

1. Supervising.
2. Recording pressures and changing charts, reading meters, etc.
3. Estimating lost meter registrations, etc., except gas purchases and sales.
4. Calculating gas volumes from meter charts, except gas purchases and sales.
5. Adjusting and calibrating measuring equipment, changing meters, orifice plates, gauges, clocks, etc., not in connection with construction or maintenance.
6. Testing gas samples, determining specific gravity and Btu content of gas.
7. Inspecting and testing equipment not specifically to determine necessity for repairs including pulsation tests.
8. Cleaning and lubricating equipment.
9. Keeping log and other operating records, preparing records of operations, etc.
10. Attending boilers and operating other accessory equipment.
11. Installing and removing district gauges for pressure survey.
12. Thawing freeze in gauge pipe.
13. Inspecting and pumping drips, dewatering manholes and pits, inspecting sumps, cleaning pits, blowing meter drips, etc.
14. Moving equipment, minor structures, etc., not in connection with maintenance or construction.

Materials and expenses

15. Charts and printed forms.
16. Lubricants, wiping rags, waste.
17. Employees' transportation and travel expense.
18. Freight, express, parcel post, trucking and other transportation.
19. Utility services: light, water, telephone.

844.6 Compressor station labor and expenses.

This account shall include the cost of labor, materials used and expenses incurred, including fuel and power, in operating compressor stations in connection with liquefied natural gas operations.

ITEMS

Labor

1. Supervising.
2. Operating and checking engines, equipment valves, machinery, gauges, and other instruments, including cleaning, wiping, polishing, and lubricating.
3. Operating boilers and boiler accessory equipment, including fuel handling, recording fuel used, etc.
4. Repacking valves and replacing gauge glasses, etc.
5. Recording pressures, replacing charts, keeping logs, and preparing reports of station operations.
6. Pumping drips at the station.
7. Taking dew point readings.
8. Testing water.
9. Cleaning structures housing equipment, cutting grass and weeds, and minor grading around station.
10. Cleaning and repairing hand tools used in operations.
11. Driving trucks.
12. Watching during shutdowns.
13. Clerical work at station.

Materials and expenses

14. Scrubber oil.
15. Lubricants, wiping rags, waste.
16. Charts and printed forms, etc.
17. Gauge glasses.

18. Chemicals to treat water.
19. Water tests and treatment by other than employees.
20. Janitor and washroom supplies, first aid supplies, landscaping supplies, etc.
21. Employees' transportation and travel expenses.
22. Freight, express, parcel post, trucking, and other transportation.
23. Utility services: light, water, telephone.

844.7 Communication system expenses.

This account shall include the cost of labor, materials used and expenses incurred in connection with the operation of liquefied natural gas communications facilities, such as radio, telephone, microwave and other communication systems, including payments to others for communications services.

ITEMS

Labor

1. Supervising.
2. Operating switchboards, radio equipment, power generators, microwave equipment, etc. (except general office switchboards).
3. Tagging telephone poles.
4. Testing and replacing telephone batteries, radio tubes, etc.
5. Cutting weeds and grass along telephone rights-of-way and around structures and equipment.
6. Changing radio frequencies.
7. Securing FCC authorization to change frequencies.
8. Taking FCC radio operator tests.
9. Transferring mobile radios between vehicles and/or vessels.
10. Changing locations of telephones and other communications equipment not in connection with maintenance or construction.
11. Inspecting and testing not specifically to determine necessity for repairs.
12. Cleaning and lubricating equipment.
13. Cleaning structures housing equipment.

Materials and expenses

14. Payments to others for communications services.
15. Telephone batteries, radio tubes and other electronic components.
16. Radio crystals and other materials used in changing radio frequencies.
17. Lubricants, wiping rags, and waste.
18. Employees' transportation and travel expenses.
19. Freight, express, parcel post, trucking and other transportation.

844.8 System control and load dispatching.

This account shall include the cost of labor and expenses incurred in dispatching and controlling the supply and flow of liquefied gas and vaporized gas prior to introduction of such vaporized gas into the utility's transmission or distribution system.

ITEMS

Labor

1. Supervising.
2. Analysis of pressures for irregularities, as received.
3. Collecting pressures by telephone and radio.
4. Controlling mixture of various gases to maintain proper Btu content.
5. Correspondence and records, typing and maintaining files.
6. Controlling inputs and withdrawals of liquefied gas for processing.
7. Instructing field men to increase or decrease pressures at regulators.
8. Maintaining pressures at compressor stations, key line junctions and regulating stations to divide the available gas during heavy demand periods.
9. Maintaining pressure log sheets.
10. Maintaining proper compression ratios at compressor stations, consistent with economical operations.
11. Maintaining lowest necessary line pressures consistent with satisfactory service.
12. Requesting pressure changes at compressor stations, regulating stations, and key line junctions.
13. Rerouting gas during emergencies and planned shutdowns.

Materials and expenses

14. Consultants' fees and expenses.
15. Meals, traveling and incidental expenses in connection with system load dispatching.
16. Office supplies, stationery and printed forms.
17. Transportation: company and rental vehicles.
18. Utility services: light, water, telephone.

845.1 Fuel.

A. This account shall include the cost of gas or other fuel used for the operation of liquefied natural gas terminaling and processing facilities, except compressor station fuel.

B. Concurrent credits offsetting charges to this account for natural gas used for fuel shall be made to account 812, Gas Used for Other Utility Operations—Credit.

845.2 Power.

This account shall include the cost of purchased power used in operation of liquefied natural gas processing facilities, except compressor station power.

845.3 Rents.

This account shall include rents for property of others used, occupied or operated in connection with liquefied natural gas processing operations. (See operating expense instruction 3.)

845.4 Demurrage charges.

This account shall include demurrage charges incurred by the utility relative to LNG shipments received or processed by the utility.

845.5 Wharfage receipts—Credit.

This account shall include wharfage receipts received or receivable from LNG shippers or other parties relative to LNG shipments received or processed by the utility.

845.6 Processing of liquefied or vaporized gas by others.

A. This account shall include amounts paid to others for the processing of liquefied or vaporized gas of the utility.

B. Records supporting this account shall be so maintained that there shall be readily available for each agreement, the name of the other party, Dth of gas delivered to the other party for processing and the Dth, of gas received back by the utility after processing, points of delivery to and receipt of gas from the other party, amount and basis of charges for the processing service.

NOTE: If in connection with any gas delivered to another for processing such other party also processes the gas for extraction of gasoline or other salable products, credits attributable to the products so extracted shall be made to account 491, Revenues from Natural Gas Processed by Others, to the end that amounts recorded in this account shall only be charges for processing other than for extraction of salable products.

846.1 Gas losses.

This account shall include the amounts of inventory adjustments representing the cost of gas lost or unaccounted for in liquefied natural gas operations due to cumulative inaccuracies of gas measurements or other causes. (See paragraph E of account 164.3, Liquefied Natural Gas Held for Processing.) If, however, any adjustment is substantial, the utility may, with approval of the Commission, amortize the amount of the adjustment to this account over future operating periods.

846.2 Other expenses.

This account shall include the cost of labor, materials used, and expenses incurred in operating liquefied natural gas plant not includible elsewhere.

847.1 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of liquefied natural gas terminaling and processing facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance accounts. (See operating expense instruction 1.)

847.2 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures and improvements, the book cost of which is included in account 364.2, Structures and Improvements. (See operating expense instruction 2.)

847.3 Maintenance of LNG processing terminal equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of LNG terminal processing equipment, the book cost of which is included in account 364.3, LNG Processing Terminal Equipment. (See operating expense instruction 2.)

847.4 Maintenance of LNG transportation equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of transportation equipment, the book cost of which is included in account 364.4, LNG Transportation Equipment. (See operating expense instruction 2.)

847.5 Maintenance of measuring and regulating equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of measuring and regulating equipment, the book cost of which is included in account 364.5, Measuring and Regulating Equipment. (See operating expense instruction 2.)

847.6 Maintenance of compressor station equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of compressor station equipment, the book cost of which is included in account 364.6, Compressor Station Equipment. (See operating expense instruction 2.)

847.7 Maintenance of communication equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of communication equipment, the book cost of which is included in account 364.7, Communication Equipment. (See operating expense instruction 2.)

847.8 Maintenance of other equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is included in account 364.8, Other Equipment. (See operating expense instruction 2.)

850 Operation supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of transmission facilities. Direct supervision of specific activities such as operation of transmission lines, compressor stations, etc. shall be charged to the appropriate account. (See operating expense instruction 1.)

851 System control and load dispatching.

This account shall include the cost of labor and expenses incurred in dispatching and controlling the supply and flow of gas through the system.

ITEMS

Labor:

1. Supervising.
2. Analyses of pressures for irregularities, as received.
3. Collecting pressures by telephone and radio.
4. Controlling mixture of various gases to maintain proper Btu content.
5. Correspondence and records, typing and maintaining files.
6. Controlling production and storage inputs and withdrawals.
7. Instructing field men to increase or decrease pressures at regulators.
8. Maintaining pressures at compressor stations, key line junctions and regulating stations to divide the available gas during heavy demand periods.
9. Maintaining pressure log sheets.
10. Maintaining proper compression ratios at compressor stations, consistent with economical operations.
11. Maintaining lowest necessary line pressures consistent with satisfactory service.
12. Maintaining well operation record by well classification.
13. Requesting pressure changes at compressor stations, regulating stations, and key line junctions.
14. Rerouting gas during emergencies and planned shut downs.

Materials and expenses:

15. Consultants' fees and expenses.
16. Meals, traveling, and incidental expenses in connection with system load dispatching.
17. Office supplies, stationery and printed forms.
18. Transportation: company and rental vehicles.
19. Utility services: light, water, telephone.

852 Communication system expenses.

A. This account shall include the cost of labor, materials used and expenses incurred in connection with the operation of transmission communications facilities, such as radio and telephone communications systems, including payments to others for communications services for transmission and load dispatching operations.

B. Credits shall be made to this account and charges made to production, distribution and other gas utility functions and to other utility departments for equitable portions of transmission communications expenses attributable to use of transmission communications facilities other than in connection with gas transmission and load dispatching operation.

ITEMS

Labor:

1. Supervising.
2. Operating switchboards, radio equipment, power generators, microwave equipment, etc. (except general office switchboards.)
3. Tagging telephone poles.
4. Testing and replacing telephone batteries, radio tubes, etc.
5. Cutting weeds and grass along telephone rights-of-way and around structures and equipment.
6. Changing radio frequencies.
7. Securing FCC authorization to change frequencies.
8. Taking FCC radio operator tests.
9. Transferring mobile radios between vehicles.
10. Changing locations of telephones and other communications equipment not in connection with maintenance or construction.
11. Inspecting and testing not specifically to determine necessity for repairs.
12. Cleaning and lubricating equipment.
13. Cleaning structures housing equipment.

Materials and expenses:

14. Payments to others for communications services.
15. Telephone batteries, radio tubes, etc.
16. Radio crystals and other materials used in changing radio frequencies.
17. Lubricants, wiping rags, and waste.
18. Employees' transportation and travel expenses.
19. Freight, express, parcel post, trucking, and other transportation.

853 Compressor station labor and expenses.

This account shall include the cost of labor, materials used and expenses incurred (other than fuel and power) in operating transmission compressor stations.

ITEMS

Labor:

1. Supervising.
2. Operating and checking engines, equipment valves, machinery, gauges, and other instruments, including cleaning, wiping, polishing, and lubricating.
3. Operating boilers and boiler accessory equipment, including fuel handling and ash disposal, recording fuel used, and unloading and storing coal and oil.
4. Repacking valves and replacing gauge glasses, etc.
5. Recording pressures, replacing charts, keeping logs, and preparing reports of station operations.
6. Inspecting and testing equipment not specifically to determine necessity for repairs.
7. Pumping drips at the station.
8. Taking dew point readings.
9. Testing water.
10. Cleaning structures housing equipment, cutting grass and weeds, and minor grading around station.
11. Cleaning and repairing hand tools used in operations.
12. Driving trucks.
13. Watching during shut downs.
14. Clerical work at station.

Materials and expenses:

15. Scrubber oil.
16. Lubricants, wiping rags, and waste.
17. Charts and printed forms, etc.
18. Gauge glasses.
19. Chemicals to treat water.
20. Water tests and treatment by other than employees.
21. Janitor and washroom supplies, first aid supplies, landscaping supplies, etc.
22. Employees' transportation and travel expenses.
23. Freight, express, parcel post, trucking, and other transportation.
24. Utility services: light, water, telephone.

854 Gas for compressor station fuel.

A. This account shall include the cost of gas used for the operation of transmission compressor stations.

B. Records shall be maintained to show the Dth of gas consumed at each compressor station, and the cost of such gas.

855 Other fuel and power for compressor stations.

A. This account shall include the cost of coal, oil, and other fuel, or electricity, used for the operation of transmission compressor stations, including applicable amounts of fuel stock expenses.

B. Records shall be maintained to show the quantity of each type of fuel consumed or electricity used at each compressor station, and the cost of such fuel or power. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel, includible in this account, and related fuel stock expenses shall be charged initially to appropriate fuel accounts carried in accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for the basis of fuel costs and includible fuel stock expenses.

856 Mains expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating transmission mains.

ITEMS

Labor:

1. Supervising.
2. Walking or patrolling lines.
3. Attending valves, lubricating valves and other equipment, blowing and cleaning lines and drips, draining water from lines, operating and cleaning scrubbers, thawing freezes.
4. Taking line pressures, changing pressure charts, operating alarm gauges.
5. Building and repairing gate boxes, foot bridges, stiles, etc., used in line operations, erecting line markers and warning signs, repairing old line roads.
6. Cleaning debris, cutting grass and weeds on rights-of-way.
7. Inspecting and testing not specifically to determine necessity for repairs.
8. Protecting utility property during work by others.
9. Standby time of emergency crews, responding to fire calls, etc.
10. Locating valve boxes or drip riser boxes.
11. Cleaning and repairing tools used in mains operations, making tool chests, etc.
12. Cleaning structures and equipment.
13. Driving trucks.

Materials and expenses:

14. Line markers and warning signs.
15. Lumber, nails, etc., used in building and repairing gate boxes, foot bridges, stiles, etc.
16. Charts.
17. Scrubber oil.
18. Hand tools.
19. Lubricants, wiping rags, waste, etc.
20. Freight, express, parcel post, trucking and other transportation.
21. Employees' transportation and travel expenses.
22. Janitor and washroom supplies.
23. Utility services: light, water, telephone.
24. Gas used in mains operations.

857 Measuring and regulating station expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating transmission measuring and regulating stations.

ITEMS

Labor:

1. Supervising.
2. Recording pressures and changing charts, reading meters, etc.
3. Estimating lost meter registrations, etc., except gas purchases and sales.
4. Calculating gas volumes from meter charts, except gas purchases and sales.
5. Adjusting and calibrating measuring equipment, changing meters, orifice plates, gauges, clocks, etc. not in connection with construction or maintenance.
6. Testing gas samples, inspecting and testing gas sample tanks and other meter engineers' equipment, determining specific gravity and Btu content of gas.
7. Inspecting and testing equipment not specifically to determine necessity for repairs including pulsation tests.
8. Cleaning and lubricating equipment.
9. Keeping log and other operating records, preparing reports of operations, etc.
10. Attending boilers and operating other accessory equipment.
11. Installing and removing district gauges for pressure survey.
12. Thawing freeze in gauge pipe.
13. Inspecting and pumping drips, dewatering manholes and pits, inspecting sumps, cleaning pits, etc., blowing meter drips.
14. Moving equipment, minor structures, etc., not in connection with maintenance or construction.

Materials and expenses:

15. Charts and printed forms.
16. Lubricants, wiping rags, waste.
17. Employees' transportation and travel expense.
18. Freight, express, parcel post, trucking and other transportation.
19. Utility services: light, water, telephone.

858 Transmission and compression of gas by others.

A. This account shall include amounts paid to others for the transmission and compression of gas of the utility.

B. Records supporting this account shall be so maintained that there shall be readily available for each agreement, name of other party, Dth of gas delivered to the other party for transmission or compression and the Dth of gas received back by the utility after transmission or compression, points of delivery to and receipt of gas from other party, amount and basis of charges for the transmission or compression service.

NOTE: If in connection with any gas delivered to another for transmission or compression such other party also processes the gas for extraction of gasoline or other salable products, credits attributable to the products so extracted shall be made to account 491, Revenues from Natural Gas Processed by Others, to the end that amounts recorded in this account shall only be charges for transportation or compression service.

859 Other expenses.

This account shall inlcude the cost of labor, material used and expenses incurred in operating transmission system equipment and other transmission system expenses not includible in any of the foregoing accounts, including research, development, and demonstration expenses.

860 Rents.

This account shall include rents for property of others used, occupied or operated in connection with the operation of the transmission system. Include herein rentals paid for regulator sites, railroad crossings, rights-of-way, annual payments to governmental bodies and others for use of public or private lands, and reservations for rights-of-way. (See operating expense instruction 3.)

861 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of transmission system facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance accounts. (See operating expense instruction 1.)

862 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 366, Structures and Improvements. (See operating expense instruction 2.)

863 Maintenance of mains.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of mains, the book cost of which is includible in account 367, Mains. (See operating expense instruction 2.)

ITEMS

1. Supervising.
2. Electrolysis and leak inspection.
3. Installing and removing temporary lines, when necessitated by maintenance.
4. Lamping and watching while making repairs.
5. Lowering and changing location of lines, when the same pipe is used.
6. Protecting lines from fires, floods, landslides, etc.
7. Rocking creek crossings.

864 Maintenance of compressor station equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 368, Compressor Station Equipment. (See operating expense instruction 2.)

865 Maintenance of measuring and regulating station equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 369, Measuring and Regulating Station Equipment. (See operating expense instruction 2.)

866 Maintenance of communication equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 370, Communication Equipment. (See operating expense instruction 2.)

867 Maintenance of other equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 371, Other Equipment. (See operating expense instruction 2.)

870 Operation supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of distribution system operations. Direct supervision of specific activities such as load dispatching, mains operation, removing and resetting meters, etc., shall be charged to the appropriate account. (See operating expense instruction 1.)

871 Distribution load dispatching.

This account shall include the cost of labor, materials used and expenses incurred in dispatching and controlling the supply and flow of gas through the distribution system.

ITEMS

Labor:
1. Supervising.
2. Analyzing pressures for irregularities.
3. Collecting pressures by telephone and radio.
4. Controlling mixture of various gases to maintain proper Btu content.
5. Correspondence and records, typing and maintaining files.
6. Controlling gas-make and inputs to distribution system.
7. Maintaining pressures at key points to divide the available gas during heavy demand periods.
8. Maintaining pressure log sheets.
9. Maintaining lowest necessary line pressures consistent with satisfactory service.
10. Rerouting gas during emergencies and planned shut downs.

Materials and expenses:
11. Consultants' fees and expenses.
12. Meals, traveling, and incidental expenses.
13. Office supplies, stationery and printed forms.
14. Transportation: company and rented vehicles.
15. Utility services: light, water, telephone.

872 Compressor station labor and expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating distribution compressor stations.

ITEMS

Labor:
1. Supervising.
2. Operating and checking engines, equipment valves, machinery, gauges, and other instruments, including cleaning, wiping, polishing, and lubricating.
3. Operating boilers and boiler accessory equipment, including fuel handling and ash disposal, recording fuel used, and unloading and storing coal and oil.
4. Repacking valves and replacing gauge glasses, etc.
5. Recording pressures, replacing charts, keeping logs, and preparing reports of station operations.
6. Inspecting and testing equipment and instruments when not specifically to determine necessity for repairs or replacement of parts.
7. Pumping drips at the station.
8. Taking dew point readings.
9. Testing water.
10. Cleaning structures housing equipment, cutting grass and weeds, and doing minor grading around station.
11. Cleaning and repairing hand tools used in operations.
12. Driving trucks.
13. Watching during shut downs.
14. Clerical work at station.

Materials and expenses:
15. Scrubber oil.
16. Lubricants, wiping rags, and waste.
17. Charts and printed forms, etc.
18. Gauge glasses.
19. Chemicals to test water.
20. Water tests and treatment by other than employees.
21. Janitor and washroom supplies, first aid supplies, landscaping supplies, etc.
22. Employees' transportation and travel expenses.
23. Freight, express, parcel post, trucking, and other transportation.
24. Utility services: light, water, telephone.

873 Compressor station fuel and power (Major only).

A. This account shall include the cost of gas, coal, oil, or other fuel, or electricity, used for the operation of distribution compressor stations, including applicable amounts of fuel stock expenses.

B. Records shall be maintained to show the quantity of each type of fuel consumed or electricity used at each compressor station, and the cost of such fuel or power. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel, except gas, and related fuel stock expenses shall be charged initially to appropriate fuel accounts carried in accounts 151, Fuel Stock, and 152, Fuel

Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for the basis of fuel costs and includible fuel stock expenses.

874 Mains and services expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating distribution system mains and services.

ITEMS

Labor:

1. Supervising.
2. Walking or patrolling lines.
3. Attending valves, lubricating valves and other equipment, blowing and cleaning lines and drips, draining water from lines, thawing freezes.
4. Taking line pressures, changing pressure charts, operating alarm gauges.
5. Building and repairing gate boxes, foot bridges, stiles, etc. used in distribution mains operations, erecting line markers and warning signs, etc.
6. Cleaning debris, cutting grass and weeds on rights-of-way.
7. Inspecting and testing equipment not specifically to determine necessity for repairs.
8. Protecting utility property during work by others.
9. Standby time of emergency crews, responding to fire calls, etc.
10. Locating and inspecting valve boxes or drip riser boxes, service lines, mains, etc.
11. Cleaning and repairing tools used in mains operations, making tool boxes, etc.
12. Cleaning structures and equipment.
13. Driving trucks used in mains and service operations.
14. Making routine leak survey.
15. Oil fogging.

Materials and Expenses:

1. Line markers and warning signs.
2. Lumber, nails, etc., used in building and repairing gate boxes (foot bridges, stiles, tool boxes, etc.).
3. Charts and printed forms.
4. Scrubber oils.
5. Hand tools.
6. Lubricants, wiping rags, waste, etc.
7. Freight, express, parcel post, trucking and other transportation.
8. Uniforms.
9. Employee transportation and travel expenses.
10. Janitor and washroom supplies.
11. Utility services: light, water, telephone.
12. Gas used in mains operation.
13. Oil for fogging.

875 Measuring and regulating station expenses—General.

This account shall include the cost of labor, materials used and expenses incurred in operating general distribution measuring and regulating stations.

ITEMS

Labor:

1. Supervising.
2. Recording pressures and changing charts, reading meters, etc.
3. Estimating lost meter registrations, etc. except purchases and sales.
4. Calculating gas volumes from meter charts, except gas purchases and sales.
5. Adjusting and calibrating measuring equipment, changing meters, orifice plates, gauges, clocks, etc.
6. Taking and testing gas samples, inspecting and testing valves, regulators, gas sample tanks and other meter engineers' equipment, determining specific gravity and Btu content of gas.
7. Inspecting and testing equipment and instruments not specially to determine necessity for repairs, including pulsation tests.
8. Cleaning and lubricating equipment.
9. Keeping log and other operating records.
10. Attending boilers and operating other accessory equipment.
11. Installing and removing district gauges for pressure survey.
12. Thawing freeze in gauge pipe.
13. Inspecting and pumping drips; dewatering manholes and pits, inspecting sumps, cleaning pits, blowing meter drips, etc.
14. Moving equipment, minor structures, etc., not in connection with maintenance or construction.

Materials and expenses:

15. Charts and printed forms, stationery and office supplies, etc.
16. Lubricants, wiping rags, waste.
17. Uniforms.
18. Employee transportation and travel expenses.
19. Freight, express, parcel post, trucking and other transportation.
20. Utility services: light, water, telephone.

876 Measuring and regulating station expenses—Industrial.

This account shall include the cost of labor, materials used and expenses incurred in operating large measuring and regulating stations located on local distribution systems to serve specific commercial and industrial customers.

ITEMS

(See account 875 for items.)

877 Measuring and regulating station expenses—City gate check stations.

This account shall include the cost of labor, materials used and expenses incurred in operating measuring and regulating stations used to measure and regulate the receipt of gas at entry points to distribution systems.

NOTE: Pipe line companies shall include in the transmission functional classification city gate and main line industrial measuring and regulating stations, except that where pipe line companies measure deliveries of gas at entry points to their own distribution systems, they shall have the option, if consistently observed, of including such stations either in the transmission or distribution function for accounting purposes.

ITEMS

(See account 875 for items.)

878 Meter and house regulator expenses.

This account shall include the cost of labor, materials used and expenses incurred in connection with removing, resetting, changing, testing, and servicing customer meters and house regulators.

ITEMS

Labor:

(a) Removing, reinstalling, and changing or exchanging customer meters and house regulators:

1. Initiating or terminating service, including incidental meter reading.
2. Periodic replacement of meters and house regulators because of age.
3. Changing or exchanging meters and house regulators because of complaints or removal for inspection.
4. Resetting meters on existing connections.
5. Handling meters and house regulators to and from customer premises and meter shop.
6. Listing, tagging, and placing meter labels, etc., for removed and reset meters.
7. Changing position of meters or house regulators on the same premises.
8. Installing or removing blank linings.
9. Unproductive calls, etc.

(b) Turning on and turning off meters, except for failures of customers to pay bills:

10. Turning on meters, including necessary time to insure that gas lines are proper to use and that appliances are in usable condition.
11. Turning off meters including time to make safety precautions.

(c) Other:

12. Supervising.
13. Clerical work on meter history and associated equipment record cards, test cards, and reports.
14. Handling and recording meters for stock.
15. Inspecting and testing meters and house regulators.
16. Inspecting and adjusting meter testing equipment.
17. Driving trucks used in meter operations.

Materials and expenses:

18. Meter locks and seals.
19. Lubricants, wiping rags, waste, etc.
20. Uniforms.
21. Freight, express, parcel post, trucking, and other transportation.
22. Utility services: light, water, telephone, heating.
23. Office supplies, stationery and printing.
24. Employees' transportation expenses.
25. Janitor, washroom, first aid supplies, etc.

NOTE: The cost of the first setting of a meter or house regulator shall be charged to account 382, Meter Installations, or account 384, House Regulator Installations, as appropriate.

879 Customer installations expenses.

A. This account shall include the cost of labor, materials used and expenses incurred in work on customer premises other than expenses includible in account 878, Meter and House Regulator Expenses, including the cost of servicing customer-owned appliances when the cost of such work is borne by the utility.

B. Damage to customer equipment by employees of the utility whether incidental to the work or the result of negligence, shall be charged to the job on which the employee was engaged at the time of damage.

ITEMS

Labor:

1. Supervising.
2. Altering customer-owned service extensions or meter connections.
3. Investigating and correcting pressure difficulties or stoppages in customer-owned piping.

4. Adjusting and repairing burner pilots because of impurities in the gas or failure of the distribution system.
5. Oiling or spraying noisy customer meters.
6. Investigating and stopping gas leaks on customers' premises caused by defective meter, customer-owned piping, or customer appliances.
7. Inspecting new installations to determine that the customers' equipment and piping are properly installed and connected.
8. Consolidating meter installations, without change of size, due to elimination of separate meters for different service classifications.
9. Investigating and adjusting complaints of service on customers' premises.
10. Gas load surveys including the incidental preparations and replacement of meters.
11. Unproductive calls.
12. Stenographic and clerical work.
13. Janitorial services, etc.
14. Installing demand or test meters.
15. Inspecting, cleaning, repairing and adjusting customer-owned appliances for domestic, industrial, or commercial use, including house heating furnaces and other space heating appliances, hotel and restaurant appliances.
16. Replacing defective parts in customer-owned appliances and salvaging reusable appliance parts.

Materials and expenses:

17. Lubricants, wiping rags, waste, etc.
18. Uniforms.
19. Replacement parts for appliances.
20. Office supplies, printing and stationery.
21. Janitor, washroom, first aid supplies, etc.
22. Employees' transportation and travel expenses.
23. Utility services: light, water, telephone.

NOTE: Amounts billed customers for any work, the cost of which is charged to this account, shall be credited to this account. Any excess over costs resulting therefrom shall be transferred to account 488, Miscellaneous Service Revenues.

880 Other expenses.

This account shall include the cost of distribution maps and records, distribution office expenses, and the cost of labor and materials used and expenses incurred in distribution systems operations not provided for elsewhere, including the expenses of operating street lighting systems and research, development, and demonstration expenses.

881 Rents.

This account shall include rents for property of others used, occupied or operated in connection with the operation of the distribution system. Include herein rentals paid for regulator sites, railroad crossings, rights-of-way, annual payments to governmental bodies and others for use of public or private lands, and reservations for rights-of-way. (See operating expense instruction 3.)

885 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of distribution system facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance accounts. (See operating expense instruction 1.)

886 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 375, Structures and Improvements. (See operating expense instruction 2.)

887 Maintenance of mains.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of distribution mains, the book cost of which is includible in account 376, Mains. (See operating expense instruction 2.)

ITEMS

1. Supervising.
2. Trenching, backfilling, and breaking and restoring pavement in connection with the installation of leak or reinforcing clamps.
3. Work performed as the result of municipal improvements, such as street widening, sewers, etc., where the gas mains are not retired.
4. Municipal inspections relating to maintenance work.
5. Other work of the following character:
a. Locating leaks incident to maintenance.
b. Cutting off mains without replacement. (Minor cuts not retired.)
c. Repairing leaking joints.
d. Repairing broken mains.

e. Repairing leaks on main drip riser or valve test pipe.
f. Bringing main valve box, main drip riser box, valve test pipe box, or pressure pipe roadway box up to grade.
g. Cleaning, repainting, coating, and wrapping exposed mains.
h. Repacking main valves.
i. Locating and clearing gas main faults.
j. Lowering and changing location of mains.
k. Trenching, backfilling, cutting-in or removal of pipe not retired in connection with the installation of leak clamps, valves, or drips.
l. Watching and lamping open cuts associated with maintenance.
m. Restoration of permanent pavement in connection with work chargeable to maintenance.
n. Emergency stand-by time associated with maintenance.
o. Repairing sewers, drains, walls, etc., when damaged by maintenance work.
p. Making electrolysis tests to maintain life of plant.
q. Repairing property of others damaged by maintenance work.

888 Maintenance of compressor station equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 377, Compressor Station Equipment. (See operating expense instruction 2.)

889 Maintenance of measuring and regulating station equipment—General.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 378, Measuring and Regulating Station Equipment—General. (See operating expense instruction 2.)

890 Maintenance of measuring and regulating station equipment—Industrial.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 385, Industrial Measuring and Regulating Station Equipment. (See operating expense instruction 2.)

891 Maintenance of measuring and regulating station equipment—City gate check stations.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 379, Measuring and Regulating Station Equipment—City Gate Check Stations. (See operating expense instruction 2.)

892 Maintenance of services.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of serv- ices, the book cost of which is includible in account 380, Services. (See operating expense instruction 2.)

ITEMS

1. Supervising.
2. Testing pipe for leaks and condition of wrapping.
3. Testing for, locating, and clearing trouble on company maintained services.
4. Inspecting and testing after repairs have been made.
5. Reporting on the condition of gas services to determine the need for repairs.
6. Making minor repairs and changes.
7. Rearranging and changing the location of services not retired.
8. Repairing service valves for reuse.
9. Stopping leaks on service pipes and drip risers.
10. Lowering and raising curb boxes to grade.
11. Replacing less than a complete service when not retired.
12. Installing fittings, valves, drips, frost protection devices, or replacing similar items on existing services.
13. Cutting and replacing pavement, pavement base and sidewalks in connection with maintenance work.
14. Restoring condition of services damaged by fire, storm, leakage, flood, accident or other casualties.
15. Repairing property of others damaged by maintenance work.
16. Transferring services in connection with the installation of new mains.
17. Installing, maintaining, and removing temporary facilities to prevent the interruption of service.
18. Converting low pressure gas distribution service to medium or high pressure service.
19. Relocating and rerouting gas service temporarily during alterations of buildings.

20. Performing work resulting from municipal improvements, such as street widening, sewers, etc.
21. Replacing service valve box or drip riser box.
22. Installing, removing or replacing service valve, drip pot, or drip riser.
23. Repacking service valve.

893 Maintenance of meters and house regulators.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of meters and house regulators, the book cost of which is includible in accounts 381, Meters, and 383, House Regulators. (See operating expense instruction 2.)

ITEMS

1. Inspecting and testing meters and house regulators on customers' premises or in shops in connection with repairs.
2. Cleaning, repairing, and painting meters, house regulators, and accessories and equipment.
3. Repairing testing equipment.
4. Rebuilding and overhauling meters without changing their rated capacities.
5. Resealing house regulators with mercury, replacing diaphragms, springs and other defective or worn parts.
6. Replacing or adding any item not constituting a retirement unit.

894 Maintenance of other equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of street lighting equipment and all other distribution system equipment not provided for elsewhere, the book cost of which is includible in accounts 386, Other Property on Customers' Premises, and 387, Other Equipment. (See operating expense instruction 2.)

901 Supervision.

This account shall include the cost of labor and expenses incurred in the general direction and supervision of customer accounting and collecting activities. Direct supervision of a specific activity shall be charged to account 902, Meter Reading Expenses, or account 903, Customer Records and Collection Expenses, as appropriate. (See operating expense instruction 1.)

902 Meter reading expenses.

This account shall include the cost of labor, materials used and expenses incurred in reading customer meters, and determining consumption when performed by employees engaged in reading meters.

ITEMS

Labor:
1. Addressing forms for obtaining meter readings by mail.
2. Changing and collecting meter charts used for billing purposes.
3. Inspecting time clocks, checking seals, etc., when performed by meter readers and the work represents a minor activity incidental to regular meter reading routine.
4. Meter reading—small consumption, and obtaining load information for billing purposes. (Exclude and charge to account 878, Meter and House Regulator Expenses, or to account 903, Customer Records and Collection Expenses, as applicable, the cost of obtaining meter readings, first and final, if incidental to the operation of removing or resetting, sealing or locking, and disconnecting, or reconnecting meters.)
5. Measuring gas—large consumption, including reading meters, changing charts, calculating charts, estimating lost meter registrations, determining specific gravity, etc., for billing purposes.
6. Computing consumption from meter reader's book or from reports by mail when done by employees engaged in reading meters.
7. Collecting from prepayment meters when incidental to meter reading.
8. Maintaining record of customers' keys.
9. Computing estimated or average consumption when performed by employees engaged in reading meters.

Materials and expenses:
10. Badges, lamps, and uniforms.
11. Demand charts, meter books and binders and forms for recording readings, but not the cost of preparation.
12. Postage and supplies used in obtaining meter readings by mail.
13. Transportation, meals and incidental expenses.

903 Customer records and collection expenses.

This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Items

Labor:
1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses:
21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

NOTE: The cost of work on meter history and meter location records is chargeable to account 878, Meter and House Regulator Expenses.

904 Uncollectible accounts.

This account shall be charged with amounts sufficient to provide for losses from uncollectible utility revenues. Concurrent credits shall be made to account 144, Accumulated Provision for Uncollectible Accounts—Credit. Losses from uncollectible accounts shall be charged to account 144.

905 Miscellaneous customer accounts expenses.

This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.

ITEMS

Labor:
1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses:
3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

907 Supervision.

This account shall include the cost of labor and expenses incurred in the general direction and supervision of customer service activities, the object of which is to encourage safe, efficient and economical use of the utility's service. Direct supervision of a specific activity within customer service and

informational expense classification shall be charged to the account wherein the costs of such activity are included. (See operating expense instruction 1.)

908 Customer assistance expenses.

This account shall include the cost of labor, materials used, and expenses incurred in providing instructions or assistance to customers, the object of which is to promote safe, efficient and economical use of the utility's service.

ITEMS

Labor:

1. Direct supervision of department.
2. Processing customer inquiries relating to the proper use of gas equipment, the replacement of such equipment and information related to such equipment.
3. Advice directed to customers as to how they may achieve the most efficient and safest use of gas equipment.
4. Demonstrations, exhibits, lectures, and other programs designed to instruct customers in the safe, economical or efficient use of gas service, and/or oriented toward conservation of energy.
5. Engineering and technical advice to customers, the object of which is to promote safe, efficient and economical use of the utility's service.

Materials and expenses:

6. Supplies and expenses pertaining to demonstrations, exhibits, lectures, and other programs.
7. Loss in value on equipment and appliances used for customer assistance programs.
8. Office supplies and expenses.
9. Transportation, meals, and incidental expenses.

NOTE: Do not include in this account expenses that are provided for elsewhere, such as accounts 416, Costs and Expenses of Merchandising, Jobbing and Contract Work, 879, Customer Installations Expenses, and 912, Demonstrating and Selling Expenses.

909 Informational and instructional advertising expenses.

This account shall include the cost of labor, materials used and expenses incurred in activities which primarily convey information as to what the utility urges or suggests customers should do in utilizing gas service to protect health and safety, to encourage environmental protection, to utilize their gas equipment safely and economically, or to conserve natural gas.

ITEMS

Labor:

1. Direct supervision of informational activities.
2. Preparing informational materials for newspapers, periodicals, billboards, etc., and preparing and conducting informational motion pictures, radio and television programs.
3. Preparing informational booklets, bulletins, etc., used in direct mailings.
4. Preparing informational window and other displays.
5. Employing agencies, selecting media and conducting negotiations in connection with the placement and subject matter of information programs.

Materials and expenses:

6. Use of newspapers, periodicals, billboards, radio, etc., for informational purposes.
7. Postage on direct mailings to customers exclusive of postage related to billings.
8. Printing of informational booklets, dodgers, bulletins, etc.
9. Supplies and expenses in preparing informational materials by the utility.
10. Office supplies and expenses.

NOTE A: Exclude from this account and charge to account 930.2, Miscellaneous General Expenses, the cost of publication of stockholder reports, dividend notices, bond redemption notices, financial statements, and other notices of a general corporate character. Exclude also all expenses of a promotional, institutional, goodwill or political nature, which are includible in such accounts as 913, Advertising Expenses, 930.1, General Advertising Expenses, and 426.4, Expenditures for Certain Civic, Political and Related Activities.

NOTE B: Entries relating to informational advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies of the advertising message shall be readily available.

910 Miscellaneous customer service and informational expenses.

This account shall include the cost of labor, materials used and expenses incurred in connection with customer service and informational activities which are not includible in other customer information expense accounts.

ITEMS

Labor:

1. General clerical and stenographic work not assigned to specific customer service and information programs.
2. Miscellaneous labor.

Materials and expenses:

3. Communication service.
4. Printing, postage and office supplies expenses.

911 Supervision.

This account shall include the cost of labor and expenses incurred in the general direction and supervision of sales activities, except merchandising. Direct supervision of a specific activity, such as demonstrating, selling, or advertising shall be charged to the account wherein the costs of such activity are included. (See operating expense instruction 1.)

912 Demonstrating and selling expenses.

This account shall include the cost of labor, materials used and expenses incurred in promotional, demonstrating, and selling activities, except by merchandising, the object of which is to promote or retain the use of utility services by present and prospective customers.

ITEMS

Labor:

1. Demonstrating uses of utility services.
2. Conducting cooking schools, preparing recipes, and related home service activities.
3. Exhibitions, displays, lectures, and other programs designed to promote use of utility services.
4. Experimental and development work in connection with new and improved appliances and equipment, prior to general public acceptance.
5. Solicitation of new customers or of additional business from old customers, including commissions paid employees.
6. Engineering and technical advice to present or prospective customers in connection with promoting or retaining the use of utility services.
7. Special customer canvasses when their primary purpose is the retention of business or the promotion of new business.

Materials and expenses:

8. Supplies and expenses pertaining to demonstration, and experimental and development activities.
9. Booth and temporary space rental.
10. Loss in value on equipment and appliances used for demonstration purposes.
11. Transportation, meals, and incidental expenses.

913 Advertising expenses.

This account shall include the cost of labor, materials used and expenses incurred in advertising designed to promote or retain the use of utility service, except advertising the sale of merchandise by the utility.

ITEMS

Labor:

1. Direct supervision of department.
2. Preparing advertising material for newspapers, periodicals, billboards, etc., and preparing and conducting motion pictures, radio and television programs.
3. Preparing booklets, bulletins, etc., used in direct mail advertising.
4. Preparing window and other displays.
5. Clerical and stenographic work.
6. Investigating advertising agencies and media and conducting negotiations in connection with the placement and subject matter of sales advertising.

Materials and expenses:

7. Advertising in newspapers, periodicals, billboards, radio, etc., for sales promotion purposes, but not including institutional or goodwill advertising includible in account 930.1, General Advertising Expenses.
8. Materials and services given as prizes or otherwise in connection with canning, or cooking contests, bazaars, etc., in order to publicize and promote the use of utility services.
9. Fees and expenses of advertising agencies and commercial artists.
10. Novelties for general distribution.
11. Postage on direct mail advertising.
12. Premiums distributed generally, such as recipe books, etc., when not offered as inducement to purchase appliances.
13. Printing booklets, dodgers, bulletins, etc.
14. Supplies and expenses in preparing advertising material.
15. Office supplies and expenses.

NOTE A: The cost of advertisements which set forth the value or advantages of utility service without reference to specific appliances, or, if reference is made to appliances, invites the reader to purchase appliances from his dealer, or refer to appliances not carried for sale by the utility, shall be considered sales promotion advertising and charged to this account. However, advertisements which are limited to specific makes o appliances sold by the utility and prices terms, etc., thereof, without referring to th value or advantages of utility service, shal be considered as merchandise advertisin and the cost shall be charged to Costs an

Expenses of Merchandising, Jobbing and Contract Work, accounts 416.

NOTE B: Advertisements which substantially mention or refer to the value or advantages of utility service, together with specific reference to makes of appliances sold by the utility and the price, terms, etc., thereof, and designed for the joint purpose of increasing the use of utility service and the sales of appliances, shall be considered as a combination advertisement and the costs shall be distributed between this account and account 416 on the basis of space, time, or other proportional factors.

NOTE C: Exclude from this account and charge to account 930.2, Miscellaneous General Expenses, the cost of publication of stockholder reports, dividend notices, bond redemption notices, financial statements, and other notices of a general corporate character. Exclude also all institutional or goodwill advertising. (See account 930.1, General Advertising Expenses.)

914–915 [Reserved]

916 Miscellaneous sales expenses.

This account shall include the cost of labor, materials used and expenses incurred in connection with sales activities, except merchandising, which are not includible in other sales expense accounts.

ITEMS

Labor:

1. General clerical and stenographic work not assigned to specific functions.
2. Special analysis of customer accounts and other statistical work for sales purposes not a part of the regular customer accounting and billing routine.
3. Miscellaneous labor.

Materials and expenses:

4. Communication service.
5. Printing, postage, and office supplies and expenses applicable to sales activities, except those chargeable to account 913, Advertising Expenses.

920 Administrative and general salaries.

A. This account shall include the compensation (salaries, bonuses, and other consideration for services, but not including directors' fees) of officers, executives, and other employees of the utility properly chargeable to utility operations and not chargeable directly to a particular operating function.

B. This account may be subdivided in accordance with a classification appropriate to the departmental or other functional organization of the utility.

921 Office supplies and expenses.

A. This account shall include office supplies and expenses incurred in connection with the general administration of the utility's operations which are assignable to specific administrative or general departments and are not specifically provided for in other accounts. This includes the expenses of the various administrative and general departments, the salaries and wages of which are includible in account 920.

B. This account may be subdivided in accordance with a classification appropriate to the departmental or other functional organization of the utility.

NOTE: Office expenses which are clearly applicable to any group of operating expenses other than the administrative and general group shall be included in the appropriate account in such group. Further, general expenses which apply to the utility as a whole rather than to a particular administrative function shall be included in account 930.2, Miscellaneous General Expenses.

ITEMS

1. Automobile service, including charges through clearing account.
2. Bank messenger and service charges.
3. Books, periodicals, bulletins and subscriptions to newspapers, newsletters, tax services, etc.
4. Building service expenses for customer accounts, sales, and administrative and general purposes.
5. Communication service expenses.
6. Cost of individual items of office equipment used by general departments which are of small value or short life.
7. Membership fees and dues in trade, technical, and professional associations paid by a utility for employees. (Company memberships are includible in account 930.2.)
8. Office supplies and expenses.
9. Payment of court costs, witness fees, and other expenses of legal department.
10. Postage, printing and stationery.
11. Meals, traveling and incidental expenses.

922 Administrative expenses transferred—Credit.

This account shall be credited with administrative expenses recorded in accounts 920 and 921 which are transferred to construction costs or to nonutility accounts. (See gas plant instruction 4.)

923 Outside services employed.

A. This account shall include the fees and expenses of professional consultants and others for general services which are not applicable to a particular operating function or to other accounts. It shall include also the pay and expenses of persons engaged for a special or temporary administrative or general purpose in circumstances where the person so engaged is not considered as an employee of the utility.

B. This account shall be so maintained as to permit ready summarization according to the nature of service and the person furnishing the same.

ITEMS

1. Fees, pay and expenses of accountants and auditors, actuaries, appraisers, attorneys, engineering consultants, management consultants, negotiators, public relations counsel, tax consultants, etc.
2. Supervision fees and expenses paid under contracts for general management services.

NOTE: Do not include inspection and brokerage fees and commissions chargeable to other accounts or fees and expenses in connection with security issues which are includible in the expenses of issuing securities.

924 Property insurance.

A. This account shall include the cost of insurance or reserve accruals to protect the utility against losses and damages to owned or leased property used in its utility operations. It shall include also the cost of labor and related supplies and expenses incurred in property insurance activities.

B. 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 the appropriate account for accumulated provision for depreciation.

C. Records shall be kept so as to show the amount of coverage for each class of insurance carried, the property covered, and the applicable premiums. Any dividends distributed by mutual insurance companies shall be credited to the accounts to which the insurance premiums were charged.

ITEMS

1. Premiums payable to insurance companies for fire, storm, burglary, boiler explosion, lightning, fidelity, riot, and similar insurance.
2. Amounts credited to account 228.1, Accumulated Provision for Property Insurance; for similar protection.
3. Special costs incurred in procuring insurance.
4. Insurance inspection service.
5. Insurance counsel, brokerage fees, and expenses.

NOTE A: The cost of insurance or reserve accruals capitalized shall be charged to construction either directly or by transfer to construction work orders from this account.

NOTE B: The cost of insurance or reserve accruals for the following classes of property shall be charged as indicated.

(1) Materials and supplies and stores equipment, to account 163, Stores Expense Undistributed or appropriate materials account.
(2) Transportation and other general equipment to appropriate clearing accounts that may be maintained.
(3) Gas plant leased to others, to account 413, Expenses of Gas Plant Leased to Others.
(4) Nonutility property, to the appropriate nonutility income account.
(5) Merchandise and jobbing property, to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work.

NOTE C: The cost of labor and related supplies and expenses of administrative and general employees, who are only incidentally engaged in property insurance work, may be included in accounts 920 and 921, as appropriate.

925 Injuries and damages.

A. This account shall include the cost of insurance or reserve accruals to protect the utility against injuries and damages claims of employees or others, losses of such character not covered by insurance, and expenses incurred in settlement of injuries and damages claims. It shall also include the cost of labor and related supplies and expenses incurred in injuries and damages activities.

B. 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.

ITEMS

1. Premiums payable to insurance companies for protection against claims from injuries and damages by employees or others, such as public liability, property damages, casualty, employee liability, etc., and amounts credited to account 228.2, Accumulated Provision for Injuries and Damages; for similar protection.
2. Losses not covered by insurance or reserve accruals on account of injuries or deaths to employees or others and damages to the property of others.
3. Fees and expenses of claim investigators.
4. Payment of awards to claimants for court costs and attorneys' services.
5. Medical and hospital service and expenses for employees as the result of occupational injuries, or resulting from claims of others.
6. Compensation payments under workmen's compensation laws.
7. Compensation paid while incapacitated as the result of occupational injuries. (See Note A.)
8. Cost of safety, accident prevention and similar educational activities.

NOTE A: Payments to or in behalf of employees for accident or death benefits, hospital expenses, medical supplies or for salaries while incapacitated for service or on leave of absence beyond periods normally allowed, when not the result of occupational injuries, shall be charged to account 926, Employee Pensions and Benefits. (See also Note B of account 926.)

NOTE B: The cost of injuries and damages or reserve accruals capitalized shall be charged to construction directly or by transfer to construction work orders from this account.

NOTE C: Exclude herefrom the time and expenses of employees (except those engaged in injuries and damages activities) spent in attendance at safety and accident prevention educational meetings, if occurring during the regular work period.

NOTE D: The cost of labor and related supplies and expenses of administrative and general employees, who are only incidentally engaged in injuries and damages activities, may be included in accounts 920 and 921, as appropriate.

926 Employee pensions and benefits.

A. This account shall include pensions paid to or on behalf of retired employees, or accruals to provide for pensions, or payments for the purchase of annuities for this purpose, when the utility has definitely, by contract, committed itself to a pension plan under which the pension funds are irrevocably devoted to pension purposes, and payments for employee accident, sickness, hospital, and death benefits, or insurance therefor. Include, also, expenses incurred in medical, educational or recreational activities for the benefit of employees, and administrative expenses in connection with employee pensions and benefits.

B. The utility shall maintain a complete record of accruals or payments for pensions and be prepared to furnish full information to the Commission of the plan under which it has created or proposes to create a pension fund and a copy of the declaration of trust or resolution under which the pension plan is established.

C. There shall be credited to this account the portion of pensions and benefits expenses which is applicable to nonutility operations or which is charged to construction unless such amounts are distributed directly to the accounts involved and are not included herein in the first instance.

D. Records in support of this account shall be so kept that the total pensions expense, the total benefits expense, the administrative expenses included herein, and the amounts of pensions and benefits expenses transferred to construction or other accounts will be readily available.

ITEMS

1. Payment of pensions under a nonaccrual or nonfunded basis.
2. Accruals for or payments to pension funds or to insurance companies for pension purposes.
3. Group and life insurance premiums (credit dividends received).
4. Payments for medical and hospital services and expenses of employees when not the result of occupational injuries.
5. Payments for accident, sickness, hospital, and death benefits or insurance.
6. Payments to employees incapacitated for service or on leave of absence beyond periods normally allowed, when not the result of occupational injuries, or in excess of statutory awards.
7. Expenses in connection with educational and recreational activities for the benefit of employees.

NOTE A: The cost of labor and related supplies and expenses of administrative and general employees who are only incidentally engaged in employee pension and benefit activities, may be included in accounts 920 and 921, as appropriate.

NOTE B: Salaries paid to employees during periods of nonoccupational sickness may be charged to the appropriate labor account rather than to employee benefits.

927 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, utility service furnished without charge under provisions of franchises.

B. When no direct outlay is involved, concurrent credit for such charges shall be made to account 929, Duplicate Charges—Cr.

C. The account shall be maintained so as to readily reflect the amounts of cash outlays, utility service supplied without charge, and other items furnished without charge.

NOTE A: Franchise taxes shall not be charged to this account but to account 408.1, Taxes Other Than Income Taxes, Utility Operating Income.

NOTE B: Any amount paid as initial consideration for a franchise running for more than one year shall be charged to account 302, Franchises and Consents.

928 Regulatory commission expenses.

A. This account shall include all expenses (except pay of regular employees only incidentally engaged in such work) properly includible in utility 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 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 186, Miscellaneous Deferred Debits, and amortized by charges to this account.

C. The utility shall be prepared to show 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. Office supplies and 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.
3. All application fees except those involving construction certificate applications which have been approved. (See Gas Plant Instruction 16.)

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 181, Unamortized Debt Expense, or account 214, Capital Stock Expense.

929 Duplicate charges—Credit.

This account shall include concurrent credits for charges which may be made to operating expenses or to other accounts for the use of utility service from its own supply. Include, also, offsetting credits for any other charges made to operating expenses for which there is no direct money outlay.

930.1 General advertising expenses.

This account shall include the cost of labor, materials used, and expenses incurred in advertising and related activities, the cost of which by their content and purpose are not provided for elsewhere.

ITEMS

Labor:

1. Supervision.

2. Preparing advertising material for newspapers, periodicals, billboards, etc., and preparing or conducting motion pictures, radio and television programs.
3. Preparing booklets, bulletins, etc., used in direct mail advertising.
4. Preparing window and other displays.
5. Clerical and stenographic work.
6. Investigating and employing advertising agencies, selecting media and conducting negotiations in connection with the placement and subject matter of advertising.

Materials and expenses:

7. Advertising in newspapers, periodicals, billboards, radio, etc.
8. Advertising matter such as posters, bulletins, booklets and related items.
9. Fees and expenses of advertising agencies and commercial artists.
10. Postage and direct mail advertising.
11. Printing of booklets, dodgers, bulletins, etc.
12. Supplies and expenses in preparing advertising materials.
13. Office supplies and expenses.

NOTE A: Properly includible in this account is the cost of advertising activities on a local or national basis of a goodwill or institutional nature, which is primarily designed to improve the image of the utility or the industry, including advertisements which inform the public concerning matters affecting the company's operations, such as, the cost of providing service, the company's efforts to improve the quality of service, the company's efforts to improve and protect the environment, etc. Entries relating to advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies of the advertising message shall be readily available.

NOTE B: Exclude from this account and include in account 426.4. Expenditures for Certain Civic, Political and Related Activities, expenses for advertising activities, which are designed to solicit public support or the support of public officials in matters of a political nature.

930.2 Miscellaneous general expenses.

This account shall include the cost of labor and expenses incurred in connection with the general management of the utility not provided for elsewhere.

ITEMS

Labor:

1. Miscellaneous labor not elsewhere provided for:

Expenses:

2. Industry Association dues for company memberships.
3. Contributions for conventions and meetings of the industry.
4. Research, development, and demonstration expenses not charged to other operation and maintenance expense accounts on a functional basis.
5. Communication service not chargeable to other accounts.
6. Trustee, registrar, and transfer agent fees and expenses.
7. Stockholders meeting expenses.
8. Dividend and other financial notices.
9. Printing and mailing dividend checks.
10. Directors' fees and expenses.
11. Publishing and distributing annual reports to stockholders.
12. Public notices of financial, operating, and other data required by regulatory statutes, not including, however, notices required in connection with security issues or acquisitions of property.

931 Rents.

This account shall include rents properly includible in utility operating expenses for the property of others used, occupied, or operated in connection with the customer accounts, customer service and informational, sales, and general and administrative functions of the utility. (See operating expense instruction 3.)

932 Maintenance of general plant.

A. This account shall include the cost assignable to customer accounts, sales and administrative and general functions of labor, materials used and expenses incurred in the maintenance of property, the book cost of which is includible in account 390, Structures and Improvements, account 391, Office Furniture and Equipment, account 397, Communication Equipment, and account 398, Miscellaneous Equipment. (See operating expense instruction 2.)

B. Maintenance expenses on office furniture and equipment used elsewhere than in general, commercial and sales offices shall be charged to the following accounts:

Manufactured Gas Production, accounts 708, 742
Natural Gas Production and Gathering, account 769
Natural Gas Production Extraction, account 791
Underground Storage, account 837
Local Storage, account 846.2
Transmission Expenses, account 867
Distribution Expenses, account 894
Merchandising and Jobbing, account 416
Garage, Shops, etc.—appropriate clearing account, if used.

NOTE: Maintenance of plant included in other general plant equipment accounts shall be included herein unless charged to clearing accounts or to a particular functional maintenance expense indicated by the use of the equipment.

PART 204 [RESERVED]

NOTE: For the Uniform System of Accounts for Natural Gas Companies subject to the Natural Gas Act, see part 201 of this subchapter. (Order 390, 49 FR 32526, Aug. 14, 1984; 50 FR 5745, Feb. 12, 1985)

PART 225—PRESERVATION OF RECORDS OF NATURAL GAS COMPANIES

Sec.
225.1 Promulgation.
225.2 General instructions.
225.3 Schedule of records and periods of retention.

AUTHORITY: 15 U.S.C. 717–717w, 3301–3432; 16 U.S.C. 792–828c; 42 U.S.C. 7101–7352; E.O. 12009, 3 CFR 1978 Comp. p. 142.

§ 225.1 Promulgation.

This part is prescribed and promulgated as the regulations governing the preservation of records by natural gas companies subject to the jurisdiction of the Commission, to the extent and in the manner set forth therein.

[Order 617, 65 FR 48160, Aug. 7, 2000]

§ 225.2 General instructions.

(a) *Scope of this part.* (1) The regulations in this part must apply to all books of account and other records prepared by or on behalf of the natural gas company. See item 40 of the schedule for those records that come into possession of the natural gas company in connection with the acquisition of property, such as purchases, consolidation, merger, etc.

(2) The regulations in this part should not be construed as excusing compliance with other lawful requirements of any other governmental body, Federal or State, prescribing other record keeping requirements, or for preservation of records for periods longer than those prescribed in this part.

(3) To the extent that any Commission regulations may provide for a different retention period, the records should be retained for the longer of the retention periods.

(4) Records other than those listed in the schedule may be destroyed at the option of the natural gas company: *Provided, however,* That records which are used in lieu of those listed shall be preserved for the periods prescribed for the records used for substantially similar purposes. And, *provided further,* That retention of records pertaining to added services, functions, plant, etc. the establishment of which cannot be presently foreseen, shall conform to the principles embodied herein.

(5) Notwithstanding the provisions o the Records Retention Schedule, the Commission may, upon the request o the company, authorize a shorter pe riod of retention for any record liste therein upon a showing by the com pany that preservation of such recor for a longer period is not necessary o appropriate in the public interest or fo the protection of investors or cor sumers.

(b) *Designation of supervisory officia* Each natural gas company subject t the regulations in this part shall des ignate one or more persons with off cial responsibility to supervise the na ural gas company's program for prese vation and the authorized destructio of its records.

(c) *Protection and storage of record* The natural gas company shall provi reasonable protection for records su ject to the regulations in this pa from damage by fires, floods, and oth hazards and, in the selection of stora spaces, safeguard the records from u necessary exposure to deteriorati from excessive humidity, dryness, lack of proper ventilation.

(d) *Record storage media.* Each natur gas company has the flexibility to s lect its own storage media subject the following conditions.

(1) The storage media must have life expectancy at least equal to t applicable record retention period pr vided in § 225.3 unless there is a quali transfer from one media to anoth with no loss of data.

(2) Each natural gas company is quired to implement internal cont

CERTIFICATION OF
MATERIALS INCORPORATED BY REFERENCE
IN RULES FILED WITH THE DEPARTMENT OF STATE

Pursuant to Rule 1S-1.005, Florida Administrative Code, I do hereby certify that the attached are true and correct copies of the following materials incorporated by reference in Rule 25-7.015. Under the provisions of subparagraph 120.54(3)(e)(6), F.S., the attached materials take effect 20 days from the date filed with the Department of State, or a later date as specified in the rule.

18 CFR Ch. 1, Subchapter F, Part 225

Blanca S. Bayó

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

_____
Number of Pages Certified

(S E A L)

MKS

FILED
2000 DEC 17 AM 11:37
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

1 of 4 DOCUMENTS

LEXIS PUBLISHING'S CODE OF FEDERAL REGULATIONS
Copyright (c) 2003, LEXIS Publishing

*** THIS SECTION IS CURRENT THROUGH THE DECEMBER 3, 2003 ISSUE OF ***
*** THE FEDERAL REGISTER ***
Except for those sections affected by 68 FR 66534, Nov. 26, 2003

TITLE 18 -- CONSERVATION OF POWER AND WATER RESOURCES

CHAPTER I -- FEDERAL ENERGY REGULATORY COMMISSION, DEPARTMENT OF ENERGY

SUBCHAPTER F -- ACCOUNTS, NATURAL GAS ACT

PART 225 -- PRESERVATION OF RECORDS OF NATURAL GAS COMPANIES

18 CFR 225.1

§ 225.1 Promulgation.

This part is prescribed and promulgated as the regulations governing the preservation of records by natural gas companies subject to the jurisdiction of the Commission, to the extent and in the manner set forth therein.

38 words

2 of 4 DOCUMENTS

LEXIS PUBLISHING'S CODE OF FEDERAL REGULATIONS
Copyright (c) 2003, LEXIS Publishing

*** THIS SECTION IS CURRENT THROUGH THE DECEMBER 3, 2003 ISSUE OF ***
*** THE FEDERAL REGISTER ***
Except for those sections affected by 68 FR 66534, Nov. 26, 2003

TITLE 18 -- CONSERVATION OF POWER AND WATER RESOURCES

CHAPTER I -- FEDERAL ENERGY REGULATORY COMMISSION, DEPARTMENT OF ENERGY

SUBCHAPTER F -- ACCOUNTS, NATURAL GAS ACT

PART 225 -- PRESERVATION OF RECORDS OF NATURAL GAS COMPANIES

18 CFR 225.2

FILED
2003 DEC 17 AM 11:37
CLERK, FLORIDA PUBLIC SERVICE COMMISSION

§ 225.2 General instructions.

18 CFR 225.2

(a) Scope of this part. (1) The regulations in this part must apply to all books of account and other records prepared by or on behalf of the natural gas company. See item 40 of the schedule for those records that come into possession of the natural gas company in connection with the acquisition of property, such as purchases, consolidation, merger, etc.

(2) The regulations in this part should not be construed as excusing compliance with other lawful requirements of any other governmental body, Federal or State, prescribing other record keeping requirements, or for preservation of records for periods longer than those prescribed in this part.

(3) To the extent that any Commission regulations may provide for a different retention period, the records should be retained for the longer of the retention periods.

(4) Records other than those listed in the schedule may be destroyed at the option of the natural gas company: Provided, however, That records which are used in lieu of those listed shall be preserved for the periods prescribed for the records used for substantially similar purposes. And, provided further, That retention of records pertaining to added services, functions, plant, etc., the establishment of which cannot be presently foreseen, shall conform to the principles embodied herein.

(5) Notwithstanding the provisions of the Records Retention Schedule, the Commission may, upon the request of the company, authorize a shorter period of retention for any record listed therein upon a showing by the company that preservation of such record for a longer period is not necessary or appropriate in the public interest or for the protection of investors or consumers.

(b) Designation of supervisory official. Each natural gas company subject to the regulations in this part shall designate one or more persons with official responsibility to supervise the natural gas company's program for preservation and the authorized destruction of its records.

(c) Protection and storage of records. The natural gas company shall provide reasonable protection for records subject to the regulations in this part from damage by fires, floods, and other hazards and, in the selection of storage spaces, safeguard the records from unnecessary exposure to deterioration from excessive humidity, dryness, or lack of proper ventilation.

(d) Record storage media. Each natural gas company has the flexibility to select its own storage media subject to the following conditions.

(1) The storage media must have a life expectancy at least equal to the applicable record retention period provided in § 225.3 unless there is a quality transfer from one media to another with no loss of data.

(2) Each natural gas company is required to implement internal control procedures that assure the reliability of and ready access to data stored on machine readable media. Internal control procedures must be documented by a responsible supervisory official.

(3) Each transfer of data from one media to another must be verified for accuracy and documented. Software and hardware required to produce readable records must be retained for the same period the media format is used.

(e) Destruction of records. At the expiration of the records retention period, natural gas companies may use any appropriate method to destroy records.

(f) Premature destruction or loss of records. When records are destroyed or lost before the expiration of the prescribed period of retention, a certified statement listing, as far as may be determined, the records destroyed and describing the circumstances of accidental or other premature destruction or loss must be filed with the Commission within ninety (90) days from the date of discovery of the destruction.

(g) Schedule of records and periods of retention. (1) Records related to plant in service must be retained until the facilities are permanently removed from service, all removal and restoration activities are completed, and all costs are retired from the accounting records unless accounting adjustments resulting from reclassification and original costs studies have been approved by the regulatory commission having jurisdiction. If the plant is sold, the associated records or copies thereof, must be transferred to the new owners.

(2) Records related to additions, retirements, and betterments thereto must be retained until the Commission has determined the actual legitimate original cost of the facilities.

(h) Retention periods designated "Destroy at option". "Destroy at option" constitutes authorization for destruction of records at managements' discretion if it does not conflict with other legal retention requirements or usefulness of such records in satisfying pending regulatory actions or directives.

18 CFR 225.2

(i) Records of services performed by associated companies. The natural gas companies must assure the availability of records of services performed by associated or affiliated companies with supporting cost information for the periods indicated in § 225.3 as necessary to be able to readily furnish detailed information as to the nature of the transaction, the amounts involved, and the accounts used to record the transactions.

(j) Index of records. Natural gas companies must arrange, file, and index records so they may be readily identified and made available to Commission representatives.

(k) Rate case. Notwithstanding the minimum retention periods provided in these regulations, if a natural gas company intends to reflect costs in a current, pending, or future rate case, or if a natural gas company has abandoned or retired a plant subsequent to the test period of its last rate case, it must retain all relevant records.

(l) Pending complaint litigation or governmental proceeding. Notwithstanding the minimum requirements, if a natural gas company is involved in pending litigation, complaint procedures, proceedings remanded by the court, or governmental proceedings, it must retain all relevant records.

(m) Life or mortality study data. Life or mortality study data for depreciation purposes must be retained for 25 years or for 10 years after plant is retired whichever is longer.

1038 words

3 of 4 DOCUMENTS

LEXIS PUBLISHING'S CODE OF FEDERAL REGULATIONS
Copyright (c) 2003, LEXIS Publishing

*** THIS SECTION IS CURRENT THROUGH THE DECEMBER 3, 2003 ISSUE OF ***
*** THE FEDERAL REGISTER ***
Except for those sections affected by 68 FR 66534, Nov. 26, 2003

TITLE 18 -- CONSERVATION OF POWER AND WATER RESOURCES

CHAPTER I -- FEDERAL ENERGY REGULATORY COMMISSION, DEPARTMENT OF ENERGY

SUBCHAPTER F -- ACCOUNTS, NATURAL GAS ACT

PART 225 -- PRESERVATION OF RECORDS OF NATURAL GAS COMPANIES

18 CFR 225.3

THERE ARE MULTIPLE VERSIONS OF THIS DOCUMENT.

§ 225.3 Schedule of records and periods of retention. [Effective until Jan. 1, 2001.]

[PUBLISHER'S NOTE: This section was revised at *65 FR 48148, 48161,* Aug. 7, 2000, effective Jan. 1, 2001. For the convenience of the user, the section has been set out twice. The version effective until Jan. 1, 2001, immediately follows this note. For the version effective Jan. 1, 2001, see the version following this section, also numbered § 225.3.]

TABLE OF CONTENTS

Corporate and General

1 Capital stock records. [Reserved]

2 Proxies and voting lists. [Reserved]

3 Reports to stockholders.

4 Debt security records. [Reserved]

5 Filings with and authorization by regulatory agencies. [Reserved]

6 Organizational documents:

7 Contracts and agreements.

8 Accountants' and auditors' reports.

Automatic Data Processing

9 Automatic data processing records.

General Accounting Records

10 General and subsidiary ledgers.

11 Journals.

12 Journal vouchers and entries.

13 Cash books.

14 Voucher register.

15 Vouchers.

16 Accounts receivable. [Reserved]

17 Records of securities owned. [Reserved]

18 Payroll records. [Reserved]

19 Assignments, attachments and garnishments. [Reserved]

Insurance

20 Insurance records.

21 Injuries and damages. [Reserved]

Operations and Maintenance

22 Production -- Gas.

23 Transmission and distribution -- Gas.

23.1 Underground storage of natural gas.

24 Customers service. [Reserved]

25 Records of auxiliary and other operations. [Reserved]

26 Maintenance work orders and job orders.

Personnel

27 Personnel records. [Reserved]

28 Employees benefit and pension records. [Reserved]

29 Instruction to employees and other. [Reserved]

Plant and Depreciation

30 Plant ledgers.

31 Construction work in progress.

32 Retirement work in progress.

33 Summary sheets.

34 Appraisals and valuations.

35 Maps. [Reserved]

36 Engineering records.

37 Contracts and other agreements relating to utility plant.

38 Reclassification of utility plant account records.

39 Accumulated depreciation and depletion of utility plant account records.

Purchases and stores

40 Procurements.

41 Material ledgers.

42 Materials and supplies received and issued.

43 Records of sale of scrap and materials and supplies.

44 Inventory of materials and supplies. [Reserved]

Revenue Accounting and Collecting

45 Customers service applications and contracts.

46 Rate schedules.

47 Customer guarantee deposits. [Reserved]

48 Meter reading sheets and records. [Reserved]

49 Maximum demand pressure temperature.

50 Miscellaneous billing data.

51 Revenue summaries.

52 Customers ledgers. [Reserved]

53 Merchandise sales. [Reserved]

54 Collection reports and records. [Reserved]

55 Customers' account adjustments. [Reserved]

56 Uncollectible accounts. [Reserved]

Tax

57 Tax records.

Treasury

58 Statement of funds and deposits.

59 Records of deposits with banks and others.

60 Records of receipts and disbursements.

Miscellaneous Records

61 Statistics.

62 Budgets and other forecasts.

63 Correspondence. [Reserved]

64 Records of predecessor and former associates.

65 Reports to Federal and State regulatory commissions.

66 Copies of advertisements.

SCHEDULE OF RECORDS AND PERIODS OF RETENTION
[See footnote at end of table_

Description	Retention period
CORPORATE AND GENERAL	
1. -- 2. [Reserved_	
3. Reports to stockholders:	
(a) Annual reports or statements to stockholders	Retain until receipt of FERC audit report or two years after auditor's exit conference, whichever occurs first.
4. -- 5. [Reserved_	
6. Organizational documents:	
(a) Minute books of stockholders', directors', and directors' committee meetings	50 years or termination of the corporation's existence, whichever occurs first.
(b) Titles, franchises, and licenses:	
(1) -- (4) [Reserved_	
(5) Copies of formal orders of regulatory commissions served upon the utility	6 years after final non-appealable order.
7. Contracts and agreements (except contracts provided for elsewhere):	
(a) Service contracts, such as for management, accounting and financial services	6 years after expiration or cancellation. See § 225.2(j).
(b) Contracts with other utilities or other persons for the purchase, sale or interchange of product, or for advance payments for gas	6 years after expiration or cancellation.
(c) -- (f) [Reserved_	
(g) Memoranda essential to clarifying or explaining provisions of contracts listed above	For the same periods as contracts to which they relate.
(h) Card or book records of contracts, leases, and agreements made, showing dates of expirations and of renewals, memoranda of receipts, and payments under such contracts, etc	Do.
8. Accountants' and auditors' reports:	
(a) Reports of examinations and audits by accountants and auditors not in the regular employ of the utility (such as reports of public accounting firms and regulatory commission accountants)	7 years after date of report or Commission audit, whichever comes last.
(b) Internal audit reports and work papers	Do.

automatic data processing

9. Automatic data processing records. (Retain original source data used as input for data processing and data processing report printouts for the applicable periods prescribed elsewhere in the schedule.):	
(a) [Reserved_	
(b) Program documentation and revisions thereto	Retain as long as it represents an active viable program or for periods prescribed for related output data, whichever is shorter.

general accounting records

10. General and subsidiary ledgers:	
(a)(1) General ledgers	50 years.
(2) Ledgers subsidiary or auxiliary to general ledgers except ledgers provided for elsewhere	Do.
(b)(1) Indexes to general ledgers	Do.
(2) Indexes to subsidiary ledgers except ledgers provided for elsewhere	Do.
(c) Trial balance sheets of general and subsidiary ledgers	2 years.
11. Journals: General and subsidiary	50 years.
12. Journal vouchers and journal entries including supporting detail:	
(a) Journal vouchers and journal entries	Do.
(b) Analyses, summarizations, distributions, and other computations which support journal vouchers and journal entries:	
(1) Charging plant accounts	6 years. See § 225.2(j).
(2) Charging all other accounts	6 years.
13. Cash books: (a) General and subsidiary or auxiliary books	10 years after close of fiscal year. See Subsection 12(a).
14. Voucher registers: (a) Voucher registers or similar records when used as a source document	6 years. See § 225.2(j).
15. Vouchers:	
(a) Paid and canceled vouchers (1 copy -- analysis sheets showing detailed distribution of charges on individual vouchers and other supporting papers)	Do.
(b) Original bills and invoices for materials, services, etc., paid by vouchers	Do.
(c) Paid checks and receipts for payments by voucher or otherwise	6 years.
(d) Authorization for the payment of specific vouchers	6 years. See § 225.2(j).
(e) Lists of unaudited bills (accounts payable), lists of vouchers transmitted and memoranda regarding changes in unaudited bills	Destroy at option.
(f) Voucher indexes	Do.
16. -- 19. [Reserved_	

insurance

20. Insurance records:	
(a) Records of insurance policies in force, showing coverage, premiums paid and expiration dates	Destroy at option after expiration of such policies.
(b) [Reserved_	
(c) Records of amounts recovered from insurance companies in connection with losses and of claims against insurance companies, including reports of losses and supporting papers	6 years. See § 225.2(j).
21. [Reserved_	

18 CFR 225.3

operations and maintenance

22. Production -- Gas:	
(a) [Reserved_	
(b) Gas generation and output logs with supporting data	6 years.
(c) -- (e) [Reserved_	
(f) Recording instrument charts such as pressure (static and/or differential), temperature specific gravity, heating value, etc	1 year, except where the basic chart information is transferred to another record, the charts need only be retained 6 months provided the record containing the basic data is retained one year
(g) Test of heating value at stations and outlying points	6 years.
(h) Records of gas produced, gas purchased, gas sent out and holder stock	Do.
(i) Analysis of gas produced and purchased including B.t.u. and sulphur content	Do.
(j) [Reserved_	
(k) Well records, including clearing, bailing, shooting, etc., records; rock pressure; open flow; production, gas analysts' reports, etc	1 year after field or relevant production area abandoned.
(l) -- (m) [Reserved_	
(n) Gas measuring records	1 year, except where the basic chart information is transferred to another record, the charts need only be retained 6 months provided the record containing the basic data is retained 1 year.
23. Transmission and distribution -- Gas: 1	
(a) Transmission line logs	3 years.
(b) Transmission and distribution department load dispatching operating logs	Do.
(c) -- (i) [Reserved_	
(j) Gas measuring records	1 year.
(k) Transmission line operating reports	3 years.
(l) Compressor operation and reports	Do.
(m) [Reserved_	
(n) Recording instrument charts such as pressure (static and differential), temperature, specific gravity, heating value, etc	1 year, except where the basic chart information is transferred to another record, the charts need only be retained 6 months provided the record containing the basic data is retained 1 year.
23.1 Underground storage of natural gas:	
(a) Well records, reports and logs which includes data relating to pressures, injected volumes, withdrawn volumes, core analysis, daily volumes of gas injected into and withdrawn from reservoir, and cushion and working gas volumes for each reservoir	1 year after reservoir, field, or relevant storage area is abandoned.
(b) Records containing information relating to reservior gas leakage, showing the total gas leakage and recycled gas	Do.
(c) [Reserved_	
(d) Records on back pressure tests field data	1 year or until superseded.
(e) Records on back pressure test results, gas analysis	Do.
24. -- 25. [Reserved]	
26. Maintenance work orders and job orders:	
(a) Authorizations for expenditures for maintenance work to be covered by work orders, including memoranda showing the estimates of costs to be incurred	6 years
(b) Work order sheets to which are posted in detail the entries for labor, material, and other charges in connection with maintenance, and other work pertaining to utility operations	Do.
(c) Summaries of expenditures on maintenance and job orders and clearances to operating and other accounts (exclusive of plant accounts)	Do.

personnel

18 CFR 225.3

27. -- 29. [Reserved]

plant and depreciation

30. Plant ledgers:	
(a) Ledgers of utility plant accounts including land and other detailed ledgers showing the cost of utility plant by classes	50 years.
(b) Continuing plant inventory ledger, book or card records showing description, location, quantities, cost, etc., of physical units (or items) of utility plant owned	6 years after plant is retired, provided mortality data are retained.1
31. Construction work in progress ledgers, work orders, and supplemental records:	
(a) Construction work in progress ledgers	10 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 6 years after plant is retired.
(b) Work order sheets to which are posted in summary form or in detail the entries for labor, materials and other charges for utility plant additions and the entries closing the work orders to utility plant in service at completion	Do.
(c) Authorizations for expenditures for additions to utility plant, including memoranda showing the detailed estimates of cost and the bases therefor (including original and revised or subsequent authorizations)	10 years.
(d) Requisitions and registers of authorizations for utility plant expenditures	Do.
(e) Completion or performance reports showing comparison between authorized estimates and actual expenditures for utility plant additions	Do.
(f) Analysis or cost reports showing quantities of materials used, unit costs, number of man-hours, etc., in connection with completed construction project	10 years after clearance to the plant account, provided continuing property plant inventory records are maintained; otherwise 6 years after plant is retired.
(g) Records and reports pertaining to progress of construction work, the order in which jobs are to be completed, and similar records which do not form a basis of entries to the accounts	Destroy at option.
(h) Well-drilling logs and well-construction records	1 year after field or relevant production are abandoned.
32. Retirement work in progress ledgers, work orders, and supplemental records:	
(a) Work order sheets to which are posted the entries for removal costs, materials recovered, and credits to utility plant accounts for cost of plant retired	10 years after plant is retired.1
(b) Authorizations for retirement of utility plant, including memoranda showing the basis for determination of cost of plant to be retired and estimates of salvage and removal costs	10 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 6 years after plant is retired.5
(c) Registers of retirement work orders	10 years.
33. Summary sheets, distribution sheets, reports, statements, and papers directly supporting debits and credits to utility plant accounts not covered by construction or retirement work orders and their supporting records	10 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 6 years after plant is retired.
34. Appraisals and valuations: Appraisals and valuations made by the company of its properties or investments or of the properties or investments of any associated companies. (Includes all records essential thereto.)	3 years after disposition, termination of lease, or write-off of property or investment.
35. [Reserved]	
36. The original or reproductions of engineering records, drawings and other supporting data for proposed as constructed natural gas	

facilities:	
(a) Maps, diagrams, profiles, photographs, field survey notes, plot plan, detail drawings, records of engineering studies and similar records showing the location of proposed or as-constructed facilities:	
(1) If construction of facility results wholly, or in part	Retain until receipt of FERC audit report or two years after auditor's exit conference, whichever occurs first.
37. Contracts and other agreements relating to natural gas company records:	
(a) Contracts relating to acquisition or sale of plant	6 years after plant is retired.
(b) [Reserved]	
(c) The primary records of gas acreage owned, leased or optioned excluding deeds and leases but including such records as lease sheets, leasehold cards, and option agreements	6 years after rights to the gas acreage have expired or otherwise dissolved.
38. Records pertaining to reclassifications of utility plant accounts to conform to prescribed systems of accounts, including supporting papers showing the bases for such reclassifications	6 years. See § 225.2(j).
39. Records of accumulated provisions for depreciation and depletion of utility plant and supporting computation of expense:	
(a) Detailed records or analysis sheets segregating the accumulated depreciation according to functional classification of plant	25 years.
(b) Records reflecting the service life of property and the percentage of salvage and costs of removal for property retired from each account for depreciable utility plant	Do.1
purchases and stores	
40. Procurements:	
(a) Agreements entered into for the acquisition of goods or the performance of services. Includes all forms of agreements not specifically set forth in Subsection 7 such as, but not limited to: Letters of intent, exchange of correspondence, master agreements, term contracts, rental agreements and the various types of purchase orders:	
(1) For goods or services relating to plant construction	6 years. See § 225.2(j).
(2) For other goods or services	6 years.
(b) Supporting documents including accepted and unaccepted bids or proposals (summaries of unaccepted bids and proposals may be kept in lieu of originals) evidencing all relevant elements of the procurement	6 years. See § 225.2(j).
41. Material ledgers:	
(a) Ledger sheets of materials and supplies received, issued, and on hand	Retain until receipt of FERC audit report or two years after auditor's exit conference, whichever occurs first.
42. Materials and supplies received and issued:	
(a) -- (b) [Reserved]	
(c) Records showing the detailed distribution of materials and supplies issued during accounting periods	6 years. See § 225.2(j).
43. Records of sales of scrap and materials and supplies:	
(a) Authorizations for sale of scrap and materials and supplies	3 years.
(b) Contracts for sale of scrap and materials and supplies	Do.
44. [Reserved]	
revenue accounting and collecting	
45. Customers' service applications and contracts:	
(a) -- (g) [Reserved]	
(h) Contracts for extensions of service for which contributions are made by customers or others	Retain until receipt of FERC audit report or two years after auditor's exit conference, whichever occurs first.

46. Rate schedules:	
(a) General files of published rate sheets and schedules of utility service. (Including schedules suspended or superseded.)	Retain until receipt of FERC audit report or two years after auditor's exit conference, whichever occurs first.
47. -- 48. [Reserved	
49. Maximum demand, pressure, temperature, and specific gravity charts and demand meter record cards	1 year, except where the basic chart information is transferred to another record the charts need only be retained 6 months, provided the record containing the basic data is retained 1 year.
50. Miscellaneous billing data:	
(a) Billing department's copies of contracts with customers (in addition to contracts in general files)	Destroy at option.
51. Revenue summaries:	
(a) Summaries of monthly operating revenues according to classes of service for entire utility	6 years.
(b) Summaries of monthly operating revenues according to classes of service by towns, districts, or divisions (including summaries of forfeited discounts and penalties)	Do.
52. -- 56. [Reserved]	
tax	
57. Tax records:	
(a) Copies of returns and schedules filed with taxing authorities, supporting work papers, records of appeals, tax bills and receipts for payments. (See subsection 15(b) for vouchers evidencing disbursements):	
(1) Income tax returns	7 years after settlement.
(2) Property tax returns	2 years after settlement.
(3) Sales and use taxes	3 years.
(4) Other taxes	2 years after settlement.
(5) Agreements between associate companies as to allocation of consolidated income taxes	7 years after settlement.
(6) Schedule of allocation of consolidated Federal income taxes among associated companies	Do.
(b) Summaries of taxes paid	Destroy at option.
(c) Filings with taxing authorities to qualify employee benefit plans	7 years after settlement of Federal return or discontinuance of plan, whichever is later.
(d) Information returns and reports to taxing authorities	3 years, or for the period of any extensions granted for audit.
treasury	
58. Statements of funds and deposits:	
(a) Summaries and periodic statements of cash balances on hand and with depositories	Destroy at option.
(b) Statement of managers' and agents' cash balances on hand and with depositories	Do.
59. Records of deposits with banks and others:	
(a -- (b) [Reserved]	
(c) Statements from depositories showing the details of funds received, disbursed, transferred, and balances on deposit	Do.
(d) -- (e) [Reserved]	
(f) Check stubs, registers, or other records of checks issued	6 years.
60. Records of receipts and disbursements:	
(a) Daily or other periodic statements of receipts or disbursements of funds	Destroy at option after completion of annual audit by independent accountants.
(b) Records or periodic statements of outstanding vouchers, checks, drafts, etc. issued and not presented	Do.
(c) Reports of associates showing working fund transactions and summaries thereof	Do.

(d) Reports of revenue collections by field cashiers, pay stations, etc miscellaneous	Do.
61. Statistics:	
(a) Annual financial, operating and statistical reports regularly prepared in the course of business for internal administrative or operating purposes (and not used as the basis for entries to accounts of the companies concerned) to show the results of operations and the financial condition of the utility	10 years after date of report.
(b) Quarterly, monthly or other periodic financial, operating and other statistical reports as above	2 years after date of report.
62. Budgets and other forecasts: (Prepared for internal administrative or operating purposes) of estimated future income, receipts and expenditures in connection with financing, construction and operations and acquisitions or disposals of properties or investments by the company and its associate companies, including revisions of such estimates and memoranda showing reasons for revisions; also records showing comparison of actual income and receipts and expenditures with estimates	3 years.
63. [Reserved]	
64. Records of predecessors and former associates	Retain until the records of utility plant acquired have been integrated with the utility's plant records and the original cost of the acquired plant is adequately supported by cost details and until it is ascertained that such records are not necessary to fulfillment of any unsatisfied regulatory requirements, such as: (a) Approval and recording of accounting adjustments resulting from reclassification and original cost studies and acceptance of property acquisition journal entries, (b) establishment of continuing plant inventory records or accounting evidence of the cost of long-lived property in the absence of such continuing plant inventory records.
65. Reports to Federal and State regulatory commissions:	
(a) Annual financial, operating and statistical reports:	
(1) Federal agencies	Retain until receipt of FERC audit report or two years after auditor's exit conference, whichever occurs first.
(2) State Commissions	Retain as long as the active tariffs or rates are in effect.
(b) [Reserved]	
(c) Special or periodic reports on the following subjects:	
(1) Transactions with associated companies	6 years.
(2) Budgets of expenditures	3 years.
(3) [Reserved]	
(4) Employees and wages	5 years.
(5) Loans to officers and employees	3 years after fully paid.
(6) [Reserved]	
(7) Purchases and sales, utility properties	Ten years after the plant is retired.
(8) Plant changes -- units added and retired	Do.
(d) Records required to be retained under § 277.210 of this chapter, relating to the Natural Gas Policy Act of 1978	3 years.
66. Other miscellaneous records:	
(a) Copies of advertisements by the company in behalf of itself or any associate company in newspapers, magazines and other publications including records thereof. (Excluding advertising of product, appliances, employment opportunities, services, territory,	Do.

routine notices and invitations for bids for securities, all of which may be destroyed at option.)
fn1 See § 225.2, General instructions (n) -- Schedule of Notes (5).

4023 words

4 of 4 DOCUMENTS

LEXIS PUBLISHING'S CODE OF FEDERAL REGULATIONS
Copyright (c) 2003, LEXIS Publishing

*** THIS SECTION IS CURRENT THROUGH THE DECEMBER 3, 2003 ISSUE OF ***
*** THE FEDERAL REGISTER ***
Except for those sections affected by 68 FR 66534, Nov. 26, 2003

TITLE 18 -- CONSERVATION OF POWER AND WATER RESOURCES

CHAPTER I -- FEDERAL ENERGY REGULATORY COMMISSION, DEPARTMENT OF ENERGY

SUBCHAPTER F -- ACCOUNTS, NATURAL GAS ACT

PART 225 -- PRESERVATION OF RECORDS OF NATURAL GAS COMPANIES

18 CFR 225.3

§ 225.3 Schedule of records and periods of retention.

Information Technology Management

5. Automatic data processing records.

General Accounting Records

6. General and subsidiary ledgers.

7. Journals: General and subsidiary.

8. Journal vouchers and journal entries.

9. Cash books.

10. Voucher registers.

11. Vouchers.

Insurance

12. Insurance records.

Operations and Maintenance

13. Production-Gas.

14. Transmission and distribution-Gas.

14.1. Underground storage of natural gas.

15. Maintenance work orders and job orders.

18 CFR 225.3

Plant and Depreciation

16. Plant ledgers.

17. Construction work in progress ledgers.

18. Retirement work in progress ledgers.

19. Summary sheets.

20. Appraisals and valuations.

21. Engineering records.

22. Contracts relating to natural gas.

23. Reclassification of natural gas plant account records.

24. Accumulated depreciation and depletion of natural gas plant account records.

Purchase and Stores

25. Procurement.

26. Material ledgers.

27. Materials and supplies received and issued.

28. Records of sales of scrap and materials and supplies.

Revenue Accounting and Collection

29. Customers' service applications and contracts.

30. Rate schedules.

31. Maximum demand and demand meter record cards.

32. Miscellaneous billing data.

33. Revenue summaries.

Tax

34. Tax records.

Treasury

35. Statements of funds and deposits.

36. Records of deposits with banks and others.

37. Records of receipts and disbursements.

Miscellaneous

38. Statistics.

39. Budgets and other forecasts.

40. Records of predecessors companies.

41. Reports to Federal and State regulatory commissions.

42. Advertising.

Schedule of Records and Periods of Retention

Item No. and description	Retention period
Corporate and General	

18 CFR 225.3

1. Reports to stockholders: Annual reports or statements to stockholders	5 years.
2. Organizational documents: (a) Minute books of stockholders', directors', and directors' committee meetings	5 years or termination of the corporation's existence, whichever occurs first.
(b) Titles, franchises, and licenses: Copies of formal orders of regulatory commissions served upon the natural gas company	6 years after final non-appealable order.
3. Contracts including amendments and agreements (except contracts provided for elsewhere): (a) Service contracts, such as for management, accounting, and financial services	All contracts, related memoranda, and revisions should be retained for 4 years after expiration or until the conclusion of any contract disputes pertaining to such contracts, whichever is later.
(b) Contracts with others for transportation or for the purchase, sale or interchange of product	All contracts, related memoranda, and revisions should be retained for 4 years after expiration or until the conclusion of any contract disputes or governmental proceedings pertaining to such contracts, whichever is later.
(c) Memoranda essential to clarifying or explaining provisions of contracts listed above, including requests for discounts	For the same periods as contracts to which they relate.
(d) Card or book records of contracts, leases, and agreements made that show dates of expirations, renewals, memoranda of receipts, and payments under such contracts	For the same periods as contracts to which they relate.
4. Accountants' and auditors' reports: (a) Reports of examinations and audits by accountants and auditors not in the regular employ of the natural gas company (such as reports of public accounting firms and Commission accountants)	5 years after the date of the report.
(b) Internal audit reports and working papers	5 years after the date of the report.
Information Technology Management	
5. Automatic data processing records (retain original source data used as input for data	Retain as long as it represents an active viable program or for periods prescribed for related

processing and data processing report printouts for the applicable periods prescribed elsewhere in the schedule): Software program documentation and revisions thereto.	output data, whichever is shorter.

General Accounting Records

6. General and subsidiary ledgers:	
(a) Ledgers:	
(1) General ledgers	10 years.
(2) Ledgers subsidiary or auxiliary to general ledgers except ledgers provided for elsewhere	10 years.
(b) Indexes:	
(1) Indexes to general ledgers	10 years.
(2) Indexes to subsidiary ledgers except ledgers provided for elsewhere	10 years.
(c) Trial balance sheets of general and subsidiary ledgers	2 years.
7. Journals: General and subsidiary	10 years.
8. Journal vouchers and journal entries including supporting detail:	
(a) Journal vouchers and journal entries	10 years.
(b) Analyses, summarizations, distributions, and other computations which support journal vouchers and journal entries:	
(1) Charging plant accounts	25 years. See § 225.2(g).
(2) Charging all other accounts	6 years.
9. Cash books: General and subsidiary or auxiliary books	5 years after close of fiscal year.
10. Voucher registers: Voucher registers or similar records when used as a source document	5 years. See § 225.2(g).
11. Vouchers:	
(a) Paid and canceled vouchers (1 copy-analysis sheets showing detailed distribution of charges on individual vouchers and other supporting papers)	5 years. See § 225.2(g).
(b) Original bills and invoices for materials, services, etc., paid by vouchers	5 years. See § 225.2(g).
(c) Paid checks and receipts for payments of specific vouchers	5 years.
(d) Authorization for the payment of specific vouchers	5 years. See § 225.2(g).
(e) Lists of unaudited bills	Destroy at option.

(accounts payable), list of vouchers transmitted, and memoranda regarding changes in audited bills (f) Voucher indexes	Destroy at option.
	Insurance
12. Insurance records: (a) Records of insurance policies in force, showing coverage, premiums paid, and expiration dates	Destroy at option after expiration.
(b) Records of amounts recovered from insurance companies in connection with losses and of claims against insurance companies, including reports of losses, and supporting papers	6 years. See § 225.2(g).
	Operations and Maintenance
13. Production--Gas: (a) Recording instrument charts such as pressure (static and/or differential), temperature, specific gravity, heating value, etc	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(b) Test of heating value at stations and outlying points	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(c) Records of gas produced, out, and holder stock	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(d) Analysis of (gas produced) B.T.U. and sulphur content	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(e) Well records, including clearing, bailing, shooting etc., records; rock pressure; open flow; production, gas analysts' reports etc	1 year after field or relevant production area abandoned
(f) Gas measuring records	If the measurement data have not been disputed or adjusted, destroy after 1 year.
14. Transmission and distribution--Gas: (a) Substation and transmission line log	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(b) System operator's daily logs and reports of operation	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(c) Gas measuring records	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(d) Transmission line operating	If the measurement data have not

reports	been disputed or adjusted, destroy after 1 year.
(e) Compression operation and reports	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(f) Recording instrument charts such as pressure (static and/or differential), temperature, specific heating value, etc	If the measurement data have not been disputed or adjusted, destroy after 1 year.
14.1 Underground storage of natural gas:	
(a) Well records, reports, and logs which include data relating to pressures, injected volumes, withdrawn volumes, core analysis, daily volumes of gas injected into and withdrawn from reservoir, cushion, and working gas volumes for each reservoir	1 year after reservoir, field, or relevant storage area is abandoned.
(b) Records containing information relating to reservoir gas leakage, showing the total gas leakage, and recycled gas	1 year after reservoir, field, or relevant storage area is abandoned.
(c) Records on back pressure tests field data	1 year or until superseded.
(d) Records on back pressure test results, gas analysis	1 year or until superseded.
15. Maintenance work orders and job orders:	
(a) Authorizations for expenditures for maintenance work to be covered by work orders, including memoranda showing the estimates of costs to be incurred	5 years.
(b) Work order sheets to which are posted in detail the entries for labor, material, and other charges in connection with maintenance, and other work pertaining to natural gas company operations	5 years.
(c) Summaries of expenditures on maintenance and job orders and clearances to operating other accounts (exclusive of plant accounts)	5 years.
	Plant and Depreciation
16. Plant ledgers:	
(a) Ledgers of natural gas company's plant accounts including land and other detailed ledgers showing the cost of plant by class	25 years. See § 225.2(g).
(b) Continuing plant inventory ledger, book or card records	25 years. See § 225.2(g).

showing description, location, quantities, cost, etc., of physical units (or items) of natural gas plant owned	
17. Construction work in progress ledgers:	
(a) Construction work in progress ledgers	5 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(b) Work order sheets to which are posted in summary form or in detail the entries for labor, materials, and other charges for natural gas company's plant additions and the entries closing the work orders to plant in service at completion	5 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(c) Authorizations for expenditures for additions to natural gas company plant, including memoranda showing the detailed estimates of cost, and the bases therefor (including original and revised or subsequent authorizations)	5 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(d) Requisitions and registers of authorizations for natural gas company plant expenditures	5 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(e) Completion or performance reports showing comparison between authorized estimates and actual expenditures for natural gas company plant additions	5 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(f) Analysis or cost reports showing quantities of materials used, unit costs, number of man-hours etc., in connection with completed construction project	5 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(g) Records and reports pertaining to progress of construction work, the order in which jobs are to be completed, and similar records which do not form a basis of entries to the accounts	Destroy at option.
(h) Well-drilling logs and well construction records	1 year after field or well is abandoned.
18. Retirement work in progress ledgers, work orders, and supplemental records:	
(a) Work order sheets to which are posted the entries for removal costs, materials	5 years after plant is retired.

recovered, and credits to natural gas company plant accounts for cost of plant retirement	
(b) Authorizations for retirement of natural gas company plant, including memoranda showing the basis for determination of cost of plant to be retired, and estimates of salvage and removal costs	5 years after plant is retired.
(c) Registers of retirement work	5 years.
19. Summary sheets, distribution sheets, reports, statements, and papers directly supporting debits and credits to natural gas company plant accounts not covered by construction or retirement work orders and their supporting records	5 years.
20. Appraisals and valuations:	
(a) Appraisals and valuations made by the company of its properties or investments or of the properties or investments of any associated companies. Includes all records essential thereto	3 years after appraisal.
(b) Determinations of amounts by which properties or investments of the company or any of its associated companies will be either written up or written down as a result of:	
(1) Mergers or acquisitions	10 years after completion of transaction or as ordered by the Commission.
(2) Asset impairments	10 years after recognition of asset impairment.
(3) Other bases	10 years after the asset was written up or down.
21. The original or reproduction of engineering records, drawings, and other supporting data for proposed or as-constructed gas facilities: Maps, diagrams, profiles, photographs, field survey notes, plot plan, detail drawings, records of engineering studies, and similar records showing the location of proposed or as-constructed facilities	Retained until retired or abandoned.
22. Contracts relating to natural gas plant:	
(a) Contracts relating to acquisition or sale of plant	6 years after plant is retired or sold.
(b) The primary records of gas acreage owned, leased or optioned	6 years after plant is retired or sold.

excluding deeds and leases but including such records as lease sheets, leasehold cards, and option agreements	
23. Records pertaining to reclassification of natural gas plant accounts to conform to prescribed systems of accounts including supporting papers showing the bases for such reclassifications	6 years.
24. Records of accumulated provisions for depreciation and depletion of gas plant and supporting computation of expense:	
(a) Detailed records or analysis sheets segregating the accumulated depreciation according to functional classification of plant	25 years.
(b) Records reflecting the service life of property and the percentage of salvage and cost of removal for property retired from each account for depreciable natural gas plant	25 years.
	Purchases and Stores
25. Procurement:	
(a) Agreements entered into for the acquisition of goods or the performance of services. Includes all forms of agreements not specifically set forth in Subsection 7 such as but not limited to: Letters of intent, exchange of correspondence, master agreements, term contracts, rental agreements, and the various types of purchase orders:	
(1) For goods or services relating to plant construction	6 years. See § 225.2(g).
(2) For other goods or services	6 years.
(b) Supporting documents including accepted and unaccepted bids or proposals (summaries of unaccepted bids or proposals may be kept in lieu of originals) evidencing all relevant elements of the procurement	6 years. See § 225.2(g).
26. Material ledgers: Ledger sheets of materials and supplies received, issued, and on hand	6 years after the date records/ledgers were created.
27. Materials and supplies	6 years. See § 225.2(g).

received and issued: Records showing the detailed distribution of materials and supplies issued during accounting periods	
28. Records of sales of scrap and materials and supplies:	
(a) Authorization for sale of scrap and materials and supplies	3 years.
(b) Contracts for sale of scrap and materials and supplies	3 years.
Revenue Accounting and Collection	
29. Customers' service applications and contracts: Contracts, including amendments for extensions of service, for which contributions are made by customers and others	4 years after expiration.
30. Rate schedules: General files of published rate sheets and schedules of natural gas company service (including schedules suspended or superseded)	6 years after published rate sheets and schedules are superseded or no longer used to charge for services.
31. Maximum demand, pressure, temperature, and specific gravity charts and demand meter record card	If the measurement data have not been disputed or adjusted, destroy after 1 year.
32. Miscellaneous billing data: Billing department's copies of contracts with customers (other than contracts in general files)	Destroy at option.
33. Revenue summaries: Summaries of monthly operating revenues according to classes of service. Including summaries of forfeited discounts and penalties	5 years.
Tax	
34. Tax records:	
(a) Copies of tax returns and supporting schedules filed with taxing authorities, supporting working papers, records of appeals of tax bills, and receipts for payment. See Subsection 11(b) for vouchers evidencing disbursements:	
(1) Income tax returns	2 years after final tax liability is determined.
(2) Property tax returns	2 years after final tax liability is determined.
(3) Sales and other use taxes	2 years.
(4) Other taxes	2 years after final tax liability is determined.
(5) Agreements between associate	2 years after final tax liability

companies as to allocation of consolidated income taxes	is determined.
(6) Schedule of allocation of consolidated Federal income taxes among associate companies	2 years after final tax liability is determined.
(b) Filings with taxing authorities to qualify employee benefit plans	5 years after discontinuance of plan.
(c) Information returns and reports to taxing authorities	3 years after final tax liability is determined.
	Treasury
35. Statements of funds and deposits:	
(a) Statements of periodic deposits with fund administrators or trustees	Retain records for the most recent 3 years.
(b) Statements of periodic withdrawals from fund	Retain records for the most recent 3 years.
(c) Statements prepared by fund administrator or trustees of fund activity including:	Retain records until the fund is dissolved or terminated.
(1) Beginning of the year fund balance	
(2) Deposits with the fund;	
(3) Acquisition of investments held by the fund;	
(4) Disposition of investments held by the fund;	
(5) Disbursements from the fund, including party to whom disbursement was made; and,	
(6) End of year fund balance.	
36. Records of deposits with banks and others:	
(a) Statements from depositories showing the details of funds received, disbursed, transferred, and balances on deposit	Destroy at option after completion of audit by independent accountants.
(b) Check stubs, registers, or other records of checks issued	3 years.
37. Records of receipts and disbursements:	
(a) Daily or other periodic statements of fund receipts or disbursements	Destroy at option after completion of annual audit by independent accountants.
(b) Records or periodic statements of outstanding vouchers, checks, drafts, etc., issued and not presented	Destroy at option after completion of annual audit by independent accountants.
(c) Reports of associates showing working fund transactions and summaries thereof	Destroy at option after completion of annual audit by independent accountants.
(d) Reports of revenue collections by field cashiers, pay stations, etc	Destroy at option after completion of annual audit by independent accountants.

18 CFR 225.3

Miscellaneous

38. Statistics: Financial, operating, and statistical reports used for internal administrative or operating purposes	5 years.
39. Budgets and other forecasts (prepared for internal administrative or operating purposes) of estimated future income, receipts, and expenditures in connection with financing, construction and operations, including acquisitions and disposals of properties or investments	3 years.
40. Records of predecessor companies	Retain consistent with the requirements for the same types of records of the natural gas company.
41. Reports to Federal and State regulatory commissions including annual financial, operating, and statistical reports	5 years.
42. Advertising: Copies of advertisements by or for the company on behalf of itself or any associate company in newspapers, magazines, and other publications, including costs and other records relevant thereto (excluding advertising of appliances, employment opportunities, routine notices, and invitations for bids all of which may be destroyed at option)	2 years.

3569 words

CERTIFICATION OF
MATERIALS INCORPORATED BY REFERENCE
IN RULES FILED WITH THE DEPARTMENT OF STATE

Pursuant to Rule 1S-1.005, Florida Administrative Code, I do hereby certify that the attached are true and correct copies of the following materials incorporated by reference in Rule 25-7.014. Under the provisions of subparagraph 120.54(3)(e)(6), F.S., the attached materials take effect 20 days from the date filed with the Department of State, or a later date as specified in the rule.

18 CFR Ch. 1, Subchapter F, Part 201

Blanca S. Bayó

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

_____
Number of Pages Certified

(S E A L)

MKS

FILED
DEC 17 AM 11:36
FLORIDA DEPARTMENT OF STATE

f this chapter and the pipeline's tariff equirements relating to Internet web ites. Access to the information must e provided using the same protocols nd procedures used for the pipeline's nternet web site.

(i) It must file with the Commission procedures that will enable shippers and the Commission to determine how the pipeline is complying with the standards in this section.

(j) A pipeline must maintain its books of account and records (as prescribed under part 201) separately from those of its affiliate.

(k) A pipeline must maintain a written log of waivers that the pipeline grants with respect to tariff provisions that provide for such discretionary waivers and provide the log to any person requesting it within 24 hours of the request.

(l)(1) A pipeline must post the names and addresses of its marketing affiliates on its web site on the public Internet and update the information within three business days of any change. A pipeline must also state the date the information was last updated. Postings must conform with the requirements of §284.12 of this chapter.

(2) A pipeline must post the following information on its Internet web site complying with §284.12 of this chapter and update the information within three business days of any change, posting the date on which the information was updated:

(i) A complete list of the names of operating personnel and facilities shared by the pipeline and its marketing affiliates; and

(ii) Comprehensive organizational charts showing:

(A) The organizational structure of the parent corporation with the relative position in the corporate structure of the pipeline and all marketing affiliates;

(B) For the pipeline, the business units, job titles and descriptions, and chain of command for all positions, including officers and directors, with the exception of clerical, maintenance, and field positions. The job titles and descriptions must include the employee's title, the employee's duties, whether the employee is involved in transportation or gas sales, and the name of supervisory employees who manage nonclerical employees involved in transportation or gas sales.

(C) For all employees shared by the pipeline and a marketing affiliate, the business unit within the marketing affiliate organizational structure in which the employee is located, the employee's name, job title and job description in the marketing affiliate, and the employees position within the chain of command of the marketing affiliate.

[Order 497, 53 FR 22161, June 14, 1988; 53 FR 25240, July 5, 1988; Order 497–A, 54 FR 52792, Dec. 22, 1989; Order 497–D, 57 FR 58982, Dec. 14, 1992; Order 497–E, 59 FR 255, Jan. 4, 1994; Order 566, 59 FR 32898, June 27, 1994; Order 566–A, 59 FR 52904, Oct. 20, 1994; 61 FR 39068, July 26, 1996; Order 599, 63 FR 43079, Aug. 12, 1998; Order 637, 65 FR 10219, Feb. 25, 2000]

SUBCHAPTER F—ACCOUNTS, NATURAL GAS ACT

PART 201—UNIFORM SYSTEM OF ACCOUNTS PRESCRIBED FOR NATURAL GAS COMPANIES SUBJECT TO THE PROVISIONS OF THE NATURAL GAS ACT

AUTHORITY: 15 U.S.C. 717–717w, 3301–3432; 42 U.S.C. 7101–7352, 7651–7651o.

SOURCE: Order 219, 25 FR 5616, June 21, 1960.

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting part 201, see the List of CFR Sections Affected, which appears in the Finding Aids section of the printed volume and on GPO Access.

EFFECTIVE DATE NOTE: At 58 FR 18006, April 7, 1993, part 201 was amended by redesignating definitions 31 through 39 as 32 through 40 and adding new definition 31; Accounts 182.3 and 254 were added under Balance Sheet Accounts; and Accounts 407.3 and 407.4 were added under Income Accounts. The information collection provisions, will not become effective until approved by the Office of Management and Budget.

NOTE: Order 141, 12 FR 8504, Dec. 19, 1947, provides in part as follows:

Prescribing a system of accounts for natural gas companies under the Natural Gas Act. The Federal Power Commission acting pursuant to authority granted by the Natural Gas Act (58) Stat. 821, as amended; 15 U.S.C. and Sup. 717 et seq.), particularly sections 8(a), 10(a) and 16 thereof, and finding such action necessary and appropriate for carrying out the provisions of said Act, ordered that:

(a) The accompanying system of accounts, entitled "Uniform System of Accounts Prescribed for Natural Gas Companies Subject to the Provisions of the Natural Gas Act," and the rules and regulations contained therein, be adopted;

(b) Said system of accounts and said rules and regulations contained therein be and the same are hereby prescribed and promulgated as the system of accounts and rules and regulations of the Commission to be kept and observed by natural gas companies subject to the jurisdiction of the Commission, to the extent and in the manner set forth therein;

(c) Said system of accounts and rules and regulations therein contained as to all natural gas companies now subject to the jurisdiction of the Commission, became effective on January 1, 1940, and as to any natural gas company which may hereafter become subject to the jurisdiction of the Commission, they shall become effective as of the date when such natural gas company becomes subject to the jurisdiction of the Commission.

Uniform System of Accounts Prescribed for Natural Gas Companies Subject to the Provisions of the Natural Gas Act

Definitions

When used in this system of accounts:

1. *Accounts* means the accounts prescribed in this system of accounts.

2. *Actually issued*, as applied to securities issued or assumed by the utility, means those which have been sold to bona fide purchasers for a valuable consideration, those issued as dividends on stock, and those which have been issued in accordance with contractual requirements direct to trustees of sinking funds.

3. *Actually outstanding*, as applied to securities issued or assumed by the utility, means those which have been actually issued and are neither retired nor held by or for the utility; provided, however, that securities held by trustees shall be considered as actually outstanding.

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

5. A. *Associated (affiliated) companies* means companies or persons that directly or indirectly, through one or more intermediaries, control, or are controlled by, or are under common control with the accounting company.

B. *Control* (including the terms "controlling," "controlled by," and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority

ownership or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, associated companies, contract or any other direct or indirect means.

6. *Book cost* means the amount at which property is recorded in these accounts without deduction of related provisions for accrued depreciation, depletion, amortization, or for other purposes.

7. *Commission*, means the Federal Energy Regulatory Commission.

8. *Continuing plant inventory record* means company plant records for retirement units and mass property that provide, as either a single record, or in separate records readily obtainable by references made in a single record, the following information:

A. For each retirement unit;

(1) The name or description of the unit, or both;

(2) The location of the unit;

(3) The date the unit was placed in service;

(4) The cost of the unit as set forth in Plant Instructions 2 and 3 of this part; and

(5) The plant control account to which the cost of the units is charged; and

B. For each category of mass property;

(1) A general description of the property and quantity;

(2) The quantity placed in service by vintage year;

(3) The average cost as set forth in Plant Instructions 2 and 3 of this part; and

(4) The plant control account to which the costs are charged.

9. *Cost* means the amount of money actually paid for property or services. When the consideration given is other than cash in a purchase and sale transaction, as distinguished from a transaction involving the issuance of common stock in a merger or a pooling of interest, the value of such consideration shall be determined on a cash basis.

10. *Cost of removal* means the cost of demolishing, dismantling, tearing down or otherwise removing gas plant, including the cost of transportation and handling incidental thereto.

11. *Debt expense* means all expenses in connection with the issuance and initial sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing bonds and certificates of indebtedness; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen for marketing such evidences of debt; fees and expenses of listing on exchanges; and other like costs.

12. A. *Depletion*, as applied to natural gas producing land and land rights, means the loss in service value incurred in connection with the exhaustion of the natural resource in the course of service.

B. *Depreciation*, as applied to depreciable gas plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of gas plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities, and, in the case of natural gas companies, the exhaustion of natural resources.

13. *Development costs*, when used with respect to hydrocarbons, include all costs incurred in the readying of hydrocarbon deposits for commercial production including developmental well drilling costs.

14. *Discount*, as applied to the securities, issued or assumed by the utility, means the excess of the par (stated value of no-par stocks) or fact value of the securities plus interest or dividends accrued at the date of the sale over the cash value of the consideration received from their sale.

15. *Exploration costs*, include all costs incurred in proving the existence of hydrocarbon deposits including geological, geophysical, lease acquisition (including delay rentals), administrative and general, and exploratory well drilling costs.

16. *Full-cost accounting for exploration and development costs*, means the capitalization of all exploration and development costs incurred on or related to hydrocarbon leases, on properties in the contiguous 48 States and the State of Alaska, acquired after October 7, 1969.

17. *Investment advances* means advances, represented by notes or by book accounts only, with respect to which it is mutually agreed or intended between the creditor and debtor that they shall be settled by the issuance of securities or shall not be subject to current settlement.

18. *Lease, capital* means a lease of property used in utility or non-utility operations, which meets one or more of the criteria stated in General Instruction 19.

19. *Lease, operating* means a lease of property used in utility or non-utility operations, which does not meet any of the criteria stated in General Instruction 19.

20. *Minor items of property* means the associated parts or items of which retirement units are composed.

21. *Natural gas* means either natural gas unmixed, or any mixture of natural and artificial gas.

22. *Natural gas company* means a person engaged in the transportation of natural gas in interstate commerce, or the sale in interstate commerce of such gas for resale.

23. *Net salvage value* means the salvage value of property retired less the cost of removal.

24. *Nominally issued*, as applied to securities issued or assumed by the utility, means those which have been signed, certified, or otherwise executed, and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the utility, but which have not been sold, or issued direct to trustees of sinking funds in accordance with contractual requirements.

25. *Nominally outstanding*, as applied to securities issued or assumed by the utility, means those which, after being actually issued, have been reacquired by or for the utility under circumstances which require them to be considered as held alive and not retired, provided, however, that securities held by trustees shall be considered as actually outstanding.

26. *Original cost*, as applied to gas plant, means the cost of such property to the person first devoting it to public service.

27. *Person* means an individual, a corporation, a partnership, an association, a joint stock company, a business trust, or any organized group of persons, whether incorporated or not, or any receiver or trustee.

28. *Premium*, as applied to securities issued or assumed by the utility, means the excess of the cash value of the consideration received from their sale over the sum of their par (stated value of no-par stocks) or face value and interest or dividends accrued at the date of sale.

29. *Production, transmission, and distribution plant.* For the purposes of this system of accounts:

A. *Production system* shall consist of plant and equipment used in the production of gas. It shall include producing lands and leaseholds, gas rights, other land rights, structures, drilling and clearing equipment, gas wells, well head equipment, separation and other facilities used in the production of natural gas. The production system ends where the gas enters a gathering system, transmission system or distribution system, as applicable, in accordance with the practices in the pricing area where such system is located.

B. *Transmission system* means the land, structures, mains, valves, meters, boosters, regulators, tanks, compressors, and their driving units and appurtenances, and other equipment used primarily for transmitting gas from a production plant, delivery point of purchased gas, gathering system, storage area, or other wholesale source of gas, to one or more distribution areas. The transmission system begins at the outlet side of the valve at the connection to the last equipment in a manufactured gas plant, the connection to gathering lines or delivery point of purchased gas, 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 or into a storage area. It does

not include storage land, structures or equipment. Pipeline companies, including those companies which measure deliveries of gas to their own distribution systems, shall include city gate and main line industrial measuring and regulating stations in the transmission function.

C. *Distribution system* means the mains which are provided primarily for distributing gas within a distribution area, together with land, structures, valves, regulators, services and measuring devices, including the mains for transportation of gas from production plants or points of receipt located within such distribution area to other points therein. The distribution system owned by companies having no transmission facilities connected to such distribution system begins at the inlet side of the distribution system equipment which meters or regulates the entry of gas into the distribution system and ends with and includes property on the customer's premises. For companies which own both transmission and distribution facilities on a continuous line, 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 customer's premises. The distribution system does not include storage land, structures, or equipment.

D. *Distribution area* means a metropolitan area or other urban area comprising one or more adjacent or nearby cities, villages or unincorporated areas, including developed areas contiguous to main highways.

30. *Property retired,* as applied to gas plant, means property which has been removed, sold, abandoned, destroyed, or which for any cause has been withdrawn from service.

31. *Regulatory Assets and Liabilities* are assets and liabilities that result from rate actions of regulatory agencies. Regulatory assets and liabilities arise from specific revenues, expenses, gains, or losses that would have been included in net income determinations in one period under the general requirements of the Uniform System of Accounts but for it being probable: 1) that such items will be included in a different period(s) for purposes of developing the rates the utility is authorized to charge for its utility services; or 2) in the case of regulatory liabilities, that refunds to customers, not provided for in other accounts, will be required.

32. A. *Replacing* or *replacement,* when not otherwise indicated in the context, means the construction or installation of gas plant in place of property retired, together with the removal of the property retired.

B. *Research, Development, and Demonstration* (RD&D), means expenditures incurred by natural gas companies either directly or through another person or organization (such as research institute, industry association, foundation, university, engineering company, or similar contractor) in pursuing research, development, and demonstration activities including experiment, design, installation, construction, or operation. This definition includes expenditures for the implementation or development of new and/or existing concepts until technically feasible and commercially feasible operations are verified. Such research, development, and demonstration costs should be reasonably related to the existing or future utility business, broadly defined, of the public utility or licensee or in the environment in which it operates or expects to operate. The term includes, but is not limited to: All such costs incidental to the design, development or implementation of an experimental facility, a plant process, a product, a formula, an invention, a system or similar items, and the improvement of already existing items of a like nature; amounts expended in connection with the proposed development and/or proposed delivery of substitute or synthetic gas supplies (alternate fuel sources for example, an experimental coal gasification plant or an experimental plant synthetically producing gas from liquid hydrocarbons); and the costs of obtaining its own patent, such as attorney's fees expended in making and perfecting a patent application. The term includes preliminary investigations and detailed planning of specific projects for securing for customers non-conventional pipeline gas supplies that rely on technology that has not been verified previously to be feasible. The term does not include expenditures for efficiency surveys; studies of management, management techniques and organization; consumer surveys, advertising, promotions, or items of a like nature.

33. *Retained earnings* (formerly earned surplus) means the accumulated net income of the utility less distribution to stockholders and transfers to other capital accounts.

34. *Retirement units* means those items of gas plant which, when retired, with or without replacement, are accounted for by crediting the book cost thereof to the gas plant account in which included.

35. *Salvage value* means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale; or, if retained, the amount at which the material recoverable is chargeable to Materials and Supplies, or other appropriate account.

36. *Service life* means the time between the date gas plant is includible in gas plant in service, or gas plant leased to others, and the date of its retirement. If depreciation is accounted for on a production basis rather than on a time basis, then service life should be measured in terms of the appropriate unit of production.

37. *Service value* means the difference between original cost and net salvage value of gas plant.

38. *Unsuccessful exploration and development costs,* means exploration and development costs related to efforts which do not directly result in the discovery of commercially recoverable hydrocarbon reserves.

39. *Subsidiary company,* means a company which is controlled by the utility through ownership of voting stock. (See "Definitions"—item 5B "Control"). A corporate joint venture in which a corporation is owned by a small group of businesses as a separate and specific business or project for the mutual benefit of the members of the group is a subsidiary company for the purposes of this system of accounts.

40. *Utility,* as used herein and when not otherwise indicated in the context, means any natural gas company to which this system of accounts is applicable.

General Instructions

1. *Applicability.* Each natural gas company must apply the system of accounts prescribed by the Commission.

Major —Each natural gas company as defined in the Natural Gas Act, whose combined gas sold for resale and gas transported or stored for a fee exceeds 50 million Mcf at 14.73 psi (60° F) in each of the three previous calendar years.

Nonmajor—Natural gas companies that are not classified as a "major company" (as defined above), and had total gas sales or volume transactions exceeding 200,000 Mcf at 14.73 psi (60 °F) in each of the three previous calendar years.

B. This system applies to both Major and Nonmajor natural gas companies. Provisions have been incorporated into this system for those entities which prior to January 1, 1984, were applying the Commission's Uniform System of Accounts Prescribed for Class C and Class D (part 104 of this chapter) now revoked. The notations "(Nonmajor)" and "(Major)" have been used to indicate those instructions and accounts from the previous systems and classifications, which by definition, are not interchangeable without causing a loss of detail for the *Major* (previous Class A and Class B) or an increase in detail burden for the *Nonmajor* (previous Class C and Class D).

C. The class to which any natural gas company belongs shall originally be determined by its annual gas volume in each of the last three consecutive years, or, in the case of a newly established entity, the projected data shall be the basis. Subsequent changes in classification shall be made when the volume for each of the three immediately preceding years exceeds the upper limit, or is less than the lower limit of the classification previously applicable to the natural gas company.

D. Any utility may, at its option, adopt the system of accounts prescribed by the Commission for any larger class of utilities.

2. *Records.* A. Each utility shall keep its books of account, and all other books, records, and memoranda which

support the entries in such books of account so as to be able to furnish readily full information as to any item included in any account. Each entry shall be supported by such detailed information as will permit ready identification, analysis, and verification of all facts relevant thereto.

B. The books and records referred to herein include not only accounting records in a limited technical sense, but all other records, such as minute books, stock books, reports, correspondence, memoranda, etc., which may be useful in developing the history of or facts regarding any transaction.

C. No utility shall destroy any such books or records unless the destruction thereof is permitted by rules and regulations of the Commission.

D. In addition to prescribed accounts, clearing accounts, temporary or experimental accounts, and subdivisions of any accounts, may be kept, provided the integrity of the prescribed accounts is not impaired.

E. All amounts included in the accounts prescribed herein for gas plant and operating expenses shall be just and reasonable and any payments or accruals by the utility in excess of just and reasonable charges shall be included in account 426.5, Other Deductions.

F. The arrangement or sequence of the accounts prescribed herein shall not be controlling as to the arrangement or sequence in report forms which may be prescribed by the Commission.

3. *Numbering system.* A. The account numbering plan used herein consists of a system of three-digit whole numbers as follows:

100–199 Assets and Other Debits.
200–299 Liabilities and Other Credits.
300–399 Plant Accounts.
400–432, 434–435 Income Accounts.
433, 436–439 Retained Earnings Accounts.
480–499 Revenue Accounts.
700–899 Production, Transmission and Distribution Expenses.
900–949 Customer Accounts, Customer Service and Informational, Sales and General and Administrative Expenses.

B. In certain instances, numbers have been skipped in order to allow for possible later expansion or to permit better coordination with the numbering system for other utility departments.

C. The numbers prefixed to account titles are to be considered as part of the titles. Each utility, however, may adopt for its own purposes a different system of account numbers (See also general instruction 2D) provided that the numbers herein prescribed shall appear in the descriptive headings of the ledger accounts and in the various sources of original entry; however, if a utility uses a different group of account numbers and it is not practicable to show the prescribed account numbers in the various sources of original entry, such reference to the prescribed account numbers may be omitted from the various sources of original entry. Moreover, each utility using different account numbers for its own purposes shall keep readily available a list of such account numbers which it uses and a reconciliation of such account numbers with the account numbers provided herein. It is intended that the utility's records shall be so kept as to permit ready analysis by prescribed accounts (by direct reference to sources of original entry to the extent practicable) and to permit preparation of financial and operating statements directly from such records at the end of each accounting period according to the prescribed accounts.

4. *Accounting period.* Each utility shall keep its books on a monthly basis so that for each month all transactions applicable thereto, as nearly as may be ascertained, shall be entered in the books of the utility. Amounts applicable or assignable to specific utility departments shall be so segregated monthly. Each utility shall close its books at the end of each calendar year unless otherwise authorized by the Commission.

5. *Submittal of questions.* To maintain uniformity of accounting, utilities shall submit questions of doubtful interpretation to the Commission for consideration and decision.

6. *Item lists.* Lists of "items" appearing in the texts of the accounts or elsewhere herein are for the purpose of more clearly indicating the application of the prescribed accounting. The lists are intended to be representative, but not exhaustive. The appearance of an item in a list warrants the inclusion of the item in the account mentioned only when the text of the account also indicates inclusion inasmuch as the same item frequently appears in more than one list. The proper entry in each instance must be determined by the texts of the accounts.

7. *Extraordinary items.* It is the intent that net income shall reflect all items of profit and loss during the period with the exception of prior period adjustments as described in paragraph 7.1 and long-term debt as described in paragraph 17 below. Those items related to the effects of events and transactions which have occurred during the current period and which are of unusual nature and infrequent occurrence shall be considered extraordinary items. Accordingly, they will be events and transactions of significant effect which are abnormal and significantly different from the ordinary and typical activities of the company, and which would not reasonably be expected to recur in the foreseeable future. (In determining significance, items should be considered individually and not in the aggregate. However, the effects of a series of related transactions arising from a single specific and identifiable event or plan of action should be considered in the aggregate.) To be considered as extraordinary under the above guidelines, an item should be more than approximately 5 percent of income, computed before extraordinary items. Commission approval must be obtained to treat an item of less than 5 percent, as extraordinary. (See accounts 434 and 435.)

7.1 *Prior period items.* A. Items of profit and loss related to the following shall be accounted for as prior period adjustments and excluded from the determination of net income for the current year.

(1) Correction of an error in the financial statements of a prior year.

(2) Adjustments that result from realization of income tax benefits of preacquisition operating loss carryforwards of purchased subsidiaries.

B. All other items of profit and loss recognized during the year shall be included in the determination of net income for that year.

8. *Unaudited items.* Whenever a financial statement is required by the Commission, if it is known that a transaction has occurred which affects the accounts but the amount involved in the transaction and its effect upon the accounts cannot be determined with absolute accuracy, the amount shall be estimated and such estimated amount included in the proper accounts. The utility is not required to anticipate minor items which would not appreciably affect the accounts.

9. *Distribution of pay and expenses of employees.* The charges to gas plant, operating expense and other accounts for services and expenses of employees engaged in activities chargeable to various accounts, such as construction, maintenance, and operations, shall be based upon the actual time engaged in the respective classes of work, or in case that method is impracticable, upon the basis of a study of the time actually engaged during a representative period.

10. *Payroll distribution.* Underlying accounting data shall be maintained so that the distribution of the cost of labor charged direct to the various accounts will be readily available. Such underlying data shall permit a reasonably accurate distribution to be made of the cost of labor charged initially to clearing accounts so that the total labor cost may be classified among construction, cost of removal, gas operating functions (manufactured gas production, natural gas production and gathering, products extraction, underground storage, transmission, distribution, etc.), and nonutility operations.

11. *Accounting to be on accrual basis.* A. The utility is required to keep its accounts on the accrual basis. This requires the inclusion in its accounts of all known transactions of appreciable amount which affect the accounts. If bills covering such transactions have not been received or rendered, the amounts shall be estimated and appropriate adjustments made when the bills are received.

B. When payments are made in advance for items such as insurance, rents, taxes or interest, the amount applicable to future periods shall be charged to account 165, Prepayments, and spread over the periods to which applicable by credits to account 165,

nd charges to the accounts appropriate for the expenditure.

12. *Records for each plant.* A. Separate ecords shall be maintained by gas lant accounts of the book cost of each lant owned, including additions by the tility to plant leased from others, and f the cost of operating and maintaing each plant owned or operated. The erm "plant," as here used, means each nanufactured gas production plant, he wells and gathering lines of each istinct production area, each system f interconnected transmission mains, ach system of wells and lines of an unlerground storage project, each large urification or dehydration plant, each ompressor station, other than a disribution compressor station, and each roducts extraction plant.

B. A natural gas company may, with he approval of the Commission, group ertain of its systems of gathering ines and wells, small compressor stations, systems of underground storage lines and wells, and systems of interconnected transmission mains for the purpose of complying with the portion of this instruction requiring a segregation of the cost of operating and maintaining each plant.

NOTE A: Where manufactured gas is produced by two or more processes at one location, each process shall be accounted for separately.

NOTE B: Each natural gas company shall maintain operating or accounting records for each well showing (a) acreage on which drilled, (b) dates of drilling period, (c) cost of drilling, (d) depth of well, (e) particulars and depth of each stratum drilled through, (f) geological formation from which gas is obtained, (g) initial rock pressure and open flow capacity, (h) sizes of casing used and the lengths of each size, (i) total cost of well as recorded in gas plant accounts, (j) date well abandoned, for wells once productive, (k) date transferred to underground storage plant, for wells converted to storage use, and (l) date drilling discontinued, for wells determined to be nonproductive. The foregoing data, as appropriate, shall also be maintained for each subsequent change in the depth of each well.

13. *Accounting for other departments.* If the utility also operates other utility departments, such as electric, water, etc., it shall keep such accounts for the other departments as may be prescribed by proper authority and in the absence of prescribed accounts, it shall keep such accounts as are proper or necessary to reflect the results of operating each such department. It is not intended that proprietary and similar accounts which apply to the utility as a whole shall be departmentalized.

14. *Transactions with associated companies.* Each utility shall keep its accounts and records so as to be able to furnish accurately and expeditiously statements of all transactions with associated companies. The statements may be required to show the general nature of the transactions, the amounts involved therein and the amounts included in each account prescribed herein with respect to such transactions. Transactions with associated companies shall be recorded in the appropriate accounts for transactions of the same nature. Nothing herein contained, however, shall be construed as restraining the utility from subdividing accounts for the purpose of recording separately transactions with associated companies.

15. *Contingent assets and liabilities.* Contingent assets represent a possible source of value to the utility contingent upon the fulfillment of conditions regarded as uncertain. Contingent liabilities include items which may under certain conditions become obligations of the utility but which are neither direct nor assumed liabilities at the date of the balance sheet. The utility shall be prepared to give a complete statement of significant contingent assets and liabilities (including cumulative dividends on preference stock) in its annual report and at such other times as may be requested by the Commission.

16. [Reserved]

17. *Long-term debt: Premium, discount and expense, and gain or loss on reacquisition—* A. *Premium, discount and expense.* A separate premium, discount and expense account shall be maintained for each class and series of long-term debt (including receivers' certificates) issued or assumed by the utility. The premium will be recorded in account 225, Unamortized Premium on Long-Term Debt, the discount will be recorded in account 226, Unamortized Discount on Long-Term Debt—Debit, and the expense of issuance shall be recorded in account 181, Unamortized Debt Expense.

The premium, discount and expense shall be amortized over the life of the respective issues under a plan which will distribute the amounts equitably over the life of the securities. The amortization shall be on a monthly basis, and amounts thereof relating to discount and expense shall be charged to account 428, Amortization of Debt Discount and Expense. The amounts relating to premium shall be credited to account 429, Amortization of Premium on Debt—Credit.

B. *Reacquisition, without refunding.* When long-term debt is reacquired or redeemed without being converted into another form of long-term debt and when the transaction is not in connection with a refunding operation (primarily redemptions for sinking fund purposes), the difference between the amount paid upon reacquisition and the face value; plus any un- amortized premium less any related unamortized debt expense and reacquisition costs; or less any unamortized discount, related debt expense and reacquisition costs applicable to the debt redeemed, retired and canceled, shall be included in account 189, Unamortized Loss on Reacquired Debt, or account 257, Unamortized Gain on Reacquired Debt, as appropriate. The utility shall amortize the recorded amounts equally on a monthly basis over the remaining life of the respective security issues (old original debt). The amounts so amortized shall be charged to account 428.1, Amortization of Loss on Reacquired Debt, or credited to account 429.1, Amortization of Gain on Reacquired Debt—Credit, as appropriate.

C. *Reacquisition, with refunding.* When the redemption of one issue or series of bonds or other long-term obligations is financed by another issue or series before the maturity date of the first issue, the difference between the amount paid upon refunding and the face value; plus any unamortized premium less related debt expense or less any unamortized discount and related debt expense, applicable to the debt refunded, shall be included in account 189, Unamortized Loss on Reacquired Debt, or account 257, Unamortized Gain on Reacquired Debt, as appropriate. The utility may elect to account for such amounts as follows:

(1) Write them off immediately when the amounts are insignificant.

(2) Amortize them by equal monthly amounts over the remainder of the original life of the issue retired, or

(3) Amortize them by equal monthly amounts over the life of the new issue.

Once an election is made, it shall be applied on a consistent basis. The amounts in (1), (2), or (3) above shall be charged to account 428.1, Amortization of Loss on Reacquired Debt, or credited to account 429.1, Amortization of Gain on Reacquired Debt—Credit, as appropriate.

D. Under methods (2) and (3) above, the increase or reduction in current income taxes resulting from the reacquisition should be apportioned over the remainder of the original life of the issue retired or over the life of the new issue, as appropriate, as directed more specifically in paragraphs E and F below.

E. When the utility recognizes the loss in the year of reacquisition as a tax deduction, account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, shall be debited and account 283, Accumulated Deferred Income Taxes—Other, shall be credited with the amount of the related tax effect, such amount to be allocated to the periods affected in accordance with the provisions of account 283.

F. When the utility chooses to recognize the gain in the year of reacquisition as a taxable gain, account 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, shall be credited and account 190, Accumulated Deferred Income Taxes, shall be debited with the amount of the related tax effect, such amount to be allocated to the periods affected in accordance with the provisions of account 190.

G. When the utility chooses to use the optional privilege of deferring the tax on the gain attributable to the reacquisition of debt by reducing the depreciable basis of utility property for tax purposes, pursuant to Section 108 of the Internal Revenue Code, the related tax effects shall be deferred as the income is recognized for accounting purposes, and the deferred amounts

shall be amortized over the life of the associated property on a vintage year basis. Account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, shall be debited, and account 282, Accumulated Deferred Income Taxes—Other Property, shall be credited with an amount equal to the estimated income tax effect applicable to the portion of the income, attributable to reacquired debt, recognized for accounting purposes during the period. Account 282 shall be debited and account 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, shall be credited with an amount equal to the estimated income tax effects, during the life of the property, attributable to the reduction in the depreciable basis for tax purposes.

H. The tax effects relating to gain or loss shall be allocated as above to utility operations except in cases where a portion of the debt reacquired is directly applicable to nonutility operations. In that event, the related portion of the tax effects shall be allocated to nonutility operations. Where it can be established that reacquired debt is generally applicable to both utility and nonutility operations, the tax effects shall be allocated between utility and nonutility operations based on the ratio of net investment in utility plant to net investment in nonutility plant.

I. Premium, discount, or expense on debt shall not be included as an element in the cost of construction or acquisition of property (tangible or intangible), except under the provisions of account 432, Allowance for Borrowed Funds Used During Construction—Credit.

J. *Alternate method.* Where a regulatory authority or a group of regulatory authorities having prime rate jur- isdiction over the utility specifically disallows the rate principle of amortizing gains or losses on reacquisition of long-term debt without refunding, and does not apply the gain or loss to reduce interest charges in computing the allowed rate of return for rate purposes, then the following alternate method may be used to account for gains or losses relating to reacquisition of long-term debt, with or without refunding.

(1) The difference between the amount paid upon reacquisition of any long-term debt and the face value, adjusted for unamortized discount, expenses or premium, as the case may be, applicable to the debt redeemed shall be recognized currently in income and recorded in account 421, Miscellaneous Nonoperating Income, or account 426.5, Other Deductions.

(2) When this alternate method of accounting is used, the utility shall include a footnote to each financial statement, prepared for public use, explaining why this method is being used along with the treatment given for ratemaking purposes.

18. *Comprehensive interperiod income tax allocation.* A. Where there are timing differences between the periods in which transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income, the income tax effects of such transactions are to be recognized in the periods in which the differences between book accounting income and taxable income arise and in the periods in which the differences reverse using the deferred tax method. In general, comprehensive interperiod tax allocation should be followed whenever transactions enter into the determination of pretax accounting income for the period even though some transactions may affect the determination of taxes payable in a different period, as further qualified below.

B. Utilities are not required to utilize comprehensive interperiod income tax allocation until the deferred income taxes are included as an expense in the rate level by the regulatory authority having rate jurisdiction over the utility. Where comprehensive interperiod tax allocation accounting is not practiced the utility shall include as a note to each financial statement, prepared for public use, a footnote explanation setting forth the utility's accounting policies with respect to interperiod tax allocation and describing the treatment for ratemaking purposes of the tax timing differences by regulatory authorities having rate jurisdiction.

C. Should the utility be subject to more than one agency having rate jurisdiction, its accounts shall appropriately reflect the ratemaking treatment (deferral or flow through) of each jurisdiction.

D. Once comprehensive interperiod tax allocation has been initiated either in whole or in part it shall be practiced on a consistent basis and shall not be changed or discontinued without prior Commission approval.

E. Tax effects deferred currently will be recorded as deferred debits or deferred credits in accounts 190, Accumulated Deferred Income Taxes, 281, Accumulated Deferred Income Taxes—Accelerated Amortization Property, 282, Accumulated Deferred Income Taxes—Other Property, and 283, Accumulated Deferred Income Taxes—Other, as appropriate. The resulting amounts recorded in these accounts shall be disposed of as prescribed in this system of accounts or as otherwise authorized by the Commission.

19. *Criteria for classifying leases.* A. If at its inception a lease meets one or more of the following criteria, the lease shall be classified as a capital lease. Otherwise, it shall be classified as an operating lease.

(1) The lease transfers ownership of the property to the leasee by the end of the lease term.

(2) The lease contains a bargain purchase option.

(3) The lease term is equal to 75 percent or more of the estimated economic life of the leased property. However, if the beginning of the lease term falls within the last 25 percent of the total estimated economic life of the lease property, including earlier years of use, this criterion shall not be used for purposes of classifying the lease.

(4) the present value at the beginning of the lease term of the minimum lease payments, excluding that portion of the payments representing executory costs such as insurance, maintenance, and taxes to be paid by the lessor, including any profit thereon, equals or exceeds 90 percent of the excess of the fair value of the leased property to the lessor at the inception of the lease over any related investment tax credit retained by the lessor and expected to be realized by the lessor. However, if the beginning of the lease term falls within the last 25 percent of the total estimated economic life of the lease property, including earlier years of use, this criterion shall not be used for purposes of classifying the lease. The lessee utility shall compute the present value of the minimum lease payments using his incremental borrowing raate, unless (a) it is practicable for the utility to learn the implicit rate computed by the lessor, and (b) the implicit rate computed by the lessor is less than the lessee's incremental borrowing rate. If both of those conditions are met, the lessee shall use the implicit rate.

B. If at any time the lessee and lessor agree to change the provisions of the lease, other than by renewing the lease or extending its term, in a manner that would have resulted in a different classification of the lease under the criteria in paragraph A had the changed terms been in effect at the inception of the lease, the revised agreement shall be considered as a new agreement over its term, and the criteria in paragraph A shall be applied for purposes of classifying the lease. Likewise, any action that extends the lease beyond the expiration of the existing lease term, such as the exercise of a lease renewal option other than those already included in the lease term, shall be considered as a new agreement, and shall be classified according to the above provisions, Changes in estimates (for example, changes in estimates of the economic life or of the residual value of the leased property) or changes in circumstances (for example, default by the lessee), shall not give rise to a new classification of a lease for accounting purposes.

20. *Accounting for leases.* A. All leases shall be classified as either capital or operating leases. The accounting for capitalized leases is effective January 1, 1984, except for the retroactive classification of certian leases which, in accordance with FASB No. 71, will not be required to be capitalized until after a three year transition period. For the purpose of reporting to the FERC, the transition period shall be deemed to end December 31, 1986.

B. The utility shall record a capital lease as an asset in account 101.1, Property under Capital Leases (or account

Non-utility Property, if appro-
e), and an obligation in account
)bligations under Capital Leases—
urrent, or account 243, Obligations
r Capital Leases—Current, at an
int equal to the present value at
eginning of the lease term of min-
n lease payments during the lease
, excluding that portion of the
ients representing executory costs
as insurance, maintenance, and
s to be paid by the lessor, together
any profit thereon. However, if
amount so determined exceeds the
value of the leased property at the
ption of the lease, the amount re-
ed as the asset and obligation shall
ne fair value.

Rental payments on all leases
l be charged to rent expense, fuel
ense, construction work in progress,
ther appropriate accounts as they
ome payable.

For a capital lease, for each period
ng the lease term, the amounts re-
led for the asset and obligation
ll be reduced by an amount equal to
portion of each lease payment
ch would have been allocated to the
uction of the obligation, if the pay-
nt had been treated as a payment on
installment obligation (liability)
allocated between interest expense
a reduction of the obligation so as
produce a constant periodic rate of
erest on the remaining balance.

1. *Gas well records.* Each utility with
ural gas operations shall maintain
erating or accounting records for
ch well showing: (a) Acreage on
ich drilled, (b) dates of drilling pe-
d, (c) cost of drilling, (d) depth of
ll, (e) particulars and depth of each
atum drilled through, (f) geological
mation from which gas is obtained,
initial rock pressure and open flow
pacity, (h) sizes of casing used and
ngths of each size, (i) total cost of
ll as recorded in gas plant accounts,
date well abandoned, for wells once
oductive, (k) date transferred to un-
rground storage plant, for wells con-
rted to storage use, and (l) date drill-
g discontinued, for wells determined
be nonproductive. The foregoing
ta, as appropriate, shall also be
aintained for each subsequent change
the depth of each well.

Gas Plant Instructions

1. *Classification of gas plant at the effective date of the system of accounts.*

A. The gas plant accounts provided herein are generally the same as those contained in the prior system of accounts except for some changes in classification in the general equipment accounts. Except for these changes, the balances in the various plant accounts, as determined under the prior system of accounts, should be carried forward. Any remaining balance of plant which has not yet been classified pursuant to the requirements of the prior system, shall be classified in accordance with the following instructions.

B. The cost to the utility of its unclassified plant shall be ascertained by analysis of the utility's records. Adjustments shall not be made to record in utility plant accounts amounts previously charged to operating expenses or to income deductions in accordance with the uniform system of accounts in effect at the time or in accordance with the discretion of management as exercised under a uniform system of accounts, or under accounting practices previously followed.

C. The detailed gas plant accounts (301 to 399, inclusive) shall be stated on the basis of cost to the utility of plant constructed by it and the original cost, estimated if not known, of plant acquired as an operating unit or system. The difference between the original cost as above, and the cost to the utility of gas plant after giving effect to any accumulated provision for depreciation, depletion, or amortization shall be recorded in account 114, Gas Plant Acquisition Adjustments. The original cost of gas plant shall be determined by analysis of the utility's records or those of the predecessor or vendor companies with respect to gas plant previously acquired as operating units or systems and the differences between the original cost so determined, less accumulated provisions for depreciation, depletion and amortization, and the cost to the utility, with necessary adjustments for retirements from the date of acquisition, shall be entered in account 114, Gas Plant Acquisition Adjustments. Any difference between the cost of gas plant and its book cost, when not properly includable in other accounts, shall be recorded in account 116, Other Gas Plant Adjustments.

D. Plant acquired by lease which qualifies as capital lease property under General Instruction 19. *Criteria for Classifying Leases*, shall be recorded in Account 101.1, Property under Capital Leases.

2. *Gas plant to be recorded at cost.* A. All amounts included in the accounts for gas plant acquired as an operating unit or system, except as otherwise provided in the texts of the intangible plant accounts, shall be stated at the cost incurred by the person who first devoted the property to utility service. All other gas plant shall be included in the accounts at the cost incurred by the utility, except for property acquired by lease which qualifies as capital lease property under General Instruction 19. *Criteria for Classifying Leases*, and is recorded in Account 101.1, Property under Capital Leases. Where the term "cost" is used in the detailed plant accounts, it shall have the meaning stated in this paragraph.

B. When the consideration given for property is other than cash, the value of such consideration shall be determined on a cash basis. (See, however, definition 8.) In the entry recording such transaction, the actual consideration shall be described with sufficient particularity to identify it. The utility shall be prepared to furnish the Commission the particulars of its determination of the cash value of the consideration if other than cash.

C. When property is purchased under a plan involving deferred payments, no charge shall be made to the gas plant accounts for interest, insurance, or other expenditures occasioned solely by such form of payment.

D. The gas plant accounts shall not include the cost or other value of gas plant contributed to the company. Contributions in the form of money or its equivalent toward the construction of gas plant shall be credited to the accounts charged with the cost of such construction. Plant constructed from contributions of cash or its equivalent shall be shown as a reduction to gross plant constructed when assembling cost data in work orders for posting to plant ledger of accounts. The accumulated gross costs of plant accumulated in the work order shall be recorded as a debit in the plant ledger of accounts along with the related amount of contributions concurrently being recorded as a credit.

3. *Components of construction cost.* A. The cost of construction properly includable in the gas plant accounts shall include, where applicable, the direct and overhead costs as listed and defined hereunder:

(1) "Contract work" includes amounts paid for work performed under contract by other companies, firms, or individuals, costs incident to the award of such contracts, and the inspection of such work.

(2) "Labor" includes the pay and expenses of employees of the utility engaged on construction work, and related workmen's compensation insurance, payroll taxes and similar items of expense. It does not include the pay and expenses of employees which are distributed to construction through clearing accounts nor the pay and expenses included in other items hereunder.

(3) "Materials and supplies" includes the purchase price at the point of free delivery plus customs duties, excise taxes, the cost of inspection, loading and transportation, the related stores expenses, and the cost of fabricated materials from the utility's shop. In determining the cost of materials and supplies used for construction, proper allowance shall be made for unused materials and supplies, for materials recovered from temporary structures used in performing the work involved, and for discounts allowed and realized in the purchase of materials and supplies.

NOTE: The cost of individual items of equipment of small value (for example, $500 or less) or of short life, including small portable tools and implements, shall not be charged to utility plant accounts unless the correctness of the accounting therefor is verified by current inventories. The cost shall be charged to the appropriate operating expense or clearing accounts, according to the use of such items, or, if such items are consumed directly in construction work, the cost shall be included as part of the cost of the construction.

(4) "Transportation" includes the ost of transporting employees, materials and supplies, tools, purchased quipment, and other work equipment when not under own power) to and om points of construction. It includes mounts paid to others as well as the ost of operating the utility's own ransportation equipment. (See item 5 ollowing.)

(5) "Special machine service" includes the cost of labor (optional), materials and supplies, depreciation, and ther expenses incurred in the maintenance, operation and use of special machines, such as steam shovels, pile rivers, derricks, ditchers, scrapers, material unloaders, and other labor aving machines; also expenditures for ental maintenance and operation of nachines of others. It does not include he cost of small tools and other indiidual items of small value or short ife which are included in the cost of naterials and supplies. (See item 3, above.) When a particular construction ob requires the use for an extended peiod of time of special machines, transportation or other equipment, the net book cost thereof, less the appraised or salvage value at time of release from the job, shall be included in the cost of construction.

(6) "Shop service" includes the proportion of the expense of the utility's shop department assignable to construction work except that the cost of fabricated materials from the utility's shop shall be included in "materials and supplies."

(7) "Protection" includes the cost of protecting the utility's property from fire or other casualties and the cost of preventing damages to others, or to the property of others, including payments for discovery or extinguishment of fires, cost of apprehending and prosecuting incendiaries, witness fees in relation thereto, amounts paid to municipalities and others for fire protection, and other analogous items of expenditures in connection with construction work.

(8) "Injuries and damages" includes expenditures or losses in connection with the construction work on account of injuries to persons and damages to the property of others; also the cost of investigation of and defense against actions for such injuries and damages. Insurance recovered or recoverable on account of compensation paid for injuries to persons incident to construction shall be credited to the account or accounts to which such compensation is charged. Insurance recovered or recoverable on account of property damages incident to construction shall be credited to the account or accounts charged with the cost of the damages.

(9) "Privileges and permits" includes payments for and expenses incurred in securing temporary privileges, permits or rights in connection with construction work, such as for the use of private or public property, streets, or highways, but it does not include rents, or amounts chargeable as franchises and consents for which see account 302, Franchises and Consents.

(10) "Rents" includes amounts paid for the use of construction quarters and office space occupied by construction forces and amounts properly includible in construction costs for such facilities jointly used.

(11) "Engineering and supervision" includes the portion of the pay and expenses of engineers, surveyors, draftsmen, inspectors, superintendents and their assistants applicable to construction work.

(12) "General administration capitalized" includes the portion of the pay and expenses of the general officers and administrative and general expenses applicable to construction work.

(13) "Engineering services" includes amounts paid to other companies, firms, or individuals engaged by the utility to plan, design, prepare estimates, supervise, inspect, or give general advice and assistance in connection with construction work.

(14) "Insurance" includes premiums paid or amounts provided or reserved as self-insurance for the protection against loss and damages in connection with construction, by fire or other casualty, injury to or death of persons other than employees, damages to property of others, defalcation of employees and agents, and the nonperformance of contractual obligations of others. It does not include workmen's compensation or similar insurance on employees included as "labor" in item 2, above.

(15) "Law expenditures" includes the general law expenditures incurred in connection with construction and the court and legal costs directly related thereto, other than law expenses included in protection, item 7, and in injuries and damages, item 8.

(16) "Taxes" includes taxes on physical property (including land) during the period of construction and other taxes properly includible in construction costs before the facilities become available for service.

(17) "Allowance for funds used during construction" includes the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used, not to exceed without prior approval of the Commission allowances computed in accordance with the formula prescribed in paragraph (a) below, except when such other funds are used for exploration and development or leases acquired after October 7, 1969, no allowance on such other funds shall be included in these accounts. No allowance for funds used during construction charges shall be included in these accounts upon expenditures for construction projects which have been abandoned.

(a) The formula and elements for the computation of the allowance for funds used during construction shall be:

$$A_i = s\left(\frac{S}{W}\right) + d\left(\frac{D}{D+P+C}\right)\left(1-\frac{S}{W}\right)$$

$$A_e = \left[1-\frac{S}{W}\right]\left[p\left(\frac{P}{D+P+C}\right) + c\left(\frac{C}{D+P+C}\right)\right]$$

A_i=Gross allowance for borrowed funds used during construction rate.
A_e=Allowance for other funds used during construction rate.
S=Average short-term debt.
s=Short-term debt interest rate.
D=Long-term debt.
d=Long-term debt interest rate.
P=Preferred stock.
p=Preferred stock cost rate.
C=Common equity.
c=Common equity cost rate.
W=Average balance in construction work in progress.

(b) The rates shall be determined annually. The balances for long-term debt, preferred stock and common equity shall be the actual book balances as of the end of the prior year. The cost rates for long-term debt and preferred stock shall be the weighted average cost determined in the manner indicated in subpart D of part 154 of the Commission's Regulations Under the Natural Gas Act. The cost rate for common equity shall be the rate granted common equity in the last rate proceeding before the ratemaking body having primary rate jurisdiction. If such cost rate is not available, the average rate actually earned during the preceding three years shall be used. The short-term debt balances and related cost and the average balance for construction work in progress shall be estimated for the current year with appropriate adjustments as actual data becomes available.

NOTE: When a part only of a plant or project is placed in operation or is completed and ready for service but the construction work as a whole is incomplete, that part of the cost of the property placed in operation, or ready for service, shall be treated as "Gas Utility Plant" and allowance for funds used during construction thereon as a charge to construction shall cease. Allowance for funds used during construction on that part of the cost of the plant which is incomplete may be continued as a charge to construction until such time as it is placed in operation or is ready for service, except as limited in item 17, above.

(18) "Earnings and expenses during construction" includes (a) all revenues derived during the construction period from property which is included in the cost of a project under construction and (b) all expenses which are attributable to the revenues received.

(19) "Training costs". When it is necessary that employees be trained to operate or maintain plant facilities that are being constructed and such facilities are not conventional in nature or are new to the company's operations, these costs may be capitalized as a component of construction cost. Once plant is placed in service, the capitalization of training costs shall cease, and subsequent training costs shall be expensed. (See Operating Expense Instruction 4.)

(20) "Line pack gas." Line pack includes the first cost of that quantity of

; introduced into the utility's sys-
n necessary to bring the system up
its designed operating capacity or
reases therein and which must be
intained in the system in order to
stain such design operating capacity.
21) LNG "heel" is the first cost of
at minimum quantity of liquefied
tural gas necessary to be retained in
lding tanks and other facilities for
rposes of temperature and/or pres-
re maintenance.
22) "Studies" includes the costs of
udies such as operational, safety or
vironmental studies relative to plant
ider construction. Studies mandated
regulatory bodies relative to facili-
es in service, shall be charged to Ac-
unt 183.2, Other Preliminary Survey
id Investigation Charges.

4. *Overhead construction costs.* A. All
verhead construction costs, such as
gineering, supervision, general office
laries and expenses, construction en-
neering and supervision by others
an the accounting utility, law ex-
enses, insurance, injuries and dam-
ges, relief and pensions, taxes and in-
erest, shall be charged to particular
obs or units on the basis of the
mounts of such overheads reasonably
pplicable thereto, to the end that each
ob or unit shall bear its equitable pro-
portion of such costs and that the en-
ire cost of the unit, both direct and
verhead, shall be deducted from the
lant accounts at the time the prop-
rty is retired.

B. As far as practicable, the deter-
nination of pay roll charges includible
n construction overheads shall be
ased on time card distributions there-
of. Where this procedure is impractical,
pecial studies shall be made periodi-
cally of the time of supervisory em-
ployees devoted to construction activi-
ties to the end that only such overhead
costs as have a definite relation to con-
struction shall be capitalized. The ad-
dition to direct construction costs of
arbitrary percentages or amounts to
cover assumed overhead costs is not
permitted.

C. The record supporting the entries
for overhead construction costs shall
be so kept as to show the total amount
of each overhead for each year, the na-
ture and amount of each overhead ex-
penditure charged to each construction
work order and to each utility plant
account, and the bases of distribution
of such costs.

5. *Gas plant purchased or sold.* A. When gas plant constituting an operating unit or system is acquired by purchase, merger, consolidation, liquidation, or otherwise, after the effective date of this system of accounts, the costs of acquisition, including expenses incidental thereto properly includible in gas plant, shall be charged to account 102, Gas Plant Purchased or Sold.

B. The accounting for the acquisition shall then be completed as follows:

(1) The original cost of plant, estimated if not known, shall be credited to account 102, Gas Plant Purchased or Sold, and concurrently charged to the appropriate gas plant in service accounts and to account 104, Gas Plant Leased to Others, account 105, Gas Plant Held for Future Use, 105.1, Production Properties Held for Future Use, and account 107, Construction Work in Progress—Gas, as appropriate.

(2) The depreciation, depletion, and amortization applicable to the original cost of the properties purchased, shall be charged to account 102, Gas Plant Purchased or Sold, and concurrently credited to the appropriate account for accumulated provision for depreciation, depletion or amortization.

(3) The cost to the utility of any property includible in account 121, Nonutility Property, shall be transferred thereto.

(4) The amount remaining in account 102, Gas Plant Purchased or Sold, shall then be closed to account 114, Gas Plant Acquisition Adjustments.

C. If property acquired in the purchase of an operating unit or system is in such physical condition when acquired that it is necessary substantially to rehabilitate it in order to bring the property up to the standards of the utility, the cost of such work, except replacements, shall be accounted for as a part of the purchase price of the property.

D. When any property acquired as an operating unit or system includes duplicate or other plant which will be retired by the accounting utility in the reconstruction of the acquired property or its consolidation with previously

owned property, the proposed accounting for such property shall be presented to the Commission.

E. In connection with the acquisition of gas plant constituting an operating unit or system, the utility shall procure, if possible, all existing records relating to the property acquired, or certified copies thereof, and shall preserve such records in conformity with regulations or practices governing the preservation of records of its own construction.

F. When gas plant constituting an operating unit or system is sold, conveyed, or transferred to another by sale, merger, consolidation, or otherwise, the book cost of the property sold or transferred to another shall be credited to the appropriate utility plant accounts, including amounts carried in account 114, Gas Plant Acquisition Adjustments. The amounts (estimated if not known) carried with respect thereto in the accounts for accumulated provision for depreciation, depletion, and amortization and in account 252, Customer Advances for Construction, shall be charged to such accounts and the contra entries made to account 102, Gas Plant Purchased or Sold. Unless otherwise ordered by the Commission, the difference, if any, between (a) the net amount of debits and credits and (b) the consideration received for the property (less commissions and other expenses of making the sale) shall be included in account 421.1, Gain on Disposition of Property, or account 421.2, Loss on Disposition of Property. (See account 102, Gas Plant Purchased or Sold.)

NOTE: In cases where existing utilities merge or consolidate because of financial or operating reasons or statutory requirements rather than as a means of transferring title of purchased properties to a new owner, the accounts of the constituent utilities, with the approval of the Commission, may be combined. In the event original cost has not been determined, the resulting utility shall proceed to determine such cost as outlined herein.

6. *Expenditures on leased property.* A. The cost of substantial initial improvements (including repairs, rearrangements, additions, and betterments) made in the course of preparing for utility service property leased for a period of more than one year, and the cost of subsequent substantial additions, replacements, or betterments to such property, shall be charged to the gas plant account appropriate for the class of property leased. If the service life of the improvements is terminable by action of the lease, the cost, less net salvage, of the improvements shall be spread over the life of the lease by charges to account 404.3, Amortization of Other Limited-Term Gas Plant. However, if the service life is not terminated by action of the lease but by depreciation proper, the cost of the improvements, less net salvage, shall be accounted for as depreciable plant. The provisions of this paragraph are applicable to property leased under either capital leases or operating leases.

B. If improvements made to property leased for a period of more than one year are of relatively minor cost, or if the lease is for a period of not more than one year, the cost of the improvements shall be charged to the account in which the rent is included, either directly or by amortization thereof.

7. *Land and land rights.* A. The accounts for land and land rights shall include the cost of land owned in fee by the utility and rights, interests, and privileges held by the utility in land owned by others, such as leaseholds, easements, rights-of-way, natural gas rights, and other like interests in land. Do not include in the accounts for land and land rights and rights-of-way costs incurred in connection with first clearing and grading of land and rights-of-way and the damage costs associated with the construction and installation of plant. Such costs shall be included in the appropriate plant accounts directly benefited.

B. Where special assessments for public improvements provide for deferred payments, the full amount of the assessments shall be charged to the appropriate land account and the unpaid balance shall be carried in an appropriate liability account. Interest on unpaid balances shall be charged to the appropriate interest account. If any part of the cost of public improvement is included in the general tax levy, the amount thereof shall be charged to the appropriate tax account.

C. The net profit from the sale of mber, cord wood, sand, gravel, other esources or other property acquired ith the rights-of-way or other lands hall be credited to the appropriate lant account to which related. Where and is held for a considerable period of ime and timber and other natural reources on the land at the time of purhase increases in value, the net profit after giving effect to the cost of the atural resources) from the sales of imber or its products or other natural esources shall be credited to the apropriate utility operating income acount when such land has been reorded in account 105, Gas Plant Held or Future Use, account 105.1, Production Properties Held for Future Use, or lassified as plant in service otherwise o account 421, Miscellaneous Nonoprating Income.

D. Separate entries shall be made for he acquisition, transfer, or retirement f each parcel of land, and each land ight, or gas right (except rights-ofway for distribution mains), having a ife of more than one year. A record hall be maintained showing the nature f ownership, full legal description, rea, map reference, purpose for which sed, city, county, and tax district in hich situated, from whom purchased r to whom sold, payment given or reeived, other costs, contract date and umber, date of recording of deed, and ook and page of record. Entries transferring or retiring land or land rights shall refer to the original entry recording its acquisition. A parcel of land acquired and carried on the books as a unit is not required to be subdivided with transfers to other land accounts merely because of the erection thereon of an incidental structure to be used in gas operations but for a purpose differing from that for which the land is chiefly employed; for example, a small storehouse on production plant land.

E. Any difference between the amount received from the sale of land or land rights, less agents' commissions and other costs incident to the sale, and the book cost of such land or rights shall be included in account 411.6, Gains from Disposition of Utility Plant or 411.7, Losses from Disposition of Utility Plant when such property has been recorded in account 105, Gas Plant Held for Future Use, 105.1, Production Properties Held for Future Use, otherwise to account 421.1, Gain on Disposition of Property or 421.2, Loss on Disposition of Property, as appropriate, unless a reserve therefor has been authorized and provided. Appropriate adjustments of the accounts shall be made with respect to any structures or improvements located on land sold.

F. The cost of buildings and other improvements (other than public improvements) shall not be included in the land accounts. If at the time of acquisition of an interest in land such interest extends to buildings or other improvements (other than public improvements), which are then devoted to utility operations, the land and improvements shall be separately appraised and the cost allocated to land and buildings or improvements on the basis of the appraisals. If the improvements are removed or wrecked without being used in operations, the cost of removing or wrecking shall be charged and the salvage credited to the account in which the cost of the land is recorded.

G. When the purchase of land for gas operations requires the purchase of more land than needed for such purposes, the charge to the specific land account shall be based upon the cost of the land purchased, less the fair market value of that portion of the land which is not to be used in utility operations. The portion of the cost measured by the fair market value of the land not to be used shall be included in account 105, Gas Plant Held for Future Use or, account 121, Nonutility Property, as appropriate. Regarding land and land rights held for the production of natural gas, account 101, Gas Plant in Service, shall include (1) the cost of lands owned in fee upon which producing natural gas wells are located on lands owned in fee which are being drained through the operation by the utility of wells on the other land, and (2) the first cost of lands held under lease upon which the utility pays royalties for the natural gas obtained therefrom. The cost of all other land and land rights held for the production of natural gas under a plant for such use shall be included in account 105,

Gas Plant Held for Future Use, or 105.1, Production Properties Held for Future Use, as appropriate.

NOTE: In addition to the accounting records prescribed herein, supplemental records of land and land rights held for future use shall be kept in such manner as to permit the segregation within a reasonable time of the land and land rights constituting (1) productive but nonproducing fields, (2) unproven or undeveloped fields, and (3) storage fields, and to show the following data with respect to each natural gas lease, regardless of the accounting treatment accorded the lease costs; (a) name of lessor, (b) location of leasehold and number or other identification assigned thereto, (c) date and period of lease agreement, (d) first cost of lease including details of the elements of such cost, (e) annual rental provisions, (f) date and cost of drilling, (g) date gas determined to exist, (h) date of completion of first well drilled by the utility in each pool of gas, (i) royalty provisions, (j) amortization and depletion provisions, and (k) date of abandonment of lease.

H. Provision shall be made for amortizing amounts carried in the accounts for limited-term interests in land, so as to apportion equitably the cost of each interest over the life thereof. For the purposes of amortization of natural gas rights, separate interests in land which comprise an interest in a production area may be grouped to form a depletion unit. (See account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, account 404.1, Amortization and Depletion of Producing Natural Gas Land and Land Rights, account 404.3, Amortization of Other Limited-Term Gas Plant, and account 797, Abandonment, leases.)

I. The items of cost to be included in the accounts for land and land rights are as follows:

1. Bulkheads, buried, not requiring maintenance or replacement.
2. Cost, first, of acquisition including mortgages and other liens assumed (but not subsequent interest thereon).
3. [Reserved]
4. Condemnation proceedings, including court and counsel costs.
5. Consents and abutting damages, payment for.
6. Conveyancers' and notaries' fees.
7. Fees, commissions, and salaries to brokers, agents, and others in connection with the acquisition of the land or land rights.
8. [Reserved]
9. Leases, cost of voiding upon purchase to secure possession of land.
10. Removing, relocating, or reconstructing, property of others, such as buildings, highways, railroads, bridges, cemeteries, churches, telephone and power lines, etc., in order to acquire quiet possession.
11. Retaining walls unless identified with structures.
12. Special assessments levied by public authorities for public improvements on the basis of benefits for new roads, new bridges, new sewers, new curbing, new pavements, and other public improvements, but not taxes levied to provide for the maintenance of such improvements.
13. Surveys in connection with the acquisition, but not amounts paid for topographical surveys and maps where such costs are attributable to structures or plant equipment erected or to be erected or installed on such land.
14. Taxes assumed, accrued to date of transfer of title.
15. Title, examining, clearing, insuring, and registering in connection with the acquisition and defending against claims relating to the period prior to the acquisition.
16. Appraisals prior to closing title.
17. Cost of dealing with distributees or legatees residing outside of the state or county, such as recording power of attorney, recording will or exemplification of will, recording satisfaction of state tax.
18. Filing satisfaction of mortgage.
19. Documentary stamps.
20. Photographs of property at acquisition.
21. Fees and expenses incurred in the acquisition of water rights, and grants.
22. Cost of fill to extend bulkhead line over land under water, where riparian rights are held, which is not occasioned by the erection of a structure.
23. Sidewalks and curbs constructed by the utility on public property.
24. Labor and expenses in connection with securing rights of way, where performed by company employees and company agents.

8. *Structures and improvements.* A. The accounts for structures and improvements shall include the cost of all buildings and facilities to house, support, or safeguard property or persons, including all fixtures permanently attached to and made a part of buildings and which cannot be removed therefrom without cutting into the walls, ceilings, or floors, or without in some way impairing the buildings, and improvements of a permanent character on or to land. Also include those costs incurred in connection with the first clearing and grading of land and rights-

way, and the damage costs associ-
ɔd with construction and installation
plant.
3. The cost of specially provided
ɪndations not intended to outlast the
ɪchinery or apparatus for which pro-
ɪed, and the cost of angle irons, cast-
gs, etc., installed at the base of an
ɜm of equipment, shall be charged to
e same account as the cost of the
achinery, apparatus, or equipment.
C. Minor buildings and structures
ay be considered a part of the facility
connection with which constructed
operated and the cost thereof ac-
ɔunted for accordingly when the na-
ɪre of the structure and facility indi-
ɪates the correctness of such account-
ɪg.
D. Where furnaces and boilers are
sed primarily for furnishing steam for
ɔme particular department and only
ɪcidentally for furnishing steam for
eating a building and operating the
quipment therein, the entire cost of
uch furnaces and boilers shall be
harged to the appropriate plant ac-
ɔount, and no part to the building ac-
ɔount.
E. The cost of disposing of materials
ɛxcavated in connection with construc-
ɔion of structures shall be considered
ɪs a part of the cost of such work, ex-
ɔept as follows: (a) When such material
is used for filling, the cost of loading,
hauling, and dumping shall be equi-
tably apportioned between the work in
connection with which the removal oc-
curs and the work in connection with
which the material is used; (b) when
such material is sold, the net amount
realized from such sales shall be cred-
ited to the work in connection with
which the removal occurs. If the
amount realized from the sale of exca-
vated materials exceeds the removal
costs and the costs in connection with
the sale, the excess shall be credited to
the land account in which the site is
carried.
F. Lighting or other fixtures tempo-
rarily attached to buildings for pur-
poses of display or demonstration shall
not be included in the cost of the build-
ing but in the appropriate equipment
account.
G. The items of cost to be included in
the accounts for structures and im-
provements are as follows:

1. Architects' plans and specifications including supervision.
2. Ash pits (when located within the building).
3. Athletic field structures and improvements.
4. Boilers, furnaces, piping, wiring, fixtures, and machinery for heating, lighting, signaling, ventilating, and air conditioning systems, plumbing, vacuum cleaning systems, incinerator and smoke pipe, flues, etc.
5. Bulkheads, including dredging, riprap fill, piling, decking, concrete, fenders, etc., when exposed and subject to maintenance and replacement.
6. Chimneys.
7. Coal bins and bunkers.
8. Commissions and fees to brokers, agents, architects and others.
9. Conduit (not to be removed) with its contents.
10. Damages to abutting property during construction.
11. Docks.
12. Door checks and door stops.
13. Drainage and sewerage systems.
14. Elevators, cranes, hoists, etc., and the machinery for operating them.
15. Excavation, including shoring, bracing, bridging, refill, and disposal of excess excavated material, cofferdams around foundation, pumping water from cofferdam during construction, and test borings.
16. Fences and fence curbs (not including protective fences insolating items of equipment, which shall be charged to the appropriate equipment account).
17. Fire protection systems when forming a part of a structure.
18. Flagpole.
19. Floor covering (permanently attached).
20. Foundations and piers for machinery, constructed as a permanent part of a building or other items listed herein.
21. Grading and clearing when directly occasioned by the building of a structure.
22. Holders—Relief.
23. Intrasite communication system, poles, pole fixtures, wires and cables.
24. Landscaping, lawns, shrubbery, etc.
25. Leases, voiding upon purchase to secure possession of structures.
26. Leased property, expenditures on.
27. Lighting fixtures and outside lighting system.
28. Mailchutes when part of a building.
29. Marquee, permanently attached to building.
30. Painting, first coat.
31. Permanent paving, concrete, brick, flagstone, asphalt, etc. within the property lines.
32. Partitions, including movable.
33. Permits and privileges.
34. Platforms, railings and gratings when constructed as a part of a structure.
35. Power boards for services to a building.

36. Refrigerating systems for general use.
37. Retaining walls except when identified with land.
38. Roadways, railroads, bridges, and trestles, intrasite, except railroads provided for in equipment accounts.
39. Roofs.
40. Scales, connected to and forming a part of a structure.
41. Screens.
42. Sewer systems, for general use.
43. Sidewalks, culverts, curbs and streets constructed by the utility on its property.
44. Sprinkling systems.
45. Sump pumps and pits.
46. Stacks—brick, steel, or concrete, when set on foundation forming part of general foundation and steelwork of a building.
47. Steel inspection during construction.
48. Storage facilities constituting a part of a building.
49. Storm doors and windows.
50. Subways, areaways, and tunnels, directly connected to and forming part of a structure.
51. Tanks, constructed as part of a building or as a distinct structural unit.
52. Temporary heating during construction (net cost).
53. Temporary water connection during construction (net cost).
54. Temporary shanties and other facilities used during construction (net cost).
55. Topographical maps.
56. Tunnels, intake and discharge, when constructed as part of a structure, including sluice gates, and those constructed to house mains.
57. Vaults constructed as part of a building.
58. Watchmen's sheds and clock systems (net cost when used during construction only).
59. Water basins or reservoirs.
60. Water front improvements.
61. Water meters and supply system for a building or for general company purposes.
62. Water supply piping, hydrants and wells.
63. Wharves.
64. Window shades and ventilators.
65. Yard drainage system.
66. Yard lighting system.
67. Yard surfacing, gravel, concrete, or oil (First cost only).

NOTE: Structures and Improvements accounts shall be credited with the cost of coal bunkers, stacks, foundations, subways, tunnels, etc., the use of which has terminated with the removal of the equipment with which they are associated even though they have not been physically removed.

9. *Equipment.* A. The cost of equipment chargeable to the gas plant accounts, unless otherwise indicated in the text of an equipment account, includes the net purchase price thereof, sales taxes, investigation and inspection expenses necessary to such purchase, expenses of transportation when borne by the utility, labor employed, materials and supplies consumed, and expenses incurred by the utility in unloading and placing the equipment in readiness to operate. Also include those costs incurred in connection with the first clearing and grading of land and rights-of-way and the damage costs associated with construction and installation of plant.

B. Exclude from equipment accounts hand and other portable tools which are likely to be lost or stolen or which have relatively small value (for example, $500 or less) or short life, unless the correctness of the accounting therefor as gas plant is verified by current inventories. Special tools acquired and included in the purchase price of equipment shall be included in the appropriate plant account. Portable drills and similar tool equipment when used in connection with the operation and maintenance of a particular plant or department, such as production, transmission, distribution, etc., or in "stores," shall be charged to the plant account appropriate for their use.

C. The equipment accounts shall include angle irons and similar items which are installed at the base of an item of equipment, but piers and foundations which are designed to be as permanent as the buildings which house the equipment, or which are constructed as a part of the building and which cannot be removed without cutting into the walls, ceilings or floors or without in some way impairing the building, shall be included in the building accounts.

D. The equipment accounts shall include the necessary costs of testing or running a plant or part thereof during an experimental or test period prior to becoming available for service. The utility shall furnish the Commission with full particulars of and justification for any test or experimental run extending beyond a period of thirty days.

E. The cost of efficiency or other tests made subsequent to the date

equipment becomes available for service shall be charged to the appropriate expense accounts, except that tests to determine whether equipment meets the specifications and requirements as to efficiency, performance, etc., guaranteed by manufacturers, made after operations have commenced and within the period specified in the agreement or contract of purchase, may be charged to the appropriate gas plant account.

10. *Additions and retirements of gas plant.*

A. For the purpose of avoiding undue refinement in accounting for additions to and retirements and replacements of gas plant, all property shall be considered as consisting of (1) retirement units and (2) minor items of property. Each utility shall maintain a written property units listing for use in accounting for additions and retirements of gas plant and apply the listing consistently.

B. The addition and retirement of retirement units shall be accounted for as follows:

(1) When a retirement unit is added to gas plant, the cost thereof shall be added to the appropriate gas plant account, except that when units are acquired in the acquisition of any gas plant constituting an operating system, they shall be accounted for as provided in gas plant instruction 5.

(2) When a retirement unit is retired from gas plant, with or without replacement, the book cost thereof shall be credited to the gas plant account in which it is included, determined in the manner set forth in paragraph D, below. If the retirement unit is of a depreciable class, the book cost of the unit retired and credited to gas plant shall be charged to the accumulated provision for depreciation applicable to such property. The cost of removal and the salvage shall be charged or credited, as appropriate, to such depreciation account.

C. The addition and retirement of minor items of property shall be accounted for as follows:

(1) When a minor item of property which did not previously exist is added to plant, the cost thereof shall be accounted for in the same manner as for the addition of a retirement unit, as set forth in paragraph B(1), above, if a substantial addition results, otherwise the charge shall be to the appropriate maintenance expense account.

(2) When a minor item of property is retired and not replaced, the book cost thereof shall be credited to the gas plant account in which it is included; and, in the event the minor item is a part of depreciable plant, the account for accumulated provision for depreciation shall be charged with the book cost and cost of removal and credited with the salvage. If, however, the book cost of the minor item retired and not replaced has been or will be accounted for by its inclusion in the retirement unit of which it is a part when such unit is retired, no separate credit to the property account is required when such minor item is retired.

(3) When a minor item of depreciable property is replaced independently of the retirement unit of which it is a part, the cost of replacement shall be charged to the maintenance account appropriate for the item, except that if the replacement effects a substantial betterment (the primary aim of which is to make the property affected more useful, more efficient, or of greater durability, or of greater capacity), the excess cost of the replacement over the estimated cost at current prices of replacing without betterment shall be charged to the appropriate gas plant account.

D. The book cost of gas plant retired shall be the amount at which such property is included in the gas plant accounts, including all components of construction costs. The book cost shall be determined from the utility's records and if this cannot be done it shall be estimated. Utilities must furnish the particulars of such estimates to the Commission, if requested. When it is impracticable to determine the book cost of each unit, due to the relatively large number or small cost thereof, an appropriate average book cost of the units, with due allowance for any differences in size and character, shall be used as the book cost of the units retired.

E. The book cost of land retired shall be credited to the appropriate land account. If the land is sold, the difference

between the book cost (less any accumulated provision for depreciation, depletion or amortization therefor which has been authorized and provided) and the sale price of the land (less commissions and other expenses of making the sale) shall be recorded in account 411.6, Gains from Disposition of Utility Plant or 411.7, Losses from Disposition of Utility Plant when the property has been recorded in account 105, Gas Plant Held for Future Use account 105.1, Production Properties Held for Future Use, otherwise to accounts 421.1, Gain on Disposition of Property or 421.2, Loss on Disposition of Property, as appropriate. If the land is not used in utility service but is retained by the utility, the book cost shall be charged to account 105, Gas Plant Held for Future Use, or account 121, Nonutility Property as appropriate.

F. The book cost less net salvage of depreciable gas plant retired shall be charged in its entirety to account 108. Accumulated Provision for Depreciation of Gas Plant in Service. Any amounts which, by approval or order of the Commission, are charged to account 182, Extraordinary Property Losses, shall be credited to account 108.

G. The accounting for the retirement of amounts included in account 302, Franchises and Consents, and account 303, Miscellaneous Intangible Plant, and the item of limited-term interest in land included in the accounts for land and land rights, shall be as provided for in the text of account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, account 404.3, Amortization of Other Limited-Term Gas Plant, and account 405, Amortization of Other Gas Plant.

11. *Work order and property record system required.* A. Each utility shall record all construction and retirements of gas plant by means of work orders or job orders. Separate work orders may be opened for additions to and retirements of gas plant or the retirements may be included with the construction work order, provided, however, that all items relating to the retirements shall be kept separate from those relating to construction and provided, further, that any maintenance costs involved in the work shall likewise be segregated.

B. Each utility shall keep its work order system so as to show the nature of each addition to or retirement of gas plant, the total cost thereof, the source or sources of costs, and the gas plant account or accounts to which charged or credited. Work orders covering jobs of short duration may be cleared monthly.

C. Each utility shall maintain records in which, for each plant account, the amounts of the annual additions and retirements are classified so as to show the number and cost of the various record units or retirement units.

12. *Transfers of property.* When property is transferred from one gas plant account to another, from one utility department to another (such as from gas to electric), from one operating division or area to another, to or from account 101, Gas Plant in Service, 104, Gas Plant Leased to Others, 105, Gas Plant Held for Future Use, 105.1, Production Properties held for Future Use, and 121, Nonutility Property, the transfer shall be recorded by transferring the original cost thereof from the one account, department, or location to the other. Any related amounts carried in the accounts for accumulated provisions for depreciation, depletion, or amortization shall be transferred in accordance with the segregation of such accounts.

NOTE Amounts included in account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, shall not be related to a particular natural gas lease, and therefore, shall not be transferred under the provisions of this instruction.

13. *Common utility plant.* A. If the utility is engaged in more than one utility service such as gas, electric, and water, and any of its utility plant is used in common for several utility services or for other purposes to such an extent and in such manner that it is impracticable to segregate it by utility services currently in the accounts, such property, with the approval of the Commission, may be designated and classified as "common utility plant."

B. The book amount of utility plant designated as common plant shall be included in account 118, Other Utility Plant, and if applicable in part to gas

partment, shall be segregated and accounted for in subaccounts as gas plant accounted for in accounts 101 to 107, clusive, and gas plant adjustments in count 116; any amounts classifiable common plant acquisition adjustents or common plant adjustments all be subject to disposition as proded in paragraph C and B of accounts 4 and 116, respectively, for amounts assified in those accounts. The origil cost of common utility plant in rvice shall be classified according to tailed utility plant accounts appro-iate for the property.

C. The utility shall be prepared to iow at any time and to report to the ommission annually, or more freiently, if required, and by utility lant accounts (301 to 399) the fol-)wing: (1) The book cost of common tility plant, (2) the allocation of such ost to the respective departments sing the common utility plant, and (3) ne basis of the allocation.

D. The accumulated provision for dereciation and amortization of the util-y shall be segregated so as to show he amount applicable to the property lassified as common utility plant.

E. The expenses of operation mainteance, rents, depreciation and amortiation of common utility plant shall be ecorded in the accounts prescribed ierein, but designated as common exienses, and the allocation of such exienses to the departments using the ommon utility plant shall be sup)orted in such manner as to reflect eadily the basis of allocation used.

14. *Employee villages and living quarers.* Where employee villages or living uarters are provided for operators and ttendants of a functional installation uch as a compressor station or gasoine plant, the structures and improvements shall be classified in the related unctional structures and improvements account. The furnishings of such esidential and recreational facilities shall be classified in the equipment account of the related function.

15. *Fees for applications filed with the Commission.* A. Fees for applications involving construction of property shall be accounted for as follows:

(1) All fees paid prior to the final disposition of the certificate application shall be charged to account 186, Miscellaneous Deferred Debits.

(2) If the certificate is granted and accepted, the amounts recorded in account 186 shall be cleared to account 107, Construction Work in Progress—Gas, and subsequently cleared to the appropriate plant accounts.

(3) If the certificate requested is not granted or is not accepted by the applicant, the fees recorded in account 186 shall be cleared to account 928, Regulatory Commission Expenses.

(4) All amounts paid after the Commission has granted the certificate shall be recorded in account 107, Construction Work in Progress—Gas, and subsequently cleared to the appropriate plant accounts.

B. All amounts paid related to certificate applications involving the acquisitions of facilities including those acquired by merger or pooling of interests shall be charged to account 928, Regulatory Commission Expenses.

C. All other fees for applications not involving construction or acquisition of facilities shall be charged to account 928, Regulatory Commission Expenses.

Operating Expense Instructions

1. *Supervision and engineering.* The supervision and engineering includible in the operating expense accounts shall consist of the pay and expenses of superintendents, engineers, clerks, other employees and consultants engaged in supervising and directing the operation and maintenance of each utility function. Wherever allocations are necessary in order to arrive at the amount to be included in any account the method and basis of allocation shall be reflected by underlying records.

ITEMS

Labor:

1. Special tests to determine efficiency of equipment operation.
2. Preparing or reviewing budgets, estimates, and drawings relating to operation or maintenance for departmental approval.
3. Preparing instructions for operations and maintenance activities.
4. Reviewing and analyzing operating results.
5. Establishing organizational setup of departments and executing changes therein.
6. Formulating and reviewing routines of departments and executing changes therein.
7. General training and instruction of employees by supervisors whose pay is chargeable hereto. Specific instruction and training in a particular type of work is chargeable to the appropriate functional account. (See Gas Plant Instruction 3(19).)
8. Secretarial work for supervisory personnel, but not general clerical and stenographic work chargeable to other accounts.

Expenses:

9. Consultants' fees and expenses.
10. Meals, traveling and incidental expenses.

2. *Maintenance.* A. The cost of maintenance chargeable to the various operating expense and clearing accounts, includes labor, materials, overheads and other expenses incurred in maintenance work. A list of work operations applicable generally to utility plant is included hereunder. Other work operations applicable to specific classes of plant are listed in functional maintenance expense accounts.

B. Materials recovered in connection with the maintenance of property shall be credited to the same account to which the maintenance cost was charged.

C. If the book cost of any property is carried in account 102, Gas Plant Purchased or Sold, the cost of maintaining such property shall be charged to the accounts for maintenance of property of the same class and use, the book cost of which is carried in other gas plant in service accounts. Maintenance of property leased from others shall be treated as provided in operating expense instruction 3.

ITEMS

1. Direct field supervision of maintenance.
2. Inspecting, testing, and reporting on condition of plant specifically to determine the need for repairs, replacements, rearrangements and changes and inspecting and testing the adequacy of repairs which have been made.
3. Work performed specifically for the purpose of preventing failure, restoring serviceability or maintaining life of plant.
4. Rearranging and changing the location of plant not retired.
5. Repairing for reuse materials recovered from plant.
6. Testing for, locating and clearing trouble.
7. Net cost of installing, maintaining, and removing temporary facilities to prevent interruptions in service.
8. Replacing or adding minor items of plant which do not constitute a retirement unit. (See gas plant instruction 10.)

3. *Rents.* A. The rent expense accounts provided under the several functional groups of expense accounts shall include all rents, including taxes paid by the lessee on leased property, for property used in utility operations, except (1) minor amounts paid for occasional or infrequent use of any property or equipment and all amounts paid for use of equipment that, if owned, would be includible in plant accounts 391 to 398, inclusive, which shall be treated as an expense item and included in the appropriate functional account and (2) rents which are chargeable to clearing accounts, and distributed therefrom to the appropriate account. If rents cover property used for more than one function, such as production and transmission, or by more than one department, the rents shall be apportioned to the appropriate rent expense or clearing accounts of each department on an actual, or, if necessary, an estimated basis.

B. When a portion of property or equipment rented from others for use in connection with utility operations is subleased, the revenue derived from such subleasing shall be credited to the rent revenue account in operating revenues: *Provided, however,* That in case the rent was charged to a clearing account, amounts received from subleasing the property shall be credited to such clearing account.

C. The cost, when incurred by the lessee, of operating and maintaining leased property, shall be charged to the accounts appropriate for the expense if the property were owned.

D. The cost incurred by the lessee of additions and replacements to gas plant leased from other shall be accounted for as provided in gas plant instruction 6.

4. *Training costs.* When it is necessary that employees be trained to specifically operate or maintain plant facilities that are being constructed, the related costs shall be accounted for as a current operating and maintenance expense. These expenses shall be charged

to the appropriate functional accounts currently as they are incurred. However, when the training costs involved relate to facilities which are not conventional in nature, or are new to the company's operations, then see Gas Plant Instruction 3(19) for accounting.

Balance Sheet Chart of Accounts

ASSETS AND OTHER DEBITS

1. UTILITY PLANT

101 Gas plant in service.
101.1 Property under capital leases.
102 Gas plant purchased or sold.
103 Experimental gas plant unclassified.
104 Gas plant leased to others.
105 Gas plant held for future use.
105.1 Production properties held for future use.
106 Completed construction not classified—Gas.
107 Construction work in progress—Gas.
108 Accumulated provision for depreciation of gas utility plant.
109 [Reserved]
111 Accumulated provision for amortization and depletion of gas utility plant.
111.1–111.2 [Reserved]
112 [Reserved]
113.1–113.2 [Reserved]
114 Gas plant acquisition adjustments.
115 Accumulated provision for amortization of gas plant acquisition adjustments.
116 Other gas plant adjustments.
117.1 Gas stored-Base gas.
117.2 System balancing gas.
117.3 Gas stored in reservoirs and pipelines-noncurrent.
117.4 Gas owed to system gas.
118 Other utility plant.
119 Accumulated provision for depreciation and amortization of other utility plant.

2. OTHER PROPERTY AND INVESTMENTS

121 Nonutility property.
122 Accumulated provision for depreciation and amortization of nonutility property.
123 Investment in associated companies.
123.1 Investment in subsidiary companies.
124 Other investments.
125 Sinking funds.
126 Depreciation fund.
128 Other special funds.

3. CURRENT AND ACCRUED ASSETS

131 Cash.
132 Interest special deposits.
133 Dividend special deposits.
134 Other special deposits.
135 Working funds.
136 Temporary cash investments.
141 Notes receivable.
142 Customer accounts receivable.
143 Other accounts receivable.
144 Accumulated provision for uncollectible accounts—Cr.
145 Notes receivable from associated companies.
146 Accounts receivable from associated companies.
151 Fuel stock.
152 Fuel stock expenses undistributed.
153 Residuals and extracted products.
154 Plant materials and operating supplies (Major only).
155 Merchandise.
156 Other materials and supplies.
163 Stores expense undistributed.
164.1 Gas stored—current.
164.2 Liquefied natural gas stored.
164.3 Liquefied natural gas held for processing.
165 Prepayments.
166 Advances for gas exploration, development, and production.
167 Other advances for gas.
171 Interest and dividends receivable.
172 Rents receivable.
173 Accrued utility revenues.
174 Miscellaneous current and accrued assets.

4. DEFERRED DEBITS

181 Unamortized debt expense.
182.1 Extraordinary property losses.
182.2 Unrecovered plant and regulatory study costs.
182.3 Other regulatory assets.
183.1 Preliminary natural gas survey and investigation charges.
183.2 Other preliminary survey and investigation charges.
184 Clearing accounts.
185 Temporary facilities.
186 Miscellaneous deferred debits.
187 Deferred losses from disposition of utility plant.
188 Research, development, and demonstration expenditures.
189 Unamortized loss on reacquired debt.
190 Accumulated deferred income taxes.
191 Unrecovered purchased gas costs.

LIABILITIES AND OTHER CREDIT

5. PROPRIETARY CAPITAL

201 Common stock issued.
202 Common stock subscribed.
203 Common stock liability for conversion.
204 Preferred stock issued.
205 Preferred stock subscribed.
206 Preferred stock liability for conversion.
207 Premium on capital stock.
208 Donations received from stockholders.
209 Reduction in par or stated value of capital stock.
210 Gain on resale or cancellation of reacquired capital stock.
211 Miscellaneous paid-in capital.
212 Installments received on capital stock.

213 Discount on capital stock.
214 Capital stock expense.
215 Appropriated retained earnings.
216 Unappropriated retained earnings.
216.1 Unappropriated undistributed subsidiary earnings.
217 Reacquired capital stock.

6. LONG-TERM DEBT

221 Bonds.
222 Reacquired bonds.
223 Advances from associated companies.
224 Other long-term debt.
225 Unamortized premium on long-term debt.
226 Unamortized discount on long-term debt—Debit.

7. OTHER NONCURRENT LIABILITIES.

227 Obligations under capital leases—noncurrent.
228.1 Accumulated provision for property insurance.
228.2 Accumulated provision for injuries and damages.
228.3 Accumulated provision for pensions and benefits.
228.4 Accumulated miscellaneous operating provisions.
229 Accumulated provision for rate refunds.

8. CURRENT AND ACCRUED LIABILITIES

231 Notes payable.
232 Accounts payable.
233 Notes payable to associated companies.
234 Accounts payable to associated companies.
235 Customer deposits.
236 Taxes accrued.
237 Interest accrued.
238 Dividends declared.
239 Matured long-term debt.
240 Matured interest.
241 Tax collections payable.
242 Miscellaneous current and accrued liabilities.
243 Obligations under capital leases—current.

9. DEFERRED CREDITS

252 Customer advances for construction.
253 Other deferred credits.
254 Other regulatory liabilities.
255 Accumulated deferred investment tax credits.
256 Deferred gains from disposition of utility plant.
257 Unamortized gain on reacquired debt.
281 Accumulated deferred income taxes—Accelerated amortization property.
282 Accumulated deferred income taxes—Other property.
283 Accumulated deferred income taxes—Other.

Balance Sheet Accounts

101 Gas plant in service.

A. This account shall include the original cost of gas plant, included in accounts 301 to 399 prescribed herein, owned and used by the utility in its gas operations, and having an expectation of life in service of more than one year from date of installation. Including such property owned by the utility but held by nominees. (See also account 106 for unclassified construction costs of completed plant actually in service.)

B. The cost of additions to and betterments of property leased from others, which are includible in this account, shall be recorded in subdivisions separate and distinct from those relating to owned property. (See gas plant instruction 6.)

101.1 Property under capital leases.

A. This account shall include the amount recorded under capital leases for plant leased from others and used by the utility in its utility operations.

B. The gas property included in this account shall be classified separately according to the detailed accounts (301 to 399) prescribed for gas plant in service.

C. Records shall be maintained with respect to each capital lease reflecting: (1) Name of lessor, (2) basic details of lease, (3) terminal date, (4) original cost fair market value of property leased, (5) future minimum lease payments, (6) executory costs, (7) present value of minimum lease payments, (8) the amounts representing interest and the interest rate used, and (9) expenses paid.

102 Gas plant purchased or sold.

A. This account shall be charged with the cost of gas plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise, and shall be credited with the selling price of like property transferred to others pending the distribution to appropriate accounts in accordance with gas plant instruction 5.

B. Within six months from the date of acquisition or sale of property recorded herein, the utility shall file with the Commission the proposed

journal entries to clear from this account the amounts recorded herein.

103 Experimental gas plant unclassified.

A. This account shall include the cost of gas plant which was constructed as a research, development, and demonstration project under the provisions of paragraph C, Account 107, Construction Work in Progress—Gas, and due to the nature of the plant it is desirous to operate it for a period of time in an experimental status.

B. Amounts in this account shall be transferred to Account 101, Gas Plant in Service, or Account 121, Nonutility Property, as appropriate, when the project is no longer considered as experimental. Prior to transfer to account 101 the subject plant must be certified by the Commission for use as gas plant in service.

C. The depreciation on property in this account shall be charged to Account 403, Depreciation Expense, and credited to Account 108, Accumulated Provision for Depreciation of Gas Utility Plant. The amounts herein shall be depreciated over a period which would correspond to the estimated useful life of the relevant project considering the experimental characteristics involved. However, when projects are transferred to Account 101, Gas Plant in Service, a new depreciation rate based on the remaining service life and undepreciated amounts, will be established.

D. Records shall be maintained with respect to each unit of experiment so that full details may be obtained as to the cost, depreciation, and the experimental status.

E. Should it be determined that experimental plants recorded in this account will fail to satisfactorily perform its function, the costs thereof shall be accounted for as directed or authorized by the Commission.

104 Gas plant leased to others.

A. This account shall include the original cost of gas plant owned by the utility but leased to others as operating units or systems, where the lessee has exclusive possession.

B. The property included in this account shall be classified according to the detailed accounts (301 to 399) prescribed for gas plant in service and this account shall be maintained in such detail as though the property were used by the owner in its utility operations.

105 Gas plant held for future use.

A. This account shall include the original cost of gas plant (except land and land rights) owned and held for future use in gas service under a definite plan for such use, to include: (1) Property acquired (except land and land rights) but never used by the utility in gas service, but held for such service in the future under a definite plan, and (2) property (except land and land rights) previously used by the utility in gas service, but retired from such service and held pending its reuse in the future, under a definite plan, in gas service. This includes production properties relating to leases acquired on or before October 7, 1969.

B. This account shall also include the original cost of land and land rights owned and held for future use in gas service relating to leases acquired on or before October 7, 1969, under a plan for such use, to include land and land rights: (1) Acquired but never used by the utility in gas service, but held for such service in the future under a plan, and (2) previously held by the utility in gas service, but retired from such service and held pending its reuse in the future under a plan, in gas service. (See Gas Plant Instruction 7.)

C. In the event that property recorded in this account shall no longer be needed or appropriate for future utility operations, the company shall request Commission approval of journal entries to remove such property from this account when the gain realized from the sale or other disposition of the property is $100,000 or more, prior to their being recorded. Such filings shall include the description and original cost of individual properties removed from this account, the accounts charged upon removal, and any associated gains realized upon disposition of such property.

D. Gains or losses from the sale of land and land rights or other disposition of such property previously recorded in this account and not placed

in utility service shall be recorded directly in accounts 411.6 or 411.7, as appropriate, except when determined to be significant by the Commission. Upon such a determination, the amounts shall be transferred to account 256, Deferred Gains from Disposition of Utility Plant, or account 187, Deferred Losses from Disposition of Utility Plant, and amortized to accounts 411.6, Gains from Disposition of Utility Plant, or 411.7, Losses from Disposition of Utility Plant, as appropriate.

E. The property included in this account shall be classified according to the detail accounts (301 to 399) prescribed for gas plant in service and the account shall be maintained in such detail as though the property were in service.

NOTE A: Materials and supplies, meters and house regulators held in reserve, and normal spare capacity of plant in service shall not be included in this account.

NOTE B: Include in this account natural gas wells shut in after construction which have not been connected with the line; also, natural gas wells which have been connected with the line but which are shut in for any reason except seasonal excess capacity or governmental proration requirements or for repairs, provided that the related production leases were acquired on or before October 7, 1969.

NOTE C (NONMAJOR ONLY): The loss on abandonment of natural gas leases acquired after October 7, 1969, shall be charged to Account 338, Unsuccessful Exploration and Development Costs.

105.1 Production properties held for future use.

A. This account shall include the cost of production properties (except land and land rights) relating to leases acquired on or after October 8, 1969, held under a definite plan for future use to insure a future supply of natural gas for use in pipeline operations, to include: (1) Production property (except land and land rights) acquired but never used by the utility in gas service, but held for such service in the future under a definite plan, and (2) production property (except land and land rights) previously used by the utility in gas service, but retired from such service and held pending its reuse in the future, under a definite plan, in gas service.

B. This account shall also include the original cost of land and land rights held under a plan for future use to insure a future supply of natural gas for use in pipeline operations, relating to leases acquired on or after October 8, 1969, to include land and land rights: (1) Acquired but never used by the utility in gas service, but held for service in the future under a plan, and (2) previously used by the utility in gas service, but retired from such service and held pending its reuse in the future under a plan, in gas service. (See Gas Plant Instruction 7.)

C. In the event that property recorded in this account shall no longer be needed or appropriate for future utility operations, the company shall request Commission approval of journal entries to remove such property from this account when the gain realized from the sale or other disposition of the property is $100,000 or more, prior to their being recorded. Such filings shall include the description and original cost of individual properties removed from this account, the accounts charged upon removal, and any associated gains realized upon disposition of such property.

D. Gains or losses from the sale of land and land rights or other disposition of such property previously recorded in this account and not placed in utility service shall be recorded directly in accounts 411.6 or 411.7, as appropriate, except when determined to be significant by the Commission. Upon such determination, the amounts shall be transferred to account 256, Deferred Gains from Sale of Utility Plant, or account 187, Deferred Losses from Sale of Utility Plant, and amortized to accounts 411.6, Gains from Disposition of Utility Plant or 411.7, Losses from Disposition of Utility Plant, as appropriate.

E. The property included in this account shall be classified according to the detailed accounts prescribed for natural gas production and gathering plant in service and such classification shall be maintained in the same detail as though the property were in service.

NOTE: Unsuccessful exploration and development costs incurred on leases acquired

after October 7, 1969, shall be charged to account 338, Unsuccessful Exploration and Development Costs.

106 Completed construction not classified—Gas.

At the end of the year or such other date as a balance sheet may be required by the Commission, this account shall include the total of the balances of work orders for gas plant which have been completed and placed in service but which work orders have not been classified for transfer to the detailed gas plant accounts.

NOTE: For the purpose of reporting to the Commission the classification of gas plant in service by accounts is required, the utility shall also report the balance in this account tentatively classified as accurately as practicable according to prescribed account classifications. The purpose of this provision is to avoid any significant omissions in reported amounts of gas plant in service.

107 Construction work in progress—Gas.

A. This account shall include the total of the balances of work orders for gas plant in process of construction.

B. Work orders shall be cleared from this account as soon as practicable after completion of the job. Further, if a project, such as a gas production plant, a compressor station, or a transmission line, is designed to consist of two or more units which may be placed in service at different dates, any expenditures which are common to and which will be used in the operation of the project as a whole shall be included in gas plant in service upon the completion and the readiness for service of the first unit. Any expenditures which are identified exclusively with units of property not yet in service shall be included in this account.

C. Expenditures on research, development, and demonstration projects for construction of utility facilities are to be included in a separate subdivision in this account. Records must be maintained to show separately each project along with complete detail of the nature and purpose of the research, development, and demonstration project together with the related costs.

NOTE A: This account shall include certificate application fees paid to the Federal Energy Regulatory Commission as provided for in gas plant instruction 15.

NOTE B: Unsuccessful exploration and development costs incurred on leases acquired after October 7, 1969, shall be transferred to account 338, Unsuccessful Exploration and Development Costs.

108 Accumulated provision for depreciation of gas utility plant.

A. This account shall be credited with the following:

(1) Amounts charged to account 403, Depreciation Expense, or to clearing accounts for current depreciation expense for gas plant in service.

(2) Amounts charged to account 421, Miscellaneous Nonoperating Income, for depreciation expense on property included in account 105, Gas Plant Held for Future Use, or 105.1, Production Properties Held for Future Use. Include also, the balance of accumulated provision for depreciation on property when transferred to account 105 or 105.1, from other property accounts. Normally, account 108 will not be used for current depreciation provisions because, as provided herein, the service life during which depreciation is computed commences with the date property is includible in gas plant in service; however, if special circumstances indicate the propriety of current accruals for depreciation, such charges shall be made to account 421, Miscellaneous Nonoperating Income.

(3) Amounts charged to account 413, Expenses of Gas Plant Leased to Others, for gas plant included in account 104, Gas Plant Leased to Others.

(4) Amounts charged to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work, or to clearing accounts for current depreciation expense.

(5) Amounts of depreciation applicable to gas properties acquired as operating units or systems. (See gas plant instruction 5.)

(6) Amounts charged to account 182.1, Extraordinary Property Losses, when authorized by the Commission.

(7) Amounts of depreciation applicable to gas plant donated to the utility.

(The utility shall maintain separate subaccounts for depreciation applicable to gas plant in service, gas plant leased to others and gas plant held for future use.)

B. At the time of retirement of depreciable gas utility plant, this account shall be charged with the book cost of the property retired and the cost of removal and shall be credited with the salvage value and any other amounts recovered, such as insurance. When retirements, cost of removal and salvage are entered originally in retirement work orders, the net total of such work orders may be included in a separate subaccount hereunder. Upon completion of the work order, the proper distribution to subdivision of this account shall be made as provided in the following paragraph.

C. For general ledger and balance sheet purposes, this account shall be regarded and treated as a single composite provision for depreciation. For purposes of analysis, however, each utility shall maintain subsidiary records in which this account is segregating according to the following functional classification for gas plant:

(1) Production—manufactured gas, (2) production and gathering—natural gas, (3) products extraction—natural gas, (4) underground gas storage, (5) other storage, (6) base load LNG terminaling and processing plant, (7) transmission, (8) distribution, and (9) general. These subsidiary records shall reflect the current credits and debits to this account in sufficient detail to show separately for each such functional classification (a) the amount of provision for depreciation, (b) the book cost of property retired, (c) cost of removal, (d) salvage, and (e) other items, including recoveries from insurance.

D. When transfers of plant are made from one gas plant account to another, or from or to another utility department, or from or to nonutility property accounts, the accounting for the related accumulated provision for depreciation shall be as provided in gas plant instruction 12.

E. The utility is restricted in its use of the provision for depreciation to the purposes set forth above. It shall not transfer any portion of this account to retained earnings or make any other use thereof without authorization by the Commission.

109 [Reserved]

111 Accumulated provision for amortization and depletion of gas utility plant.

A. This account shall be credited with the following:

(1) Amounts charged to account 404.1, Amortization and Depletion of Producing Natural Gas Land and Land Rights, for current amortization and depletion of such land and land rights.

(2) Amounts charged to account 404.2, Amortization of Underground Storage Land and Land Rights, for current amortization.

(3) Amounts charged to account 404.3, Amortization of Other Limited-Term Gas Plant, for the current amortization of limited-term gas plant.

(4) Amounts charged to account 421, Miscellaneous Nonoperating Income, for amortization expense on property included in account 105, Gas Plant Held for Future Use, or 105.1, Production Properties Held for Future Use. Include also, the balance of accumulated provision for amortization on property when transferred to account 105 or 105.1 from other property accounts.

NOTE: See also paragraph A(2), of account 108, Accumulated Provision for Depreciation of Gas Utility Plant.

(5) Amounts charged to account 405, Amortization of Other Gas Plant.

(6) Amounts charged to account 413, Expenses of Gas Plant Leased to Others, for current amortization thereof.

(7) Amounts charged to account 797, Abandoned Leases, to provide for the abandonment of nonproductive natural gas leases.

(8) Amounts charged to account 425, Miscellaneous Amortization, for the amortization of intangible or other gas plant which does not have a definite or terminable life and is not subject to charges for depreciation expense, with Commission approval.

(The utility shall maintain subaccounts of this account for the amortization applicable to producing natural gas land and land rights, other gas plant in service, gas plant leased to others, abandonment of leases and gas plant held for future use.)

B. When any property to which this account applies is sold, relinquished, or

otherwise retired from service, this account shall be charged with the amount previously credited in respect to such property. The book cost of the property so retired less the amount chargeable to this account and less the net proceeds realized at retirement shall be included in account 421.1, Gain on Disposition of Property, or account 421.2, Loss on Disposition of Property, as appropriate.

C. For general ledger and balance sheet purposes, this account shall be regarded and treated as a single composite provision for amortization.

For purposes of analysis, however, each utility shall maintain subsidiary records in which this account is segregating according to the following functional classification for gas plant:

(1) Production—manufactured gas, (2) production and gathering—natural gas, (3) products extraction—natural gas, (4) underground gas storage, (5) other storage, (6) base load LNG terminaling and processing plant, (7) transmission, (8) distribution, and (9) general. These subsidiary records shall reflect the current credits and debits to this account in sufficient detail to show separately for each such functional classification (a) the amount of provision for amortization, (b) the book cost of property retired, (c) cost of removal, (d) salvage, and (e) other items, including recoveries from insurance. Records shall be maintained so as to show separately the balance applicable to each item of land and land rights which is being amortized or depleted except that natural gas land and land rights which comprise an interest in a production area may be grouped to form a unit for amortization and depletion and the accumulated provision applicable thereto need not be segregated to show the amount related to each gas right included therein. Records shall also be maintained so as to show separately the balance applicable to each underground gas storage project.

D. The utility is restricted in its use of the accumulated provision for amortization to the purposes set forth above. It shall not transfer any portion of this account to retained earnings or make any other use thereof without authorization by the Commission.

112–113 [Reserved]

114 Gas plant acquisition adjustments.

A. This account shall include the difference between (a) the cost to the accounting utility of gas plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise, and (b) the original cost, estimated, if not known, of such property, less the amount or amounts credited by the accounting utility at the time of acquisition to accumulated provisions for depreciation, depletion, and amortization and contributions in aid of construction with respect to such property.

B. With respect to acquisitions after the effective date of this system of accounts, this account shall be subdivided so as to show the amounts included herein for each property acquisition and to gas plant in service, gas plant held for future use and gas plant leased to others. (See gas plant instruction 5.)

C. Debit amounts recorded in this account related to plant and land acquisition may be amortized to account 425, Miscellaneous Amortization, over a period not longer than the estimated remaining life of the properties to which such amounts relate. Amounts related to the acquisition of land only may be amortized to account 425 over a period of not more than 15 years. Should a utility wish to account for debit amounts in this account in any other manner, it shall petition the Commission for authority to do so. Credit amounts recorded in this account shall be accounted for as directed by the Commission.

115 Accumulated provision for amortization of gas plant acquisition adjustments.

This account shall be credited or debited with amounts which are includible in account 406, Amortization of Gas Plant Acquisition Adjustments or account 425, Miscellaneous Amortization, for the purpose of providing for the extinguishment of amounts in account 114, Gas Plant Acquisition Adjustments, in instances where the amortization of account 114 is not being made by direct write-off of the account.

116 Other gas plant adjustments.

A. This account shall include the difference between the original cost, estimated if not known, and the book cost of gas plant to the extent that such difference is not properly includible in account 114 Gas Plant Acquisition Adjustments. (See gas plant instruction 1C.)

B. Amounts included in this account shall be classified in such manner as to show the origin of each amount and shall be disposed of as the Commission may approve or direct.

NOTE: The provisions of this account shall not be construed as approving or authorizing the recording of appreciation of gas plant.

Special Instructions to Accounts 117.1, 117.2 and 117.3

The investment in and use of system gas included in Account 117.1, Gas Stored—Base Gas, and Account 117.2, System Balancing Gas, may be accounted for using either the "fixed asset" method or an "inventory" method as set forth below. The cost of stored gas included in Account 117.3 must be accounted for using an inventory method.

(a) *Inventory Method*—Gas stored during the year must be priced at cost according to generally accepted methods of cost determination consistently applied from year to year. Transmission expenses for facilities of the utility used in moving the gas to the storage area and expenses of storage facilities cannot be included in the inventory of gas except as may be authorized or directed by the Commission.

Withdrawals of gas must be priced using the first-in-first-out, last-in-first-out, or weighted average cost method, provided the method adopted by the utility is used consistently from year to year and appropriate inventory records are maintained. Approval of the Commission must be obtained for any other pricing method, or change in the pricing method adopted by the utility.

Adjustments for inventory losses related to gas held in underground reservoirs due to cumulative inaccuracies of gas measurements, or from other causes, must be charged to Account 823, Gas Losses. Losses of system gas not associated with underground reservoirs must be charged to Account 813, Other Gas Supply Expenses.

(b) *Fixed Asset Method*—When replacement of the gas is made, the amount carried in Account 117.4 for such volumes must be cleared with a contra entry to Account 808.2, Gas Delivered to Storage—Credit. Any difference between the utility's cost of replacement gas volumes and the amount cleared from Account 117.4 must be recognized as a gain in Account 495, Other gas revenues, or as a loss in Account 813, Other gas supply expenses, with contra entries to Account 808.2.

Adjustments for inventory losses related to gas held in underground reservoirs due to cumulative inaccuracies of gas measurements, or from other causes, must be charged to Account 823, Gas Losses. Losses of system gas not associated with underground reservoirs must be charged to Account 813, Other Gas Supply Expenses. Gas losses must be priced at the market price of gas available to the utility in the month the loss is recognized.

Gas owned by the utility and injected into its system will be deemed to satisfy any encroachment on system gas first before any other use.

117.1 Gas stored-base gas.

This account is to include the cost of recoverable gas volumes that are necessary, in addition to those volumes for which cost are properly includable in Account 101, Gas plant in service, to maintain pressure and deliverability requirements for each storage facility. Nonrecoverable gas volumes used for this purpose are to be recorded in Account 352.3, Nonrecoverable natural gas. For utilities using the fixed asset method of accounting, the cost of base gas applicable to each gas storage facility shall not be changed from the amount initially recorded except to reflect changes in volumes designated as base gas. If an inventory method is used to account for gas included herein, the utility may, at its election, price withdrawals in accordance with the instructions to Account 117.4.

117.2 System balancing gas.

This account is to be used to record the cost of system gas designated as available for transmission load balancing (including no-notice transportation) and other uses associated with maintaining efficient transmission operations other than gas properly recordable in Account 117.1 or the plant accounts. Detailed records must be kept separately identifying volumes and unit prices of system gas held in underground storage facilities and held in pipelines.

For utilities using fixed asset accounting, the cost initially recorded herein cannot be changed except for adjustments to volumes designated as system gas. Encroachments upon system gas must be accounted for in accordance with the instructions to Account 117.4, Gas owed to system gas.

117.3 Gas stored in reservoirs and pipelines—noncurrent.

This account is to include the cost of stored gas owned by the utility and available for sale or other purposes. Gas included in this account must be accounted for using an inventory method in accordance with the Special Instructions to Accounts 117.1, 117.2, and 117.3 above.

117.4 Gas owed to system gas.

This account is to be used to record encroachments of system gas under the fixed asset method. This account may also be used to record encroachments of base gas for utilities electing to use an inventory method of accounting for system gas. Utilities may revalve cumulative net imbalances, net all transactions, and record one monthly entry with one month-end price for valuation purposes.

118 Other utility plant.

This account shall include the balance in accounts for utility plant, other than gas plant, such as electric, railway, etc.

119 Accumulated provision for depreciation and amortization of other utility plant.

This account shall include the accumulated provision for depreciation and amortization applicable to utility property other than gas plant.

121 Nonutility property.

A. This account shall include the book cost of land, structures, equipment or other tangible or intangible property owned by the utility, but not used in utility service and not properly includible in account 105, Gas Plant Held for Future Use.

B. This account shall also include the amount recorded under capital leases for property leased from others and used by the utility in its nonutility operations. Records shall be maintained with respect to each lease reflecting: (1) name of lessor, (2) basic details of lease, (3) terminal date, (4) original cost or fair market value of property leased, (5) future minimum lease payments, (6) executory costs, (7) present value of minimum lease payments, (8) the amount representing interest and the interest rate used, and (9) expenses paid.

C. This account shall be subdivided so as to show the amount of property used in operations which are nonutility in character but nevertheless constitute a distinct operating activity of the company (such as operation of an ice department where such activity is not classed as a utility) and the amount of miscellaneous property not used in operations. The records in support of each subaccount shall be maintained so as to show an appropriate classification of the property.

NOTE: In the event of the subsequent sale or other disposition of property included in this account which had been previously recorded in account 105, Gas Plant Held for Future Use, or account 105.1, Production Properties Held for Future Use, such property costs shall be accounted for in accordance with paragraph C of accounts 105 and 105.1, respectively.

122 Accumulated provision for depreciation and amortization of nonutility property.

This account shall include the accumulated provision for depreciation and amortization applicable to nonutility property.

123 Investment in associated companies.

A. This account shall include the book cost of investments in securities issued or assumed by associated companies and investment advances to such companies, including interest accrued thereon when such interest is not subject to current settlement, provided that the investment does not relate to a subsidiary company. (If the investment relates to a subsidiary company it shall be included in account entry to the recording of amortization of discount or premium on interest bearing investments. Include herein the offsetting 123.1, Investment in Subsidiary Companies.) (See account 419, Interest and Dividend Income.)

B. This account shall be maintained in such manner as to show the investment in securities of, and advances to, each associated company together with full particulars regarding any of such investments that are pledged.

NOTE A: Securities and advances of associated companies owned and pledged shall be included in this account, but such securities, if held in special deposits or in special funds, shall be included in the appropriate deposit or fund account. A complete record of securities pledged shall be maintained.

NOTE B: Securities of associated companies held as temporary cash investments are includible in account 136, Temporary Cash Investments.

NOTE C: Balances in open accounts with associated companies, which are subject to current settlement, are includible in account 146, Accounts Receivable from Associated Companies.

NOTE D: The utility may write down the cost of any security in recognition of a decline in the value thereof. Securities shall be written off or written down to a nominal value if there be no reasonable prospect of substantial value. Fluctuations in market value shall not be recorded but a permanent impairment in the value of securities shall be recognized in the accounts. When securities are written off or written down, the amount of the adjustment shall be charged to account 426.5, Other Deductions, or to an appropriate account for accumulated provisions for loss in value established as a separate subdivision of this account.

123.1 Investment in subsidiary companies.

A. This account shall include the cost of investments in securities issued or assumed by subsidiary companies and investment advances to such companies, including interest accrued thereon when such interest is not subject to current settlement plus the equity in undistributed earnings or losses of such subsidiary companies since acquisition. This account shall be credited with any dividends declared by such subsidiaries.

B. This account shall be maintained in such a manner as to show separately for each subsidiary: The cost of such investments in the securities of the subsidiary at the time of acquisition; the amount of equity in the subsidiary's undistributed net earnings or net losses since acquisition; advances or loans to such subsidiary; and full particulars regarding any such investments that are pledged.

124 Other investments.

A. This account shall include the book cost of investments in securities issued or assumed by nonassociated companies, investment advances to such companies, and any investments not accounted for elsewhere. Include also the offsetting entry to the recording of amortization of discount or premium on interest bearing investments. (See account 419, Interest and Dividend Income.)

B. The cost of capital stock of the utility reacquired by it under a definite plan for resale pursuant to authorization by the Board of Directors may, if permitted by statutes, be included in a separate subdivision of this account. (See also account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, and account 217, Reacquired Capital Stock.)

C. The records shall be maintained in such manner as to show the amount of each investment and the investment advances to each person.

NOTE A: Securities owned and pledged shall be included in this account, but securities held in special deposits or in special funds shall be included in appropriate deposit or fund accounts. A complete record of securities pledged shall be maintained.

NOTE B: Securities held as temporary cash investments shall not be included in this account.

NOTE C: See Note D of account 123.

125 Sinking funds.

This account shall include the amount of cash and book cost of investments held in sinking funds. A separate account, with appropriate title, shall be kept for each sinking fund. Transfers from this account to special deposit accounts, may be made as necessary for the purpose of paying matured sinking-fund obligations, or obligations called for redemption but not presented, or the interest thereon.

126 Depreciation fund.

This account shall include the amount of cash and the book cost of investments which have been segregated in a special fund for the purpose of identifying such assets with the accumulated provisions for depreciation.

128 Other special funds.

This account shall include the amount of cash and book cost of investments which have been segregated in special funds for insurance, employee pensions, savings, relief, hospital, and other purposes not provided for elsewhere. A separate account, with appropriate title shall be kept for each fund.

NOTE: Amounts deposited with a trustee under the terms of an irrevocable trust agreement for pensions or other employee benefits shall not be included in this account.

SPECIAL INSTRUCTIONS FOR CURRENT AND ACCRUED ASSETS

Current and accrued assets are cash, those assets which are readily convertible into cash or are held for current use in operations or construction, current claims against others, payment of which is reasonably assured, and amounts accruing to the utility which are subject to current settlement, except such items for which accounts other than those designated as current and accrued assets are provided. There shall not be included in the group of accounts designated as current and accrued assets any item, the amount or collectibility of which is not reasonably assured, unless an adequate provision for possible loss has been made therefor. Items of current character but of doubtful value may be written down and for record purposes carried in these accounts at nominal value.

131 Cash.

This account shall include the amount of current cash funds except working funds.

132 Interest special deposits.

This account shall include special deposits with fiscal agents or others for the payment of interest.

133 Dividend special deposits.

This account shall include special deposits with fiscal agents or others for the payment of dividends.

134 Other special deposits.

This account shall include deposits with fiscal agents or others for special purposes other than the payment of interest and dividends. Such special deposits may include cash deposited with federal, state, or municipal authorities as a guaranty for the fulfillment of obligations; cash deposited with trustees to be held until mortgaged property sold, destroyed, or otherwise disposed of is replaced; cash realized from the sale of the accounting utility's securities and deposited with trustees to be held until invested in property of the utility, etc. Entries to this account shall specify the purpose for which the deposit is made.

NOTE: Assets available for general corporate purposes shall not be included in this account. Further, deposits for more than one year, which are not offset by current liabilities, shall not be charged to this account but to account 128, Other Special Funds.

135 Working funds.

This account shall include cash advanced to officers, agents, employees, and others as petty cash or working funds.

136 Temporary cash investments.

A. This account shall include the book cost of investments, such as demand and time loans, bankers' acceptances, United States Treasury certificates, marketable securities, and other similar investments, acquired for the purpose of temporarily investing cash.

B. This account shall be so maintained as to show separately temporary cash investments in securities of associated companies and of others. Records shall be kept of any pledged investments.

141 Notes receivable.

This account shall include the book cost, not includible elsewhere, of all collectible obligations in the form of notes receivable and similar evidences (except interest coupons) of money due on demand or within one year from the date of issue, except, however, notes receivable from associated companies. (See account 136, Temporary Cash Investments, and account 145, Notes Receivable from Associated Companies.)

NOTE: The face amount of notes receivable discounted, sold, or transferred without releasing the utility from liability as endorser thereon, shall be credited to a separate subdivision of this account and appropriate disclosure shall be made in financial statements of any contingent liability arising from such transactions.

142 Customer accounts receivable.

A. This account shall include amounts due from customers for utility service, and for merchandising, jobbing, and contract work. This account shall not include amounts due from associated companies.

B. This account shall be maintained so as to permit ready segregation of the amounts due for merchandising, jobbing, and contract work.

143 Other accounts receivable.

A. This account shall include amounts due the utility upon open accounts, other than amounts due from associated companies and from customers for utility services and merchandising, jobbing, and contract work.

B. This account shall be maintained so as to show separately amounts due on subscriptions to capital stock and from officers and employees, but the account shall not include amounts advanced to officers or others as working funds. (See account 135, Working Funds.)

144 Accumulated provision for uncollectible accounts—Cr.

A. This account shall be credited with amounts provided for losses on accounts receivable which may become uncollectible, and also with collections on accounts previously charged hereto. Concurrent charges shall be made to account 904, Uncollectible Accounts, for amounts applicable to utility operations, and to corresponding accounts for other operations. Records shall be maintained so as to show the write-offs of accounts receivable for each utility department.

B. This account shall be subdivided to show the provision applicable to the following classes of accounts receivable:

Utility Customers.
Merchandising, Jobbing and Contract Work.
Officers and Employees.
Others.

NOTE A: Accretions to this account shall not be made in excess of a reasonable provision against losses of the character provided for.

NOTE B: If provisions for uncollectible notes receivable or for uncollectible receivables from associated companies are necessary, separate subaccounts therefor shall be established under the account in which the receivable is carried.

145 Notes receivable from associated companies.

146 Accounts receivable from associated companies.

These accounts shall include notes and drafts upon which associated companies are liable, and which mature and are expected to be paid in full not later than one year from date of issue, together with any interest thereon, and debit balances subject to current settlement in open accounts with associated companies. Items which do not bear a specified due date but which have been carried for more than twelve months and items which are not paid within twelve months from due date shall be transferred to account 123, Investment in Associated Companies.

NOTE A: On the balance sheet, accounts receivable from an associated company may be set off against accounts payable to the same company.

NOTE B: The face amount of notes receivable discounted, sold or transferred without releasing the utility from liability as endorser thereon, shall be credited to a separate subdivision of this account and appropriate disclosure shall be made in financial statements of any contingent liability arising from such transactions.

151 Fuel stock.

This account shall include the book cost of fuel on hand.

ITEMS

1. Invoice price of fuel less any cash or other discounts.
2. Freight, switching, demurrage and other transportation charges, not including, however, any charges for unloading from the shipping medium.
3. Excise taxes, purchasing agents' commissions, insurance and other expenses directly assignable to cost of fuel.

152 Fuel stock expenses undistributed.

A. This account may include the cost of labor and of supplies used and expenses incurred in unloading fuel from the shipping medium and in the handling thereof prior to its use, if such expenses are sufficiently significant in amount to warrant being treated as a part of the cost of fuel inventory rather than being charged direct to expense as incurred.

B. Amounts included herein shall be charged to expense as the fuel is used to the end that the balance herein, shall not exceed the expenses attributable to the inventory of fuel on hand.

ITEMS

Labor:
1. Procuring and handling of fuel.
2. All routine fuel analyses.
3. Unloading from shipping facility and putting in storage.
4. Moving of fuel in storage and transferring from one station to another.
5. Handling from storage or shipping facility to first bunker, hopper, bucket, tank or holder of boiler house structure.
6. Operation of mechanical equipment, such as locomotives, trucks, cars, boats, barges, cranes, etc.

Supplies and Expenses:
7. Tools, lubricants and other supplies.
8. Operating supplies for mechanical equipment.
9. Transportation and other expenses in moving fuel.
10. Stores expenses applicable to fuel.

153 Residuals and extracted products.

This account shall include the book cost of residuals or extracted products produced in the manufacture of gas or in natural gas products extraction operations including like products purchased for resale.

154 Plant materials and operating supplies.

A. This account shall include the cost of materials purchased primarily for use in the utility business for construction, operation and maintenance purposes. This account shall include also the book cost of materials recovered in connection with construction, maintenance or the retirement of property, such materials being credited to construction, maintenance or accumulated depreciation provision, respectively, and included herein as follows:

(1) Reusable materials consisting of large individual items shall be included in this account at original cost, estimated if not known. The cost of repairing such items shall be charged to the maintenance account appropriate for the previous use.

(2) Reusable materials consisting of relatively small items, the identity of which (from the date of original installation to the final abandonment or sale thereof) cannot be ascertained without undue refinement in accounting, shall be included in this account at current prices new for such items. The cost of repairing such items shall be charged to the appropriate expense account as indicated by previous use.

(3) Scrap and nonusable materials included in this account shall be carried at the estimated net amount realizable therefrom. The difference between the amounts realized for scrap and nonusable materials sold and the net amount at which the materials were carried in this account, as far as practicable, shall be adjusted to the accounts credited when the materials were charged to this account.

B. Materials and supplies issued shall be credited hereto and charged to the appropriate construction, operating expense, or other account on the basis of a unit price determined by the use of cumulative average, first-in-first out, or such other method of inventory accounting as conforms with accepted accounting standards consistently applied.

ITEMS

1. Invoice price of materials less cash or other discounts.
2. Freight, switching or other transportation charges when practicable to include as part of the cost of particular materials to which they relate.
3. Customs duties and excise taxes.
4. Costs of inspection and special tests prior to acceptance.
5. Insurance and other directly assignable charges.

NOTE: Where expenses applicable to materials purchased cannot be directly assigned to particular purchases, they shall be charged to account 163, Stores expenses Undistributed.

155 Merchandise.

This account shall include the book cost of materials and supplies, and appliances and equipment held primarily for merchandising, jobbing, and contract work. The principles prescribed in accounting for utility materials and supplies shall be observed in respect to items carried in this account.

156 Other materials and supplies.

This account shall include the book cost of materials and supplies held primarily for nonutility purposes. The principles prescribed in accounting for utility materials and supplies shall be observed in respect to items carried in this account.

163 Stores expense undistributed.

A. This account shall include the cost of supervision, labor and expenses incurred in the operation of general storerooms, including purchasing, storage, handling and distribution of materials and supplies.

B. This account shall be cleared by adding to the cost of materials and supplies issued a suitable loading charge which will distribute the expense equitably over stores issues. The balance in the account at the close of the year shall not exceed the amount of stores expenses reasonably attributable to the inventory of materials and supplies exclusive of fuel, as any amount applicable to fuel cost should be included in account 152, Fuel Stock Expenses Undistributed.

ITEMS

Labor:
1. Inspecting and testing materials and supplies when not assignable to specific items.
2. Unloading from shipping facility and putting in storage.
3. Supervision of purchasing and stores department to extent assignable to materials handled through stores.
4. Getting materials from stock and in readiness to go out.
5. Inventorying stock received or stock on hand by stores employees but not including inventories by general department employees as part of internal or general audits.
6. Purchasing department activities in checking material needs, investigating sources of supply, analyzing prices, preparing and placing orders, and related activities to extent applicable to materials handled through stores. (Optional. Purchasing department expenses may be included in administrative and general expenses.)
7. Maintaining stores equipment.
8. Cleaning and tidying storerooms and stores offices.
9. Keeping stock records, including recording and posting of material receipts and issues and maintaining inventory record of stock.
10. Collecting and handling scrap materials in stores.

Supplies and Expenses:
11. Adjustments of inventories of materials and supplies but not including large differences which can readily be assigned to important classes of materials and equitably distributed among the accounts to which such classes of materials have been charged since the previous inventory.
12. Cash and other discounts not practically assignable to specific materials.
13. Freight, express, etc., when not assignable to specific items.
14. Heat, light and power for storeroom and store offices.
15. Brooms, brushes, sweeping compound and other supplies used in cleaning and tidying storerooms and stores offices.
16. Injuries and damages.
17. Insurance on materials and supplies and on stores equipment.
18. Losses due to breakage, leakage, evaporation, fire or other causes, less credits for amounts received from insurance, transportation companies or others in compensation of such losses.
19. Postage, printing, stationery and office supplies.
20. Rent of storage space and facilities.
21. Communication service.
22. Excise and other similar taxes not assignable to specific materials.
23. Transportation expense on inward movement of stores and on transfer between

storerooms but not including charges on materials recovered from retirements which shall be accounted for as part of cost of removal.

NOTE: A physical inventory of each class of materials and supplies shall be made at least every two years.

164.1 Gas stored—current.

This account shall be debited with such amounts as are credited to Account 117.2, System balancing gas, (for utilities using an inventory method of accounting for system gas) and Account 117.3, Gas Stored in Reservoirs and Pipelines-Noncurrent, to reflect classification for balance sheet purposes of such portion of the inventory of gas stored as represents a current asset according to conventional rules for classification of current assets.

NOTE: It shall not be considered conformity to conventional rules of current asset classification if the amount included in this account exceeds an amount equal to the cost of estimated withdrawals of gas from storage within the 24-month period from date of the balance sheet, or if the amount represents a volume of gas which, in fact, could not be withdrawn from storage without impairing pressure levels needed for normal operating purposes.

164.2 Liquefied natural gas stored.

A. This account shall include the cost of liquefied natural gas stored in above or below ground facilities.

B. Natural gas purchased in a liquefied form shall be priced at the cost of such gas to the utility. Natural gas liquefied by the utility shall be priced according to generally accepted methods of cost determination consistently applied from year to year. Transmission expenses for facilities to the utility used in moving the gas to the storage facilities shall not be included in the inventory of gas except as may be authorized by the Commission.

C. Amounts debited to this account for natural gas placed in stored shall be credited to account 808.2, Gas Delivered to Storage—Credit. Amounts credited to this account for gas withdrawn from storage shall be debited to account 808.1, Gas Withdrawn from Storage—Debit.

D. Withdrawals of gas may be priced according to the first-in-first-out, last-in-first-out, or weighted average cost method provided the method adopted by the utility is used consistently from year to year and inventory records are maintained in accordance therewith. Commission approval must be obtained for any other pricing method or for any change in the pricing method adopted by the utility. Separate records shall be maintained for each storage project of the Dth of gas delivered to storage and remaining in storage.

E. Adjustments for inventory losses shall be charged to account 842.3, Gas Losses.

164.3 Liquefied natural gas held for processing.

A. This account shall include the cost of base load liquefied natural gas available for vaporization and injection into the utility's natural gas system.

B. Natural gas purchased in a liquefied form shall be priced at the cost of such gas to the utility.

C. Amounts debited to this account for liquefied natural gas purchased for processing shall be credited to account 809.2, Deliveries of Natural Gas for Processing—Credit. Amounts credited for liquefied natural gas processed shall be debited to account 809.1, Withdrawals of Liquefied Natural Gas Held for Processing—Debit.

D. Withdrawals of gas held for vaporization may be priced according to the first-in-first-out, last-in-first-out or weighted average cost method provided the method adopted by the utility is used consistently from year to year and inventory records are maintained in accordance therewith. Commission approval must be obtained for any other pricing method or for any change from the pricing method adopted by the utility. Separate records shall be maintained for Dth of gas purchased for processing, processed, and remaining for processing.

E. Adjustments for inventory losses shall be charged to account 846.1, Gas Losses.

165 Prepayments.

A. This account shall include payments for undelivered gas and other prepayments of rents, taxes, insurance, interest, and like disbursements made prior to the period to which they apply. Prepayments for gas are those amounts paid to a seller of gas under "take or pay" provisions of a gas purchase contract for a sale certificated by the Commission where future makeup of the gas not taken in the current period is provided for by the contract.

B. As the periods covered by such prepayments expire, credit this account and charge the proper operating expense or other appropriate account with the amount applicable to the period.

C. This account shall be kept or supported in such a manner as to disclose the amount of each class of prepayments.

166 Advances for gas exploration, development and production.

A. This account shall include all advances made for gas (whether called "advances," "contributions" or otherwise) to independent producers, affiliated or associated companies, or others operating within the lower 48 states and Alaska; for exploration, development or production (but not to include lease acquisition) of natural gas. Under each agreement with payee, such payments must be made prior to initial gas deliveries, or if the agreement provides for advances on a well by well basis, each incremental payment must be made prior to deliveries from an incremental well, or prior to Federal and/or State authorization, as appropriate. All agreements executed after June 17, 1975, (issuance date of Order No. 529) shall specify that (1) the pipeline shall have first call on any gas produced, attributable to the advance payment, under a long-term contract which is for a minimum initial term computed as the lesser of fifteen years or the life of the reserve in the field, and (2) the selling price of the gas committed by producers whose sales are subject to price regulation shall be governed by and limited to the area rate or national rate or, under appropriate showing of special circumstance, such other rate as may be authorized by the Commission under the provisions of optional pricing and special relief. As a determination of the initial rate, the time of first delivery in interstate commerce to the purchaser shall govern. Non-current advances not to be repaid within a two-year period shall be reclassified and transferred to account 124, Other Investments, for balance sheet purposes. This transfer is for reporting purposes only and has no effect on accounting and ratemaking.

B. When a pipeline obtains a working interest as a result of funds advanced to producers, such amounts shall be included in appropriate production accounts for formal contractual agreements executed prior to the date of issuance of Order No. 499. When an associated company obtains a working interest as a result of funds advanced from a pipeline company, the pipeline shall include such amounts in Account 123, Investment in Associated Companies, or Account 146, Accounts receivable from Associated Companies, as appropriate, for formal contractual commitments made during the period on or after November 10, 1971 (effective date of Order 441) but prior to December 29, 1972, the date of issuance of Order No. 465.

C. Outstanding advances shall be fully reduced within 5 years, or as otherwise authorized by the Commission, from the date gas deliveries commence or the date it is determined that recovery will be in other than gas. This account shall be credited with advances not fully recovered within the five-year period, and the unrecovered portion charged directly to Account 426.5, Other Deductions. A sufficient portion of all gas taken should be credited to the related outstanding advance so as to eliminate the advance within the 5-year period or as otherwise authorized by the Commission upon request by the pipeline company. The reduction of the outstanding advance should not be dependent on a buyer purchasing more than 100 percent of the minimum take or pay quantity provided in the contract. In those instances where the five-year recovery period has lapsed, but recovery of the advance continues beyond the five-year period, the unrecovered advances shall be removed from this account and transferred to Account 167, Other Advances for Gas.

D. Where recovery is by gas, the recovered advance shall be credited to this account and charged to the appropriate gas purchase account.

E. When an advance which is or has been included in this account and in rate base results in a source of proven reserves of natural gas, gas deliveries commence but no gas flows to the pipeline company making such advance, the amount of the advance shall be removed from this account (and from rate base) and recorded in account 167, Other Advances for Gas. Any revenues collected as a result of the advance being included in rate base shall be refunded by the pipeline company to its customers, together with interest, per annum, at the rate established by Order No. 513, issued October 10, 1974, or as subsequently revised by Commission Order, from the date of payment until refunded, within 12 months after the removal of the advance from this account, unless otherwise directed by the Commission. Where there is partial recovery of the advance by gas, in this situation, the amount of the advance transferred from this account to account 167 and the amount of revenues refunded, with interest, shall be appropriately apportioned.

F. However, if 5 years elapses from the time the advance has been included in this account and during such time no gas deliveries have commenced or no determination has been made that the recovery will be in economic consideration other than gas, the pipeline shall at the end of the 5–year period, transfer the advance from this account to Account 167, and cease rate base treatment thereof, unless otherwise directed by the Commission.

G. Whenever as a result of an advance included in this account, a pipeline receives any amount in excess of a full recovery of the advance, e.g. interest income, such amount must be credited to Account 813, Other Gas Supply Expenses, or as otherwise directed by the Commission. If the income or return is received in other than money, it shall be included at the market value of the assets received.

H. If the recipient of an advance is unable to repay it in full, through no fault of the pipeline or contractual provisions, in gas or other assets, the unpaid or nonrecoverable portion must be credited to this account at the time such amount is recognized as nonrecoverable. Nonrecoverable advances significant in amount must be eliminated within 5 years from the date of determination as nonrecoverable by either a charge to account 435, Extraordinary Deductions, or when authorized by the Commission, by a transfer to account 186, Miscellaneous Deferred Debits, and amortization to account 813, Other Gas Supply Expenses. Nonrecoverable advances insignificant in amount should be charged directly to account 813 in the year recognized as nonrecoverable, when authorized by the Commission.

I. No transfers shall be made to or from this account to any other accounts, unless otherwise provided herein, except as specifically authorized by the Commission upon request by the pipeline company.

J. Three copies of any agreement concerning advances will be filed with the Secretary within 30 days of the initial related entry in account 166.

NOTE A: This account may include advances for exploration (including lease acquisition costs) made according to the provisions of Order Nos. 410 and 410–A, for which a contractual commitment was made prior to November 10, 1971, (issue date of Order No. 441). All advances made pursuant to contractual commitments made prior to November 10, 1971, (issue date of Order No. 441) shall be subject to the provisions of Order Nos. 410 and 410–A.

NOTE B: This account shall not include advances for exploration (including lease acquisition costs) in accordance with Order No. 441, for which a contractual commitment was made on or after November 10, 1971 (issue date of Order No. 441), but prior to December 29, 1972 (issue date of Order No. 465). All advances made pursuant to contractual commitments made on or after November 10, 1971, but prior to December 29, 1972 (issue date of Order No. 465) shall be subject to the provisions of Order No. 441.

NOTE C: This account shall not include advances for lease acquisition costs but may include advances for exploration where such advances are pursuant to contractual commitments made on or after December 29, 1972 (issue date of Order No. 465).

NOTE D: All advances made pursuant to contractual commitments made on or after December 29, 1972 (issue date of Order No. 465) but prior to the date of issuance of Order No. 499, shall be subject to the provisions of Order No. 465.

NOTE E: All advances made pursuant to contractual commitments made on or after December 28, 1973 (issue date of Order No. 499), but prior to the date of issuance of Order No. 529, shall be subject to the provisions of Order No. 499.

NOTE F: This account shall not include advances expended for delay rentals, nonproductive well drilling or abandoned leases where such advances are related to lease acquisition, except in accordance with Note A and Note B to this account.

NOTE G: To keep the Commission informed when an advance is nonrecoverable by any means the company must submit the full details including copies of Federal and State plugging and abandonment reports involved as soon as such fact becomes known.

167 Other advances for gas.

This account shall include all advances not properly includible in Account 166, exclusive of amounts advanced where a working interest is obtained.

171 Interest and dividends receivable.

This account shall include the amount of interest on bonds, mortgages, notes, commercial paper, loans, open accounts, deposits, etc., the payment of which is reasonably assured, and the amount of dividends declared or guaranteed on stocks owned.

NOTE A: Interest which is not subject to current settlement shall not be included herein but in the account in which is carried the principal on which the interest is accrued.

NOTE B: Interest and dividends receivable from associated companies shall be included in account 146. Accounts Receivable from Associated Companies.

172 Rents receivable.

This account shall include rents receivable or accrued on property rented or leased by the utility to others.

NOTE: Rents receivable from associated companies shall be included in account 146. Accounts Receivable From Associated Companies.

173 Accrued utility revenues.

At the option of the utility, the estimated amount accrued for service rendered, but not billed at the end of any accounting period, may be included herein. In case accruals are made for unbilled revenues, they shall be made likewise for unbilled expenses, such as for the purchase of gas.

174 Miscellaneous current and accrued assets.

A. This account shall include the book cost of all other current and accrued assets, appropriately designated and supported so as to show the nature of each asset included herein.

B. The utility is to include in a separate subaccount amounts receivable for gas in unbalanced transactions where gas is delivered to another party in exchange, load balancing, or no-notice transportation transactions. (See Account 806.) If the amount receivable is settled by other than gas, Account 495, Other Gas Revenues must be credited or Account 813, Other Gas Supply Expenses, charged for the difference between the amount of the consideration received and the recorded amount of the receivable settled. Records are to be maintained so that there is readily available for each party entering gas exchange, load balancing, or no-notice transportation transactions, the quantity and cost of gas delivered, and the amount and basis of consideration received, if other than gas.

181 Unamortized debt expense.

This account shall include expenses related to the issuance or assumption of debt securities. Amounts recorded in this account shall be amortized over the life of each respective issue under a plan which will distribute the amount equitably over the life of the security. The amortization shall be on a monthly basis, and the amounts thereof shall be charged to account 428, Amortization of Debt Discount and Expense. Any unamortized amounts outstanding at the time that the related debt is prematurely reacquired shall be accounted for as indicated in General Instruction 17.

182.1 Extraordinary property losses.

A. When authorized or directed by the Commission, this account shall include extraordinary losses, which could not reasonably have been anticipated and which are not covered by insurance or other provisions, such as unforeseen damages to property.

B. Application to the Commission for permission to use this account shall be accompanied by a statement giving a complete explanation with respect to

the items which it is proposed to include herein, the period over which, and the accounts to which it is proposed to write off the charges, and other pertinent information.

182.2 Unrecovered plant and regulatory study costs.

A. This account shall include: (1) Nonrecurring costs of studies and analyses mandated by regulatory bodies related to plants in service, transferred from account 183.2, Other Preliminary Survey and Investigation Charges, and not resulting in construction; and (2) when authorized by the Commission, significant unrecovered costs of plant facilities where construction has been cancelled or which have been prematurely retired.

B. This account shall be credited and account 407.1, Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs, shall be debited, over the period specified by the Commission.

C. Any additional costs incurred, relative to the cancellation or premature retirement, may be included in this account and amortized over the remaining period of the original amortization period. Should any gains of recoveries be realized relative to the cancelled or prematurely retired plant, such amounts shall be used to reduce the unamortized amount of the costs recorded herein.

D. In the event that the recovery of costs included herein is disallowed in rate proceedings, the disallowed costs shall be charged to account 426.5, Other Deductions, or account 435, Extraordinary deductions, in the year of such disallowance.

182.3 Other regulatory assets.

A. This account shall include the amounts of regulatory-created assets, not includible in other accounts, resulting from the ratemaking actions of regulatory agencies. (*See* Definition No. 31.)

B. The amounts included in this account are to be established by those charges which would have been included in net income determinations in the current period under the general requirements of the Uniform System of Accounts but for it being probable that such items will be included in a different period(s) for purposes of developing the rates that the utility is authorized to charge for its utility services. Where specific identification of the particular source of the regulatory asset cannot be made, such as in plant phase-ins, rate moderation plans, or rate levelization plans, Account 407.4, Regulatory Credits, shall be credited. The amounts recorded in this account are generally to be charged, concurrently with the recovery of the amounts in rates, to the same account that would have been charged if included in income when incurred, except all regulatory assets established through the use of Account 407.4 shall be charged to Account 407.3, Regulatory Debits, concurrent with the recovery of the amounts in rates.

C. If rate recovery of all or part of an amount included in this account is disallowed, the disallowed amount shall be charged to Account 426.5, Other Deductions, or Account 435, Extraordinary Deductions, in the year of the disallowance.

D. The records supporting the entries to this account shall be kept so that the utility can furnish full information as to the nature and amount of each regulatory asset included in this account, including justification for inclusion of such amounts in this account.

183.1 Preliminary natural gas survey and investigation charges.

A. This account shall be charged with all expenditures for preliminary surveys, plans, investigations, etc. made for the purpose of determining the feasibility of acquiring land and land rights to provide a future supply of natural gas. If such land or land rights are acquired, this account shall be credited and the appropriate gas plant account (see gas plant instruction 7–G) charged with the amount of the expenditures relating to such acquisition. If a project is abandoned involving a natural gas lease acquired before October 8, 1969, the expenditures related thereto shall be charged to account 798, Other Exploration. If a project is abandoned involving a lease acquired after

October 7, 1969, the expenditures related thereto shall be charged to account 338, Unsuccessful Exploration and Development Costs.

B. The records supporting the entries to this account shall be so kept that the utility can furnish, for each investigation, complete information as to the identification and location of territory investigated, the number or other identification assigned to the land tract or leasehold acquired, and the nature and respective amounts of the charges.

NOTE: The amount of preliminary survey and investigation charges transferred to gas plant shall not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to gas plant.

183.2 Other preliminary survey and investigation charges.

A. This account shall be charged with all expenditures for preliminary surveys, plans, investigations, etc., made for the purpose of determining the feasibility of utility projects under contemplation, other than the acquisition of land and land rights to provide a future supply of natural gas. If construction results, this account shall be credited and the appropriate utility plant account charged. If the work is abandoned, the charge shall be made to account 426.5, Other Deductions, or the appropriate operating expense account.

B. This account shall also include costs of studies and analyses mandated by regulatory bodies related to plant in service. If construction results from such studies, this account shall be credited and the appropriate utility plant account charged with an equitable portion of such study costs directly attributible to new construction. The portion of such study costs not attributible to new construction or the entire cost if construction does not result shall be charged to account 182.2, Unrecovered Plant and Regulatory Study Costs, or the appropriate operating expense account. The costs of such studies relative to plant under construction shall be included directly in account 107, Construction Work in Progress—Gas.

C. The records supporting the entries to this account shall be so kept that the utility can furnish complete information as to the nature and the purpose of the survey, plans, or investigations and the nature and amounts of the several charges.

NOTE: The amount of preliminary survey and investigation charges transferred to utility plant shall not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to utility plant.

184 Clearing accounts.

This caption shall include undistributed balances in clearing accounts at the date of the balance sheet. Balances in clearing accounts shall be substantially cleared not later than the end of the calendar year unless items held therein relate to a future period.

185 Temporary facilities.

This account shall include amounts shown by work orders for plant installed for temporary use in utility service for periods of less than one year. Such work orders shall be charged with the cost of temporary facilities and credited with payments received from customers and net salvage realized on removal of the temporary facilities. Any net credit or debit resulting shall be cleared to account 488, Miscellaneous Service Revenues.

186 Miscellaneous deferred debits.

A. This account shall include all debits not elsewhere provided for, such as miscellaneous work in progress, construction certificate application fees paid prior to final disposition of the application as provided for in gas plant instruction 15A, and unusual or extraordinary expenses not included in other accounts which are in process of amortization, and items the final disposition of which is uncertain.

B. The records supporting the entries to this account shall be so kept that the utility can furnish full information as to each deferred debit included herein.

187 Deferred losses from disposition of utility plant.

This account shall include losses from the sale or other disposition of property previously recorded in account 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use, under the provisions of paragraphs B, C, and D thereof, where such losses are significant and are to be amortized over a period of 5 years, unless otherwise authorized by the Commission. The amortization of the amounts in this account shall be made by debits to account 411.7, Losses from Disposition of Utility Plant. Subdivision of this account shall be maintained so that amounts relating to account 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use, can be readily identifiable. (See accounts 105, Gas Plant Held for Future Use and 105.1, Production Properties Held for Future Use.)

188 Research, development, and demonstration expenditures.

A. This account shall be charged with the cost of all expenditures coming within the meaning of Research, Development, and Demonstration (R.D. & D.) of this Uniform Systems of Accounts (see definition 28.B), except those expenditures properly chargeable to Account 107, Construction Work in Progress—Gas.

B. Costs that are minor or of a general or recurring nature shall be transferred from this account to the appropriate operating expense function or if such costs are common to the overall operations or cannot be feasibly allocated to the various operating accounts, then such costs shall be recorded in account 930.2, Miscellaneous General Expenses.

C. In certain instances a company may incur large and significant research, development, and demonstration expenditures which are nonrecurring and which would distort the annual research, development, and demonstration charges for the period. In such a case the portion of such amounts that cause the distortion may be amortized to the appropriate operating expense account over a period not to exceed five years unless otherwise authorized by the Commission.

D. The entries in this account must be so maintained as to show separately each project along with complete detail of the nature and purpose of the research, development, and demonstration project together with the related costs.

189 Unamortized loss on reacquired debt.

This account shall include the losses on long-term debt reacquired or redeemed. The amounts in this account shall be amortized in accordance with General Instruction 17.

190 Accumulated deferred income taxes.

A. This account shall be debited and account 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, or account 411.2, Provision for Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall be credited with an amount equal to that by which income taxes payable for the year are higher because of the inclusion of certain items in income for tax purposes, which items for general accounting purposes will not be fully reflected in the utility's determination of annual net income until subsequent years.

B. This account shall be credited and account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or account 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with an amount equal to that by which income taxes payable for the year are lower because of prior payment of taxes as provided by paragraph A above, because of difference in timing for tax purposes of particular items of income or income deductions from that recognized by the utility for general accounting purposes. Such credit to this account and debit to account 410.1 or 410.2 shall, in general, represent the effect on taxes payable in the current year of the smaller amount of book income recognized, or the larger deduction permitted, for tax purposes as compared to the amount recognized in the utility's current accounts with respect to the item or class of items for which deferred tax concept of accounting is affected.

C. Vintage year records with respect to entries to this account, as described above, and the account balance shall be so maintained as to show the factor of calculation with respect to each annual amount of the item or class of items for which deferred tax accounting by the utility is utilized.

D. The utility is restricted in its use of this account to the purpose set forth above. It shall not make use of the balance in this account or any portion thereof except as provided in the text of this account, without prior approval of the Commission. Any remaining deferred tax account balance with respect to an amount for any prior year's tax deferral, the amortization of which or other recognition in the utility's income accounts has been completed, or other disposition made, shall be debited to account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or account 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, or otherwise disposed of as the Commission may authorize or direct. (See General Instruction 18.)

191 Unrecovered purchased gas costs.

A. This account shall include purchase gas costs related to Commission approved purchased gas adjustment clauses when such costs are not included in the utility's rate schedule on file with the Commission. This account shall also include such other costs as authorized by the Commission.

B. This account shall be debited or credited, as appropriate, each month for increases or decreases in purchased gas costs with contra entries to Account 805.1, Purchased Gas Cost Adjustments.

C. After a change in a rate schedule recognizing the increases or decreases in purchased gas costs recorded in this account is approved by the Commission, this account shall be debited or credited, as appropriate, with contra entries to expense Account 805.1, Purchased Gas Cost Adjustments, so that the balance accumulated in this account will be amortized on an appropriate basis over a succeeding 6-month period or over such other periods that the Commission may have authorized. Any over or under applied debits or credits to this account shall be carried forward to the succeeding period of amortization.

D. Separate subaccounts shall be maintained for the amounts relating to the period in which the increase or decrease is accumulated and for the amortization of purchase gas increases or decreases, as applicable, so as to keep each period separate.

201 Common stock issued.

202 Common stock subscribed.

203 Common stock liability for conversion.

204 Preferred stock issued.

A. These accounts shall include the par value or the stated value of stock without par value if such stock has a stated value, and, if not, the cash value of the consideration received for such nonpar stock, of each class of capital stock actually issued, including the par or stated value of such capital stock in account 124, Other Investments and account 217, Reacquired Capital Stock.

B. When the actual cash value of the consideration received is more or less than the par or stated value of any stock having a par or stated value, the difference shall be credited or debited, as the case may be, to the premium or discount account for the particular class and series.

C. When capital stock is retired, these accounts shall be charged with the amount at which such stock is carried herein.

D. A separate ledger account, with a descriptive title, shall be maintained for each class and series of stock. The supporting records shall show the shares nominally issued, actually issued, and nominally outstanding.

NOTE: When a levy or assessment, except a call for payment on subscriptions, is made against holders of capital stock, the amount collected upon such levy or assessment shall be credited to account 207, Premium on Capital Stock; provided, however, that the credit shall be made to account 213, Discount on Capital Stock, to the extent of any remaining balance of discount on the issue of stock.

205 Preferred stock subscribed.

A. These accounts shall include the amount of legally enforceable subscriptions to capital stock of the utility. They shall be credited with the par or stated value of the stock subscribed, exclusive of accrued dividends, if any. Concurrently, a debit shall be made to subscriptions to capital stock, included as a Other Accounts Receivable, for the agreed price and any discount or premium shall be debited or credited to the appropriate discount or premium account. When properly executed stock certificates have been issued representing the shares subscribed, this account separate subdivision of account 143, shall be debited, and the appropriate capital stock account credited, with the par or stated value of such stock.

B. The records shall be kept in such manner as to show the amount of subscriptions to each class and series of stock.

206 Preferred stock liability for conversion.

A. These accounts shall include the par value or stated value, as appropriate, of capital stock which the utility has agreed to exchange for outstanding securities of other companies in connection with the acquisition of properties of such companies under terms which allow the holders of the securities of the other companies to surrender such securities and receive in return therefor capital stock of the accounting utility.

B. When the securities of the other companies have been surrendered and capital stock issued in accordance with the terms of the exchange, these accounts shall be charged and accounts 201, Common Stock Issued, or 204, Preferred Stock Issued, as the case may be, shall be credited.

C. The records shall be kept so as to show separately the stocks of each class and series for which a conversion liability exists.

207 Premium on capital stock.

A. This account shall include, in a separate subdivision for each class and series of stock, the excess of the actual cash value of the consideration received on original issues of capital stock over the par or stated value and accrued dividends of such stock, together with assessments against stockholders representing payments required in excess of par or stated values.

B. Premium on capital stock shall not be set off against expenses. Further, a premium received on an issue of a certain class or series of stock shall not be set off against expenses of another issue of the same class or series.

C. When capital stock which has been actually issued is retired, the amount in this account applicable to the shares retired shall be transferred to account 210, Gain on Resale or Cancellation of Reacquired Capital Stock.

208 Donations received from stockholders.

This account shall include the balance of credits for donations received from stockholders consisting of capital stock of the utility, cancellation or reduction of debt of the utility, and the cash value of other assets received as a donation.

209 Reduction in par or stated value of capital stock.

This account shall include the balance of credits arising from a reduction in the par or stated value of capital stock.

210 Gain on resale or cancellation of reacquired capital stock.

This account shall include the balance of credits arising from the resale or cancellation of reacquired capital stock. (See account 217, Reacquired Capital Stock.)

211 Miscellaneous paid-in capital.

This account shall include the balance of all other credits for paid.in capital which are not properly includible in the foregoing accounts. This account may include all commissions and expenses incurred in connection with the issuance of capital stock.

NOTE: Amounts included in capital surplus at the effective date of this system of accounts which cannot be classified as to the source thereof shall be included in this account.

212 Installments received on capital stock.

A. This account shall include in a separate subdivision for each class and series of capital stock the amount of installments received on capital stock on a partial or installment payment plan from subscribers who are not bound by legally enforceable subscription contracts.

B. As subscriptions are paid in full and certificates issued, this account shall be charged and the appropriate capital stock account credited with the par or stated value of such stock. Any discount or premium on an original issue shall be included in the appropriate discount or premium account.

213 Discount on capital stock.

A. This account shall include in a separate subdivision for each class and series of capital stock all discount on the original issuance and sale of capital stock, including additional capital stock of a particular class or series as well as first issues.

B. When capital stock which has been actually issued is retired, the amount in this account applicable to the shares retired shall be written off to account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, provided, however, that the amount shall be charged to account 439, Adjustments to Retained Earnings, to the extent that it exceeds the balance in account 210.

214 Capital stock expense.

A. This account shall include in a separate subdivision for each class and series of stock all commissions and expenses incurred in connection with the original issuance and sale of capital stock, including additional capital stock of a particular class or series as well as first issues. Expenses applicable to capital stock shall not be deducted from premium on capital stock.

B. When capital stock which has been actually issued by the utility is retired, the amount in this account applicable to the shares retired shall be written off to account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, provided, however, that the amount shall be charged to account 439, Adjustments to Retained Earnings, to the extent that it exceeds the balance in account 210.

NOTE A: Expenses in connection with the reacquisition or resale of the utility's capital stock shall not be included herein.

NOTE B: The utility may write off capital stock expense in whole or in part by charges to account 211, Miscellaneous Paid-In Capital.

215 Appropriated retained earnings.

This account shall include the amount of earned surplus which has been appropriated or set aside for specific purposes. Separate subaccounts shall be maintained under such titles as will designate the purpose for which each appropriation was made.

216 Unappropriated retained earnings.

This account shall include the balances, either debit or credit, of unappropriated retained earnings arising from earnings of the utility. This account shall not include any amounts representing the undistributed earnings of subsidiary companies.

216.1 Unappropriated undistributed subsidiary earnings.

This account shall include the balances, either debit or credit, of undistributed retained earnings of subsidiary companies since their acquisition. When dividends are received from subsidiary companies and the balances have been included in this account, this account shall be debited and account 216, Unappropriated Retained Earnings, credited.

217 Reacquired capital stock.

A. This account shall include in a separate subdivision for each class and series of capital stock, the cost of capital stock actually issued by the utility and reacquired by it and not retired or canceled, except, however, stock which is held by trustees in sinking or other funds.

B. When reacquired capital stock is retired or canceled, the difference between its cost, including commissions and expenses paid in connection with the reacquisition, and its par or stated value plus any premium and less any discount and expenses applicable to the shares retired, shall be debited or credited, as appropriate, to account 210,

Gain on Resale or Cancellation of Reacquired Capital Stock, provided, however, that debits shall be charged to account 439, Adjustments to Retained Earnings, to the extent that they exceed the balance in account 210.

C. When reacquired capital stock is resold by the utility, the difference between the amount received on the resale of the stock, less expenses incurred in the resale, and the cost of the stock included in this account shall be accounted for as outlined in paragraph B.

NOTE A: See account 124. Other Investments, for permissive accounting treatment of stock reacquired under a definite plan for resale.

NOTE B: The accounting for reacquired stock shall be as prescribed herein unless otherwise specifically required by statute.

221 Bonds.

This account shall include in a separate subdivision for each class and series of bonds the face value of the actually issued and unmatured bonds which have not been retired or canceled; also the face value of such bonds issued by others the payment of which has been assumed by the utility.

222 Reacquired bonds.

A. This account shall include the face value of bonds actually issued or assumed by the utility and reacquired by it and not retired, or canceled. The account for reacquired debt shall not include securities which are held by trustee in sinking or other funds.

B. When bonds are reacquired, the difference between face value, adjusted for unamortized discount, expenses or premium, and the amount paid upon reacquisition, shall be included in account 189, Unamortized Loss on Reacquired Debt, or account 257, Unamortized Gain on Reacquired Debt, as appropriate. (See General Instruction 17.)

223 Advances from associated companies.

A. This account shall include the face value of notes payable to associated companies and the amount of open book accounts representing advances from associated companies. It does not include notes and open accounts representing indebtedness subject to current settlement which are includible in account 233, Notes Payable to Associated Companies, or account 234, Accounts Payable to Associated Companies.

B. The records supporting the entries to this account shall be so kept that the utility can furnish complete information concerning each note and open account.

224 Other long-term debt.

A. This account shall include, until maturity, all long-term debt not otherwise provided for. This covers such items as receivers' certificates, real estate mortgages executed or assumed, assessments for public improvements, notes and unsecured certificates of indebtedness not owned by associated companies, receipts outstanding for long-term debt, and other obligations maturing more than one year from date of issue or assumption.

B. Separate accounts shall be maintained for each class of obligation, and records shall be maintained to show for each class all details as to date of obligation, date of maturity, interest dates and rates, security for the obligation, etc.

NOTE: Miscellaneous long-term debt reacquired shall be accounted for in accordance with the procedure set forth in account 222, Reacquired Bonds.

225 Unamortized premium on long-term debt.

A. This account shall include the excess of the cash value of consideration received over the face value upon the issuance or assumption of long-term debt securities.

B. Amounts recorded in this account shall be amortized over the life of each respective issue under a plan which will distribute the amount equitably over the life of the security. The amortization shall be on a monthly basis, with the amounts thereof to be credited to account 429, Amortization of Premium on Debt—Credit. (See General Instruction 17.)

226 Unamortized discount on long-term debt—Debit.

A. This account shall include the excess of the face value of long-term debt securities over the cash value of consideration received therefor, related to the issue or assumption of all types and classes of debt.

B. Amounts recorded in this account shall be amortized over the life of the respective issues under a plan which will distribute the amount equitably over the life of the securities. The amortization shall be on a monthly basis, with the amounts thereof charged to account 428, Amortization of Debt Discount and Expense. (See General Instruction 17.)

SPECIAL INSTRUCTIONS FOR CURRENT AND ACCRUED LIABILITIES

Current and accrued liabilities are those obligations which have either matured or which become due within one year from the date thereof; except, however, bonds, receivers' certificates and similar obligations which shall be classified as long-term debt until date of maturity; accrued taxes, such as income taxes, which shall be classified as accrued liabilities even though payable more than one year from date; compensation awards, which shall be classified as current liabilities regardless of date due; and minor amounts payable in installments which may be classified as current liabilities. If a liability is due more than one year from date of issuance or assumption by the utility, it shall be credited to a long-term debt account appropriate for the transaction, except, however, the current liabilities previously mentioned.

227 Obligations under capital leases—noncurrent.

This account shall include the portion not due within one year, of the obligations recorded for the amounts applicable to leased property recorded as assets in account 101.1, Property under Capital Leases, or account 121, Nonutility property.

SPECIAL INSTRUCTIONS TO ACCOUNTS 228.1 THROUGH 228.4

No amounts shall be credited to these accounts unless authorized by a regulatory authority or authorities to be collected in a utility's rate levels.

228.1 Accumulated provision for property insurance.

A. This account shall include amounts reserved by the utility for losses through accident, fire, flood, or other hazards to its own property or property leased from others, not covered by insurance. The amounts charged to account 924, Property Insurance, or other appropriate accounts to cover such risks shall be credited to this account. A schedule of risks covered shall be maintained, giving a description of the property involved, the character of the risks covered and the rates used.

B. Charges shall be made to this account for losses covered, not to exceed the account balance. Details of these charges shall be maintained according to the year the casualty occurred which gave rise to the loss.

228.2 Accumulated provision for injuries and damages.

A. This account shall be credited with amounts charged to account 925, Injuries and Damages, or other appropriate accounts, to meet the probable liability, not covered by insurance, for deaths or injuries to employees and others, and for damages to property neither owned nor held under lease by the utility.

B. When liability for any injury or damage is admitted by the utility either voluntarily or because of the decision of a court or other lawful authority, such as a workmens' compensation board, the admitted liability shall be charged to this account and credited to the appropriate current liability account. Details of these charges shall be maintained according to the year the casualty occurred which gave rise to the loss.

NOTE: Recoveries or reimbursements for losses charged to this account shall be credited hereto; the cost of repairs to property of others if provided for herein shall be charged to this account.

228.3 Accumulated provision for pensions and benefits.

A. This account shall include provisions made by the utility and amounts contributed by employees for pensions, accident and death benefits, savings,

relief, hospital and other provident purposes, where the funds are included in the assets of the utility either in general or in segregated fund accounts.

B. Amounts paid by the utility for the purposes for which this liability is established shall be charged hereto.

C. A separate account shall be kept for each kind of provision included herein.

NOTE: If employee pension or benefit plan funds are not included among the assets of the utility but are held by outside trustees, payments into such funds, or accruals therefor, shall not be included in this account.

228.4 Accumulated miscellaneous operating provisions.

A. This account shall include all operating provisions which are not provided for elsewhere.

B. This account shall be maintained in such manner as to show the amount of each separate provision and the nature and amounts of the debits and credits thereto.

NOTE: This account includes only provisions as may be created for operating purposes and does not include any reservations of income the credits for which should be carried in account 215, Appropriated Retained Earnings.

229 Accumulated provision for rate refunds.

A. This account shall be credited with amounts charged to Account 496, Provision for Rate Refunds, to provide for estimated refunds where the utility is collecting amounts in rates subject to refund.

B. When a refund of any amount recorded in this account is ordered by a regulatory authority, such amount shall be charged hereto and credited to Account 242, Miscellaneous Current and Accrued Liabilities.

C. Records supporting the entries to this account shall be kept so as to identify each amount recorded by the respective rate filing docket number.

231 Notes payable.

This account shall include the face value of all notes, drafts, acceptances, or other similar evidences of indebtedness, payable on demand or within a time not exceeding one year from date of issue, to other than associated companies.

232 Accounts payable.

This account shall include all amounts payable by the utility within one year, which are not provided for in other accounts.

233 Notes payable to associated companies.

234 Accounts payable to associated companies.

These accounts shall include amounts owing to associated companies on notes, drafts, acceptances, or other similar evidences of indebtedness, and open accounts payable on demand or not more than one year from date of issue or creation.

NOTE: Exclude from these accounts notes and accounts which are includible in account 223, Advances from Associated Companies.

235 Customer deposits.

This account shall include all amounts deposited with the utility by customers as security for the payment of bills.

236 Taxes accrued.

A. This account shall be credited with the amount of taxes accrued during the accounting period, corresponding debits being made to the appropriate accounts for tax charges. Such credits may be based upon estimates, but from time to time during the year as the facts become known, the amount of the periodic credits shall be adjusted so as to include as nearly as can be determined in each year the taxes applicable thereto. Any amount representing a prepayment of taxes applicable to the period subsequent to the date of the balance sheet, shall be shown under account 165, Prepayments.

B. If accruals for taxes are found to be insufficient or excessive, correction therefor shall be made through current tax accruals.

C. Accruals for taxes shall be based upon the net amounts payable after credit for any discounts, and shall not include any amounts for interest on tax deficiencies or refunds. Interest received on refunds shall be credited to account 419, Interest and Dividend Income, and interest paid on deficiencies shall be charged to account 431, Other Interest Expense.

D. The records supporting the entries to this account shall be kept so as to show for each class of taxes, the amount accrued, the basis for the accrual, the accounts to which charged, and the amount of tax paid.

237 Interest accrued.

This account shall include the amount of interest accrued but not matured on all liabilities of the utility not including, however, interest which is added to the principal of the debt on which incurred. Supporting records shall be maintained so as to show the amount of interest accrued on each obligation.

238 Dividends declared.

This account shall include the amount of dividends which have been declared but not paid. Dividends shall be credited to this account when they become a liability.

239 Matured long-term debt.

This account shall include the amount of long-term debt (including any obligation for premiums) matured and unpaid, without specific agreement for extension of the time of payment and bonds called for redemption but not presented.

240 Matured interest.

This account shall include the amount of matured interest on long-term debt or other obligations of the utility at the date of the balance sheet unless such interest is added to the principal of the debt on which incurred.

241 Tax collections payable.

This account shall include the amount of taxes collected by the utility through payroll deductions or otherwise pending transmittal of such taxes to the proper taxing authority.

NOTE: Do not include liability for taxes assessed directly against the utility which are accounted for as part of the utility's own tax expense.

242 Miscellaneous current and accrued liabilities.

A. This account shall include the amount of all other current and accrued liabilities not provided for elsewhere appropriately designated and supported as to show the nature of each liability.

B. The utility is to include in a separate subaccount amounts payable for gas in unbalanced transactions where gas is received from another party in exchange, load balancing, or no-notice transportation transactions. (See Account 806.) If the amount payable is settled by other than gas, Account 495, Other Gas Revenues, must be credited or Account 813, Other gas supply expenses, charged for the difference between the amount of the consideration paid and the recorded amount of the payable settled. Records are to be maintained so that there is readily available for each party entering gas exchange, load balancing, or no-notice transportation transactions, the quantity and cost of gas received and the amount and basis of consideration paid if other than gas.

243 Obligations under capital leases—current.

This account shall include the portion due within one year, of the obligations recorded for the amounts applicable to leased property recorded as assets in account 101.1, Property under Capital Leases, or account 121, Non-Utility Property.

252 Customer advances for construction.

This account shall include advances by customers for construction which are to be refunded either wholly or in part. When a customer is refunded the entire amount to which he is entitled, according to the agreement or rule under which the advance was made, the balance, if any, remaining in this account shall be credited to the respective plant account.

253 Other deferred credits.

This account shall include advance billings and receipts and other deferred credit items, not provided for elsewhere, including amounts which cannot be entirely cleared or disposed of

until additional information has been received.

254 Other regulatory liabilities.

A. This account shall include the amounts of regulatory liabilities, not includible in other accounts, imposed on the utility by the ratemaking actions of regulatory agencies. (*See* Definition No. 30.)

B. The amounts included in this account are to be established by those credits which would have been included in net income determinations in the current period under the general requirements of the Uniform System of Accounts but for it being probable that: (1) Such items will be included in a different period(s) for purposes of developing the rates that the utility is authorized to charge for its utility services; or (2) refunds to customers, not provided for in other accounts, will be required. When specific identification of the particular source of the regulatory liability cannot be made or when the liability arises from revenues collected pursuant to tariffs on file at a regulatory agency, Account 407.3, Regulatory Debits, shall be debited. The amounts recorded in this account generally are to be credited to the same account that would have been credited if included in income when earned except: (1) All regulatory liabilities established through the use of Account 407.3 shall be credited to Account 407.4, Regulatory Credits; and (2) in the case of refunds, a cash account or other appropriate account should be credited when the obligation is satisfied.

C. If it is later determined that the amounts recorded in this account will not be returned to customers through rates or refunds, such amounts shall be credited to Account 421, Miscellaneous Nonoperating Income, or Account 434, Extraordinary Income, as appropriate, in the year such determination is made.

D. The records supporting the entries to this account shall be so kept that the utility can furnish full information as to the nature and amount of each regulatory liability included in this account, including justification for inclusion of such amounts in this account.

255 Accumulated deferred investment tax credits.

A. This account shall be credited with all investment tax credits deferred by companies which have elected to follow deferral accounting, partial or full, rather than recognizing in the income statement the total benefits of the tax credit as realized. After such election, a company may not transfer amounts from this account, except as authorized herein and in accounts 411.4, Investment Tax Credit Adjustments, Utility Operations, 411.5, Investment Tax Credit Adjustments, Nonutility Operations, and 420, Investment Tax Credits, or with approval of the Commission.

B. Where the company's accounting provides that investment tax credits are to be passed on to customers, this account shall be debited and account 411.4 credited with a proportionate amount determined in relation to the average useful life of gas utility plant to which the tax credits relate to such lesser period of time as allowed by a regulatory agency having rate jurisdiction. If, however, the deferral procedure provides that investment tax credits are not to be passed on to customers the proportionate restorations to income shall be credited to account 420.

C. If any of the investment tax credits to be deferred are related to utility operations other than gas or to nonutility operations, appropriate subdivisions of this account shall be maintained. Contra entries affecting such subdivisions shall be appropriately recorded in accounts 413, Expenses of Gas Plant Leased to Others; or 414, Other Utility Operating Income.

D. Records shall be maintained identifying the properties related to the investment tax credits for each year, the weighted average service life of such properties, and any unused balance of such credits. Such records are not necessary unless the credits are deferred.

256 Deferred gains from disposition of utility plant.

This account shall include gains from the sale or other disposition of property previously recorded in account 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use, under the provisions of paragraphs B, C, and D thereof, where such gains are significant and are to be amortized over a period of 5 years, unless otherwise authorized by the Commission. The amortization of the amounts in this account shall be made by credits to account 411.6, Gains from Disposition of Utility Plant. Subdivision of this account shall be maintained so that amounts relating to account 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use, can be readily identifiable. (See accounts 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use.)

257 Unamortized gain on reacquired debt.

This account shall include the amounts of discount realized upon reacquisition or redemption of long-term debt. The amounts in this account shall be amortized in accordance with General Instruction 17.

SPECIAL INSTRUCTIONS

Accumulated Deferred Income Taxes

A. Before using the deferred tax accounts provided below refer to General Instruction 18. *Comprehensive Interperiod Income Tax Allocation.*

B. The text of these accounts are designed primarily to cover deferrals of Federal income taxes. However, they are also to be used when making deferrals of State and local income taxes. Natural gas companies which, in addition to a gas utility department, have another utility department, electric, water, etc., and nonutility property which have deferred taxes on income with respect thereto shall separately classify such deferrals in the accounts provided below so as to allow ready identification of items relating to each utility department and to Other Income and Deductions.

281 Accumulated deferred income taxes—Accelerated amortization property.

A. This account shall include tax deferrals resulting from adoption of the principles of comprehensive interperiod tax allocation described in General Instruction 18 of this system of accounts that relate to property for which the utility has availed itself of the use of accelerated (5-year) amortization of (1) certified defense facilities as permitted by Section 168 of the Internal Revenue Code and (2) certified pollution control facilities as permitted by Section 169 of the Internal Revenue Code.

B. This account shall be credited and accounts 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with tax effects related to property described in paragraph A above where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

C. This account shall be debited and accounts 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, or 411.2, Provision for Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall be credited with tax effects related to property described in paragraph A above where taxable income is higher than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

D. The utility is restricted in its use of this account to the purposes set forth above. It shall not transfer the balance in this account or any portion thereof to retained earnings or make any use thereof except as provided in the text of this account without prior approval of the Commission. Upon the disposition by sale, exchange, transfer, abandonment or premature retirement of plant on which there is a related balance herein, this account shall be charged with an amount equal to the related income tax expense, if any, arising from such disposition and account 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, or 411.2, Provision for Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall

be credited. When the remaining balance, after consideration of any related income tax expense, is less than $25,000, this account shall be charged and account 411.1 or 411.2, as appropriate, credited with such balance. If after consideration of any related income tax expense, there is a remaining amount of $25,000 or more, the Commission shall authorize or direct how such amount shall be accounted for at the time approval for the disposition of accounting is granted. When plant is disposed of by transfer to a wholly owned subsidiary the related balance in this account shall also be transferred. When the disposition relates to retirement of an item or items under a group method of depreciation where there is no tax effect in the year of retirement, no entries are required in this account if it can be determined that the related balances would be necessary to be retained to offset future group item tax deficiencies.

282 Accumulated deferred income taxes—Other property.

A. This account shall include the tax deferrals resulting from adoption of the principle of comprehensive interperiod income tax allocation described in General Instruction 18 of this system of accounts which are related to all property other than accelerated amortization property.

B. This account shall be credited and accounts 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with tax effects related to property described in paragraph A above where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

C. This account shall be debited and accounts 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, or 411.2, Provision for Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall be credited with tax effects related to property described in paragraph A above where taxable income is higher than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

D. The utility is restricted in its use of this account to the purposes set forth above. It shall not transfer the balance in this account or any portion thereof to retained earnings or make any use thereof except as provided in the text of this account without prior approval of the Commission. Upon the disposition by sale, exchange, transfer, abandonment or premature retirement of plant on which there is a related balance herein, this account shall be charged with an amount equal to the related income tax expense, if any, arising from such disposition and account 411.1, Income Taxes Deferred in Prior Years—Credit, Utility Operating Income, or 411.2, Income Taxes Deferred in Prior Years—Credit, Other Income and Deductions, shall be credited. When the remaining balance, after consideration of any related tax expenses, is less than $25,000, this account shall be charged and account 411.1 or 411.2, as appropriate, credited with such balance. If after consideration of any related income tax expense, there is a remaining amount of $25,000 or more, the Commission shall authorize or direct how such amount shall be accounted for at the time approval for the disposition of accounting is granted. When plant disposed of by transfer to a wholly owned subsidiary, the related balance in this account shall also be transferred. When the disposition relates to retirement of an item or items under a group method of depreciation where there is no tax effect in the year of retirement, no entries are required in this account if it can be determined that the related balance would be necessary to be retained to offset future group item tax deficiencies.

283 Accumulated deferred income taxes—Other.

A. This account shall include all credit tax deferrals resulting from the

adoption of the principles of comprehensive interperiod income tax allocation described in General Instruction 18 of this system of accounts other than those deferrals which are includible in Accounts 281, Accumulated Deferred Income Taxes—Accelerated Amortization Property and 282, Accumulated Deferred Income Taxes—Other Property.

B. This account shall be credited and accounts 410.1 Provision for Deferred Income Taxes, Utility Operating Income, or 410.2, Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with tax effects related to items described in paragraph A above where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

C. This account shall be debited and accounts 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income or 411.2, Provision for Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate shall be credited with tax effects related to items described in paragraph A above where taxable income is higher than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

D. Records with respect to entries to this account, as described above, and the account balance, shall be so maintained as to show the factors of calculation with respect to each annual amount of the item or class of items.

E. The utility is restricted in its use of this account to the purposes set forth above. It shall not transfer the balance in the account or any portion thereof to retained earnings or to any other account or make any use thereof except as provided in the text of this account, without prior approval of the Commission. Upon the disposition by sale, exchange, transfer, abandonment or premature retirement of items on which there is a related balance herein, this account shall be charged with an amount equal to the related income tax effect, if any, arising from such disposition and account 411.1, Provision For Deferred Income Taxes—Credit, Utility Operating Income, or 411.2, Provision For Deferred Income Taxes—Credit, Other Income and Deductions, as appropriate, shall be credited. When the remaining balance, after consideration of any related tax expenses, is less than $25,000, this account shall be charged and account 411.1 or 411.2, as appropriate, credited with such balance. If after consideration of any related income tax expense, there is a remaining amount of $25,000 or more, the Commission shall authorize or direct how such amount shall be accounted for at the time approval for the disposition of accounting is granted.

When plant is disposed of by transfer to a wholly owned subsidiary, the related balance in this account shall also be transferred. When the disposition relates to retirement of an item or items under a group method of depreciation where there is no tax effect in the year of retirement, no entries are required in this account if it can be determined that the related balance would be necessary to be retained to offset future group item tax deficiencies.

Gas Plant Accounts

1. INTANGIBLE PLANT

301 Organization.
302 Franchises and consents.
303 Miscellaneous intangible plant.

2. PRODUCTION PLANT

A. MANUFACTURED GAS PRODUCTION PLANT

304 Land and land rights.
305 Structures and improvements.
306 Boiler plant equipment.
307 Other power equipment.
308 Coke ovens.
309 Producer gas equipment.
310 Water gas generating equipment.
311 Liquefied petroleum gas equipment.
312 Oil gas generating equipment.
313 Generating equipment—Other processes.
314 Coal, coke, and ash handling equipment.
315 Catalytic cracking equipment.
316 Other reforming equipment.
317 Purification equipment.
318 Residual refining equipment.
319 Gas mixing equipment.
320 Other equipment.

B. NATURAL GAS PRODUCTION PLANT

B.1. Natural Gas Production and Gathering Plant

325.1 Producing lands.
325.2 Producing leaseholds.
325.3 Gas rights.
325.4 Rights-of-way.
325.5 Other land and land rights.
326 Gas well structures.
327 Field compressor station structures.
328 Field measuring and regulating station structures.
329 Other structures.
330 Producing gas wells—Well construction.
331 Producing gas wells—Well equipment.
332 Field lines.
333 Field compressor station equipment.
334 Field measuring and regulating station equipment.
335 Drilling and cleaning equipment.
336 Purification equipment.
337 Other equipment.
338 Unsuccessful exploration and development costs.

B.2. Products Extraction Plant

340 Land and land rights.
341 Structures and improvements.
342 Extraction and refining equipment.
343 Pipe lines.
344 Extracted product storage equipment.
345 Compressor equipment.
346 Gas measuring and regulating equipment.
347 Other equipment.

3. NATURAL GAS STORAGE AND PROCESSING PLANT

A. UNDERGROUND STORAGE PLANT

350.1 Land.
350.2 Rights-of-way.
351 Structures and improvements.
352 Wells.
352.1 Storage leaseholds and rights.
352.2 Reservoirs.
352.3 Nonrecoverable natural gas.
353 Lines.
354 Compressor station equipment.
355 Measuring and regulating equipment.
356 Purification equipment.
357 Other equipment.

B. OTHER STORAGE PLANT

360 Land and land rights.
361 Structures and improvements.
362 Gas holders.
363 Purification equipment.
363.1 Liquefaction equipment.
363.2 Vaporizing equipment.
363.3 Compressor equipment.
363.4 Measuring and regulating equipment.
363.5 Other equipment.

C. BASE LOAD LIQUEFIED NATURAL GAS TERMINALING AND PROCESSING PLANT

364.1 Land and land rights .
364.2 Structures and improvements.
364.3 LNG processing terminal equipment.
364.4 LNG transportation equipment.
364.5 Measuring and regulating equipment.
364.6 Compressor station equipment.
364.7 Communication equipment.
364.8 Other equipment.

4. TRANSMISSION PLANT

365.1 Land and land rights.
365.2 Rights-of-way.
366 Structures and improvements.
367 Mains.
368 Compressor station equipment.
369 Measuring and regulating station equipment.
370 Communication equipment.
371 Other equipment.

5. DISTRIBUTION PLANT

374 Land and land rights.
375 Structures and improvements.
376 Mains.
377 Compressor station equipment.
378 Measuring and regulating station equipment—General.
379 Measuring and regulating station equipment—City gate check stations.
380 Services.
381 Meters.
382 Meter installations.
383 House regulators.
384 House regulatory installations.
385 Industrial measuring and regulating station equipment.
386 Other property on customers' premises.
387 Other equipment.

6. GENERAL PLANT

389 Land and land rights.
390 Structures and improvements.
391 Office furniture and equipment.
392 Transportation equipment.
393 Stores equipment.
394 Tools, shop and garage equipment.
395 Laboratory equipment.
396 Power operated equipment.
397 Communication equipment.
398 Miscellaneous equipment.
399 Other tangible property.

Gas Plant Accounts

301 Organization.

This account shall include all fees paid to Federal or State governments for the privilege of incorporation and expenditures incident to organizing the corporation, partnership, or other enterprises and putting it into readiness to do business.

ITEMS

1. Cost of obtaining certificates authorizing an enterprise to engage in the public utility business.
2. Fees and expenses for incorporation.
3. Fees and expenses for mergers or consolidations.
4. Office expenses incident to organizing the utility.
5. Stock and minute books and corporate seal.

NOTE A: This account shall not include any discounts upon securities issued or assumed; nor shall it include any costs incident to negotiating loans, selling bonds or other evidences of debt, or expenses in connection with the authorization, issuance, or sale of capital stock.

NOTE B: Exclude from this account and include in the appropriate expense account the cost of preparing and filing papers in connection with the extension of the term of incorporation unless the first organization costs have been written off. When charges are made to this account for expenses incurred in mergers, consolidations, or reorganizations, amounts previously included herein or in similar accounts in the books of the companies concerned shall be excluded from this account.

302 Franchises and consents.

A. This account shall include amounts paid to the Federal Government, to a State or to a political subdivision thereof in consideration for franchises, consents, or certificates, running in perpetuity or for a specified term of more than 1 year, together with necessary and reasonable expenses incident to procuring such franchises, consents, or certificates of permission and approval, including expenses of organizing and merging separate corporations, where statutes require, solely for the purpose of acquiring franchises.

B. If a franchise, consent, or certificate is acquired by assignment, the charge to this account in respect thereof shall not exceed the amount paid therefor by the utility to the assignor, nor shall it exceed the amount paid by the original grantee, plus the expense of acquisition to such grantee. Any excess of the amount actually paid by the utility over the amount above specified shall be charged to account 426.5, Other Deductions.

C. When any franchise has expired, the book cost thereof shall be credited hereto and charged to account 426.5, Other Deductions, or to account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, as appropriate.

D. Records supporting this account shall be kept so as to show separately the book cost of each franchise or consent.

NOTE: Annual or other periodic payments under franchises shall not be included herein but in the appropriate operating expense account.

303 Miscellaneous intangible plant.

A. 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 account.

B. When any item included in this account is retired or expires, the book cost thereof shall be credited hereto and charged to account 426.5, Other Deductions, or account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, as appropriate.

C. This account shall be maintained in such a manner that the utility can furnish full information with respect to the amounts included herein.

304 Land and land rights.

This account shall include the cost of land and land rights used in connection with manufactured gas production. (See gas plant instruction 7.)

305 Structures and improvements.

This account shall include the cost of structures and improvements used in connection with manufactured gas production. (See gas plant instruction 8.)

NOTE: Include relief holders in this account.

306 Boiler plant equipment.

This account shall include the cost installed of furnaces, boilers, steam and feed water piping, boiler apparatus, and accessories used in the production of steam at gas production plants.

ITEMS

1. Accumulators.

2. Air preheaters, including fans and drives, and ducts not part of building.
3. Ash disposal equipment, including sluiceways not part of a building, pumps and piping, crane, ash bucket conveyor and drives, ash cars, etc.
4. Belt conveyors, including drives.
5. Blast gate valves.
6. Blow-down tanks and piping.
7. Boilers, including valves attached thereto, casings, safety valves, soot blowers, soot hoppers, superheaters, and feed water regulators.
8. Cinder and dust catcher system, including mechanical and electric types.
9. Coal and coke handling equipment, including hoppers, lorries, etc., used wholly for boilers.
10. Combustion control system, including all apparatus installed for the regulation and control of the supply of fuel or air to boilers.
11. Control apparatus.
12. Cranes, hoists, etc., wholly identified with apparatus listed herein.
13. Desuperheaters and reducing valves.
14. Draft apparatus, including forced, induced, and other draft systems, with blowers, fans, and ducts not part of building.
15. Economizers.
16. Emergency lighting systems, not part of building, keep-a-lite systems, etc.
17. Emergency signal systems, in connection with boiler operation.
18. Feed water heaters, including primary and stage.
19. Flues, uptakes, and breeching, whether or not stacks are included in this account.
20. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
21. Furnaces.
22. Gas firing system, including gas lines, burners, etc., for gas fired boilers.
23. Injectors.
24. Mechanical stoker and feeding systems, clinker grinders, including drives.
25. Meters, gauges, recording instruments, etc.
26. Oil burning equipment, including tanks, heaters, pumps with drives, burner equipment, piping, and conditioning apparatus.
27. Painting, first cost.
28. Panels, control (for operating apparatus listed herein).
29. Piping system, steam header and exhaust header, including accessory pipe hangers, steam traps, etc., make-up water, feed water, drip, blow-off, water pipe lines used for steam plant, and valve control system.
30. Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.
31. Pulverizing equipment.
32. Pumps and driving units, for feed water, heater condensate, condenser water, and drip.
33. Stacks—brick, steel, and concrete, when set on separate foundations independent of substructure or superstructure of building.
34. Steam reheaters.
35. Steelwork, especially constructed for apparatus listed herein.
36. Tanks, including surge, weighing, return, blow-off, feed water storage.
37. Tar burning equipment for utilization of tar as boiler fuel, including tanks, pumps, burner equipment, piping, etc.
38. Waste heat boilers and accessories—stack valve and stack irrespective of location.
39. Water treatment system, including purifiers, settling tanks, filters, chemical mixing and dosing apparatus, etc.

NOTE A: This account shall not include boilers or steam pipes whose primary purpose is the heating of buildings.

NOTE B: When the system for supplying boiler or condenser water is elaborate, as when it includes a dam, reservoir, canal, or pipe line, the cost shall not be charged to this account but to a special subdivision of account 305, Structures and Improvements—Manufactured Gas.

307 Other power equipment.

A. This account shall include the cost installed of electric generating and accessory equipment used for supplying electricity in gas production plants.

B. This account shall also include the cost installed of miscellaneous power equipment at gas production plants which is not included in any other account.

ITEMS

1. Acid proofing of battery rooms.
2. Air duct runs in battery rooms.
3. Air pump, streamjet.
4. Batteries for control and general station use.
5. Belts, pulleys, hangers, shafts, and countershafts.
6. Cables between generators and switchboards.
7. Cabinets, control.
8. Compartments, including buses, connections, and items permanently attached.
9. Enclosure equipment not an integral part of building.
10. Engines, including steam rotary or reciprocating, steam turbines, and internal combustion engines.
11. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
12. Generators, a.c. or d.c., including excitation system.
13. Ground connections, for main station ground.

14. Lightning arresters.
15. Motor generators, frequency changers and converters.
16. Overhead power lines, including poles, crossarms, insulators, conductors, etc.
17. Panels, control, including supports and instruments.
18. Piping applicable to apparatus listed herein.
19. Reactors.
20. Rectifiers.
21. Safety equipment, including rubber mats, remote closing devices, glove cabinets.
22. Switchboards, including frames, panels, meters, and instruments.
23. Switching equipment, including oil circuit breakers, disconnecting switches, and connections.
24. Synchronous converters.
25. Transformers, including transformer platforms.
26. Underground conduit system, including manholes and conductors.

NOTE: When any unit of equipment listed herein is wholly used to furnish power to equipment included in another single account, its cost shall be included in such account.

308 Coke ovens.

This account shall include the cost installed of coke ovens used for the production of gas.

ITEMS

1. Apparatus for placing coal in ovens.
2. Bins, if not part of a building.
3. Cabinets, control.
4. Calorimeters.
5. Cars, quenching.
6. Charging lorry.
7. Clay mixers.
8. Coke guide.
9. Coke and pusher benches.
10. Collecting mains.
11. Control apparatus.
12. Conveyor, flight.
13. Cover lifting machinery.
14. Door handling machine.
15. Door luting machine.
16. Driving units for coke oven machinery.
17. Enclosures for machinery.
18. Engines, when not an integral part of the driven equipment.
19. Firing equipment.
20. Flues, uptakes, and breeching.
21. Foundations.
22. Fuel handling equipment used exclusively for coal to be carbonized in ovens.
23. Fuel systems under ovens.
24. Hot coke wharves.
25. Hot coke cars.
26. Instruments or meters, electrical.
27. Locomotives.
28. Mud mill.
29. Motor control equipment.
30. Ovens.
31. Panel, control.
32. Piping, including ascension pipes, hydraulic main, liquor flushing decanter tank, liquor pump, and return line to hydraulic main.
33. Pushers, including tracks and driving equipment.
34. Quenching station including structure, tank, well, piping, etc.
35. Quenching towers, piping, etc.
36. Regenerator, from bottom of oven floor tile to battery foundation.
37. Reversing machine, with enclosure.
38. Scale, platform.
39. Signal system.
40. Skip hoist.
41. Stacks.
42. Steel and iron work supports, platforms, stairways, etc.
43. Switches and switchboards.

309 Producer gas equipment.

This account shall include the cost installed of equipment used for the production of producer gas.

ITEMS

1. Ash handling equipment, used exclusively for producers.
2. Blast apparatus, including blowers, driving units, and blast mains.
3. Control apparatus.
4. Coolers and scrubbers.
5. Driving apparatus for producers.
6. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
7. Fuel handling equipment, used exclusively for producers.
8. Humidifiers.
9. Piping—air, steam (commencing at steam header), water (inside of building), and producer gas (up to outlet of final piece of apparatus in building).
10. Producer boosters, including driving units.
11. Producers.
12. Water separators.

310 Water gas generating equipment.

This account shall include the cost installed of equipment used in the generation of water gas.

ITEMS

1. Automatic operation equipment.
2. Back-run installations.
3. Blast equipment, including blowers and driving units, piping and supports.
4. Bridge, coal shed to generator house.

5. Carburetors.
6. Charging equipment, fuel.
7. Circulating water pumps.
8. Concrete or brick pits, including cover, not part of building.
9. Control apparatus.
10. Conveyors.
11. Dust collectors.
12. Enclosures for equipment (barriers, fire walls, guards, housings, screens, etc.).
13. Flow meters.
14. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
15. Fuel handling equipment used exclusively for fuel for this account.
16. Gauges, indicating and recording.
17. Generators.
18. Hot valves.
19. Hydraulic operation equipment.
20. Instruments and meters, electrical.
21. Oil handling and storage apparatus used solely for water gas apparatus (tanks, pumps and oil lines, oil heaters, manholes, valve pits, regulators, strainers, etc.).
22. Oil spray.
23. Operating floors and supports, stairways, etc.
24. Piling under foundations.
25. Piping and valves—steam (commencing at steam header) tar (to decanter) water (inside of building), and gas up to outlet of final pieces of apparatus in building).
26. Pressure regulators.
27. Scales, when used in connection with items in this account.
28. Seal pots.
29. Superheaters and superheater stacks.
30. Tanks, hydraulic pressure.
31. Valve operating mechanisms.
32. Wash boxes.

311 Liquefied petroleum gas equipment.

A. This account shall include the cost installed of equipment used for the production of gas from petroleum derivatives, such as propane, butane, or gasoline.

B. Subdivisions of this account shall be maintained for each producing process for which this account is provided. A separate subaccount shall be maintained also for bottling equipment included herein.

ITEMS

1. Blowers.
2. Boilers.
3. Calorimixer.
4. Carbureting equipment.
5. Compression equipment.
6. Controller.
7. Control apparatus.
8. Enclosures and protective fences.
9. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
10. Heat exchanger.
11. Gauges and instruments.
12. Mixing or proportioning equipment.
13. Motors, not an integral part of driven equipment.
14. Odorizing equipment.
15. Oil separator.
16. Piping—steam (commencing at steam header), water (inside of building), oil (from supply tank), and gas (up to outlet of final piece of apparatus in building).
17. Pits.
18. Prime movers.
19. Pumps, including driving units.
20. Regulator.
21. Stairs, platforms, and ladders.
22. Storage equipment, tanks, etc.
23. Superheater.
24. Traps.
25. Valves—regulating and check.
26. Vaporizing equipment.

312 Oil gas generating equipment.

This account shall include the cost installed of equipment used for generating oil gas.

ITEMS

1. Air blast equipment, including blowers and driving units, piping and supports.
2. Air inlet louvres and filters.
3. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
4. Generating equipment, including automatic cycle controls, generators, operating floor, superheaters and wash boxes.
5. Instruments and instrument boards, complete with signal lights and thermocouples and including gauge board, pressure gauges, and pyrometers.
6. Meters and regulators, such as, air flow meter, generator oil meter, steam flow meter, and steam regulator.
7. Piping and valves, air, steam (commencing at steam header), water (inside building), and oil gas (up to outlet of final piece of apparatus in building).
8. Pumps, hydraulic and oil.
9. Tanks, hydraulic accumulator, hydraulic return, oil and steam accumulator.

313 Generating equipment—Other processes.

This account shall include, with subdivisions for each type of gas produced, the cost installed of generating equipment which is not included in any of the foregoing accounts, such as benches and retorts for the production of coal gas, equipment used for generating acetylene gas, etc.

ITEMS

As to coal gas production equipment:
1. Benches.
2. Charging and drawing machines.
3. Control apparatus.
4. Equipment for steaming retorts.
5. Flues, uptakes and breeching, whether or not stacks are included in this account.
6. Foundations.
7. Fuel handling equipment used exclusively for retorts, including weight lorries, tracks, etc., and grinders, breakers, and screens located in retort house.
8. Fuel system under retorts, including built-in producers.
9. Piping, including ascension pipes, hydraulic main, liquor flushing decanter tank, liquor pump, and return line to hydraulic main.
10. Primary atmospheric condensers.
11. Retorts.
12. Stacks—brick, steel, and concrete when set on separate foundations independent of substructure or superstructure of buildings, including lightning arresters.

314 Coal, coke, and ash handling equipment.

This account shall include the cost installed of structures or equipment used for the transportation, storage, washing, and treatment of coal, coke, and ashes, when used for general gas plant operations.

ITEMS

1. Bins—mixing, refuse, storage, etc.
2. Boom operating mechanism.
3. Breaker equipment.
4. Bridges, bridge track, and machinery.
5. Bucket conveyors and supports.
6. Capstan.
7. Cars.
8. Chutes.
9. Circuit breakers.
10. Coal loaders.
11. Coal preparation machinery, including washing and drying equipment.
12. Conduit, electrical.
13. Conveyors and supports.
14. Crane, caterpillar.
15. Driving apparatus for equipment listed herein.
16. Elevators.
17. Enclosure equipment.
18. Engines, not an integral part of driven equipment.
19. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
20. Gravity swing unloader.
21. Hoppers.
22. Instruments or meters, electrical.
23. Ladders, fixed.
24. Loading towers and equipment.
25. Locomotives.
26. Motor generators used only for equipment in this account.
27. Panel, control.
28. Pitts.
29. Pulverizing equipment.
30. Railroad sidings and yard tracks.
31. Sampling equipment.
32. Scales.
33. Screens.
34. Sheds and fencing.
35. Shuttle boom.
36. Signal system equipment.
37. Silo.
38. Skip hoist.
39. Stairs, railings, etc.
40. Transfer cars and trucks.
41. Trestles.
42. Turntable.
43. Unloaders.
44. Weightometer.

315 Catalytic cracking equipment.

This account shall include the cost installed of equipment used for producing gas by the catalytic cracking process.

ITEMS

1. Caloric meters.
2. Catalytic furnace, including catalyst and foundation.
3. Combustion air blowers.
4. Compressors, air.
5. Control equipment.
6. Cooling coils, including foundations.
7. Cooling towers, including foundations.
8. Enclosures.
9. Fractionalizing units.
10. Piping and valves.
11. Preheaters.
12. Pressure regulators.
13. Proportioning controls.
14. Tanks.
15. Vaporizers.

316 Other reforming equipment.

This account shall include the cost installed of equipment, other than catalytic cracking equipment, used primarily for reforming gas with resultant changes in its chemical composition and calorific value.

ITEMS

1. Blast equipment, including blowers and driving units, piping, and supports.

2. Control apparatus.
3. Foundations and settings, specially constructed for and not intended to outlast the apparatus for which provided.
4. Fuel and ash handling equipment, used wholly in reforming gas.
5. Oil gas apparatus, used for reforming gas.
6. Piping—steam (commencing at steam header), water (inside of building), and gas (up to outlet of final piece of apparatus in building).
7. Pumps and driving units.
8. Purifiers for gas to be reformed.
9. Regulators.
10. Water gas generators, used primarily for reforming gas.

317 Purification equipment.

This account shall include the cost installed of apparatus used for the removal of impurities from gas and apparatus for conditioning gas, including pumps, wells, and other accessory apparatus.

ITEMS

1. Blowers for revivifying.
2. Blowers for activators.
3. Condensers and washer coolers.
4. Control apparatus—conduit, cable, cabinets, switchboards, etc.
5. Crane or cover lifting equipment, not part of the structure.
6. Dehydrators.
7. Engines, not an integral part of driven equipment.
8. Foundations and settings, specially constructed for and not intended to outlast the equipment for which provided.
9. Instruments and meters, electric.
10. Lubricators.
11. Naphthalene and light oil scrubbers.
12. Other accessory equipment such as coolers, spray ponds, pumps, platforms, railings, stairs.
13. Oxide elevators and pits, platforms, tables, and trenches.
14. Piping—air, steam, water, gas, condensate, liquor, tar, etc., from inlet valve of first piece of apparatus to outlet valve of final piece of apparatus (or, in building, from entrance to building to exit from building).
15. Precipitators.
16. Purifiers—iron oxide or liquid, including first filling.
17. Recording gauges and thermometers.
18. Revivifying air ducts.
19. Saturator with auxiliary equipment.
20. Scrubbers.
21. Seal and drip pots.
22. Signal system identified with equipment herein.
23. Sulphur removal apparatus.
24. Tar extractors and Cottrell precipitators.
25. Tar pumps and tanks.
26. Track runs for cranes and hoists.
27. Wash boxes.
28. Water meters, for cooling water.

318 Residual refining equipment.

This account shall include the cost installed of apparatus used in refining and handling of residuals except where the apparatus is necessary for the operation of property included in account 317, Purification Equipment.

ITEMS

1. Ammonia stills, condensers, saturators, etc.
2. Apparatus for removal of residuals from purifier liquids.
3. Coke filter.
4. Coke handling and storage facilities used solely for coke held for sale.
5. Condensers.
6. Control apparatus.
7. Coolers.
8. Decanters.
9. Foundations specially constructed for and not intended to outlast the apparatus for which provided.
10. Gauges.
11. Heating equipment for apparatus included in this account.
12. Instruments.
13. Light oil stills, washers, etc.
14. Piping and pumps.
15. Platforms, stairs, and ladders.
16. Separators.
17. Storage tanks.
18. Supports.
19. Tar dehydrators, stills, etc.

319 Gas mixing equipment.

This account shall include the cost installed of equipment used for mixing manufactured and natural gas, or the mixing of other gases incident to delivery of such mixed gases to the distribution system.

ITEMS

1. Alcohol units.
2. Automatic mixing controls.
3. Btu adjustor.
4. Calorimeter.
5. Calorimixer.
6. Compressor.
7. Gas heater.
8. Gas scrubber (air filter, dust cleaner).
9. Gauges and instruments.
10. Meters.
11. Mixing chambers.

12. Odorizing equipment.
13. Oil pump units.
14. Panel and control equipment.
15. Piping and valves.
16. Regulators, pressure and ratio.
17. Safety alarm equipment.

320 Other equipment.

This account shall include the cost installed of equipment used in the production of gas, when not assignable to any of the foregoing accounts.

ITEMS

1. Cabinet, control.
2. Compressed air system.
3. Fire hose carts.
4. First aid room equipment.
5. Foamite system.
6. Foundations and settings specially constructed for and not intended to outlast the apparatus for which provided.
7. Gasoline pumps.
8. Hand pumps.
9. Machine shop equipment, such as lathes, pipe cutting and threading machines, vise grinders, power saw, shop motors, shafting and belting, drill press, shapers, milling machines, planes, etc.
10. Odorizing equipment.
11. Office furniture and equipment.
12. Oil foggers.
13. Panel, control.
14. Piping—yard, when not includible in other accounts.
15. Pits.
16. Platforms.
17. Portable scaffolds, ladders, etc.
18. Power shovels.
19. Production laboratory equipment.
20. Scales, not associated with other equipment.
21. Special signal equipment.
22. Tractors for general plant use.
23. Works exhauster including driving unit and governor.
24. Works station meters, including gauges, piping and accessories.

SPECIAL INSTRUCTIONS

Costs Related to Leases Acquired After October 7, 1969

The net book value of amounts recorded in the natural gas production accounts incurred on or related to leases acquired after October 7, 1969, shall, in general, not exceed the net realizable value (estimated selling price less estimated costs of extraction, completion, and disposal) of recoverable hydrocarbon reserves discovered on such leases. After initiation of exploration and development on leases acquired after October 7, 1969, the utility must determine after a reasonable period of time, and annually thereafter, whether the net realizable value of such recoverable reserves will be sufficient to absorb the net book value of amounts recorded in the accounts. The recoverable reserves shall be determined and attested to by independent appraisers no less frequently than every 3 years. If the net realizable value of recoverable reserves is not sufficient to absorb the net book value of amounts in the production accounts, the utility shall reduce the net book value of the amounts in the accounts to net realizable value of recoverable reserves. The reduction shall be done by first reducing the unamortized amounts recorded in Account 338, Unsuccessful Exploration and Development Costs, by debiting Account 404.1, Amortization and Depletion of Producing Natural Gas Land and Land Rights (for Nonmajor companies, 403.1, Depreciation and Depletion Expense). Next, if the net book value related to successful costs exceeds the net realizable value of the recoverable reserves, the production plant accounts shall be written down to such net realizable value by appropriate charges and credits to the expense and valuation accounts.

325.1 Producing lands.

This account shall include the cost of lands held in fee on which producing natural gas wells are located, and lands held in fee which are being drained of natural gas through the operation by the utility of wells on other land. (See gas plant instruction 7–G.)

325.2 Producing leaseholds.

A. This account shall include the cost of acquiring leaseholds on which the utility pays royalties for natural gas obtained therefrom. (See gas plant instruction 7–G.)

B. Exclude from this account rents paid periodically for rights obtained under leases. Exclude also from this account the cost of leaseholds which terminate in one year or less after they become effective.

325.3 Gas rights.

This account shall include the cost of natural gas rights used in producing natural gas, whereby the utility obtains ownership in gas underlying land not owned or leased by the utility. It does not provide for gas rights which are leased and which are properly chargeable to account 325.2, Producing Leaseholds.

325.4 Rights-of-way.

This account shall include the cost of all interests in land which terminate more than 1 year after they become effective and on which are located gathering pipelines, telephone pole lines, and like property used in connection with the production of natural gas. (See gas plant instruction 7.)

325.5 Other land and land rights.

This account shall include the cost of land and land rights used in connection with the production of natural gas, when not properly assignable to any of the foregoing accounts. (See gas plant instruction 7.)

326 Gas well structures.

This account shall include the cost of well structures and improvements used in connection with the housing of permanent bailers and other equipment necessary to keep the wells in operation. (See gas plant instruction 8.)

327 Field compressor station structures.

This account shall include the cost of structures and improvements used in connection with the housing of compressor station equipment used to raise the pressure of natural gas before it is conveyed to the terminus of the field lines. (See gas plant instruction 8.)

328 Field measuring and regulating station structures.

This account shall include the cost of structures and improvements used in connection with the housing of meters, regulators, and appurtenant appliances for measuring and regulating natural gas before the point where it enters the transmission or distribution system. (See gas plant instruction 8.)

329 Other structures.

This account shall include the cost of structures and improvements used in connection with natural gas production and gathering not provided for elsewhere. (See gas plant instruction 8.)

330 Producing gas wells—Well construction.

This account shall include the cost of drilling producing gas wells.

ITEMS

1. Clearing well site.
2. Hauling, erecting, dismantling, and removing boilers, portable engines, derricks, rigs, and other equipment and tools used in drilling.
3. Drilling contractors' charges.
4. Drive pipe.
5. Fuel or power.
6. Labor.
7. Rent of drilling equipment.
8. Water used in drilling, obtained either by driving wells, piping from springs or streams, or by purchase.
9. Hauling well equipment.
10. Shooting, fracturing, acidizing.

331 Producing gas wells—Well equipment.

This account shall include the cost of equipment in producing gas wells.

ITEMS

1. Bailing equipment.
2. Boilers and drives permanently connected.
3. Casing.
4. Derrick.
5. Fence, when solely an enclosure for equipment.
6. Fittings, including shut-in valves, bradenheads and casing heads.
7. Packing.
8. Tank, oil or water, etc.
9. Tubing.

332 Field lines.

This account shall include the cost installed of field lines used in conveying natural gas from the wells to the point where it enters the transmission or distribution system.

ITEMS

1. Gathering lines, including pipe, valves, fittings, and supports.
2. Cathodic protection equipment.
3. Creek crossings, suspension bridges and other special construction.
4. Line drips and separators.
5. Line pack gas.

333 Field compressor station equipment.

This account shall include the cost installed of compressor station equipment and associated appliances used to raise the pressure of natural gas before it is conveyed to the terminus of the field lines.

ITEMS

1. Boiler plant, coal handling and ash handling equipment for steam powered compressor station.
2. Compressed air system equipment.
3. Compressor equipment and driving units, including auxiliaries, foundations, guard rails and enclosures, etc.
4. Electric system equipment, including generating equipment and driving units, power wiring, transformers, regulators, battery equipment, switchboard, etc.
5. Fire fighting equipment.
6. Gas lines and equipment, including fuel supply lines, cooling tower and pond and associated equipment, dehydrators, fuel gas mixers, special pipe bends and connections, and associated scrubbers, separators, tanks, gauges and instruments.
7. Laboratory and testing equipment.
8. Lubricating oil system, including centrifuge, filter, tanks, purifier, and lubricating oil piping, etc.
9. Office furniture and fixtures and general equipment such as heating boilers, steel lockers, first-aid equipment, gasoline dispensing equipment, lawn mowers, incinerators, etc.
10. Shop tools and equipment.
11. Water supply and circulation system, including water well, tank, water piping, cooling tower, spray fence, and water treatment equipment, etc., but not including water system equipment solely for domestic and general use.

334 Field measuring and regulating station equipment.

This account shall include the cost installed of meters, gauges, and other equipment used in measuring and regulating natural gas collected in field lines before the point where it enters the transmission or distribution system.

ITEMS

1. Automatic control equipment.
2. Boilers, heaters, etc.
3. Foundations, pits, etc.
4. Gas cleaners, scrubbers, separators, dehydrators, etc.
5. Gauges and instruments, including piping, fittings, wiring, etc., and panel boards.
6. Headers.
7. Meters, orifice or positive, including piping and connections.
8. Oil fogging equipment.
9. Odorizing equipment.
10. Regulators or governors, including controls and instruments.
11. Structures of a minor nature or portable type.

335 Drilling and cleaning equipment.

This account shall include the cost of implements and equipment used in drilling and cleaning natural gas wells.

ITEMS

1. Bailers.
2. Bits and other drilling tools.
3. Boilers.
4. Derricks.
5. Drilling cables.
6. Drilling machines.
7. Engines.
8. Motors.
9. Pulling machines.
10. Pumps.
11. Rigs.
12. Tanks.

336 Purification equipment.

This account shall include the cost installed of apparatus used for the removal of impurities from gas and apparatus for conditioning gas.

ITEMS

1. Condensers and washer coolers.
2. Dehydrators.
3. Foundations and settings, specially constructed for and not intended to outlast the equipment for which provided.
4. Other accessory equipment, such as coolers, spray ponds, pumps, platforms, railings, stairs.
5. Piping, from inlet valve of first piece of apparatus to outlet valve of final piece of apparatus (or, in building, from entrance to building to exit from building).
6. Scrubbers.
7. Sulphur removal apparatus.
8. Water supply system.

NOTE: In general this account shall include all dehydrators located in or adjacent to production areas which are used to remove water and other stray liquids from gas produced by the utility or purchased in or adjacent to production areas. In some instances such dehydrators may be located some distance from the production sources of the gas. Where, however, the utility has no production and gathering facilities with respect to any of the gas passing through the dehydrators, such as at the purchase point at the head of a transmission pipe line company, the dehydrators may be included in account 368, Compressor Station Equipment, or account 367, Mains, whichever is the most practicable and reasonable under the circumstances. Dehydrators which are an adjunct to products extraction operations shall be included in account 342, Extraction and Refining Equipment. Dehydrators used in

connection with underground gas storage operations shall be included in account 356, Purification Equipment.

337 Other equipment.

This account shall include the cost installed of equipment used in the production and gathering of natural gas, when not assignable to any of the foregoing accounts.

ITEMS

1. Calorimeter.
2. Control installation.
3. Crane.
4. Laboratory equipment.
5. Odorizing unit.
6. Office furniture and equipment.
7. Oil fogger.

338 Unsuccessful exploration and development costs.

A. This account shall include unsuccessful exploration and development costs incurred on or related to hydrocarbon leases, on properties in the contiguous 48 States and the State of Alaska, acquired after October 7, 1969. It shall also include costs of a preliminary nature incurred in the search for natural gas in such areas after October 7, 1969.

B. The costs recorded in this account shall be amortized by debiting account 404.1, Amortization and Depletion of Producing Natural Gas Land and Land Rights, and crediting this account using the unit-of-production or other acceptable method of amortization as hydrocarbons are extracted from producing wells.

C. In general, the unamortized costs recorded in this account shall not exceed the net realizable value (estimated selling price less estimated costs of extraction, completion and disposal) of proven hydrocarbon reserves on leases acquired after October 7, 1969. (See "Special Instructions—Costs Related to Leases Acquired After October 7, 1969," above.)

340 Land and land rights.

This account shall include the cost of land and land rights used in connection with the processing of natural gas for removal of gasoline, butane, propane, or other salable products. (See gas plant instruction 7.)

341 Structures and improvements.

This account shall include the cost of structures and improvements used in connection with the processing of natural gas for removal of gasoline, butane, propane, or other salable products. (See gas plant instruction 8.)

342 Extraction and refining equipment.

This account shall include the cost installed of equipment used for the extraction from natural gas of gasoline, butane, propane, or other salable products and for the refining of such products.

ITEMS

1. Boiler plant equipment, including boiler, boiler setting, heat exchangers, etc.
2. Compressed air system, including air compressor, air storage tank, etc.
3. Cooling equipment such as coolers, cooling tower and accessories for gas, extracted products, etc.
4. Cranes, trolleys, and hoists.
5. Electrical system, including generator and driving unit, power lines, transformers, switchboard, yard lighting system, etc.
6. Extraction and refining equipment, such as absorbers, reabsorbers, stills, dephlegmators, fractionating towers, stabilizing columns, control apparatus.
7. Foundations and structural supports for equipment items not intended to outlast the equipment for which provided.
8. Fuel regulating and measuring equipment.
9. Gasoline blending equipment including dye pot, educator pumps, lead storage tanks, weighing device, etc.
10. Gauges and instruments.
11. Loading racks and associated other equipment.
12. Lubricating oil system.
13. Pumps of various types, such as boiler feed water pumps, loading and transfer pumps, drip still pumps, oil pumps, skimmer basin pumps, etc.
14. Tanks of various types such as accumulator and dewatering tanks, separator tanks, gasoline feed tanks, compressed air tanks, oil surge tanks, etc., except tanks classifiable as storage equipment, account 344.
15. Water supply system including water well, water tank and supports, water softener or purification apparatus, traveling water screen and drive.
16. Yard piping, gas, water, steam, compressed air, fuel, vapor, extracted products, including headers, valves, etc., but not including off-site lines includible in account 343, Pipe Lines.

343 Pipe lines.

This account shall include the cost installed of gas and liquids pipe lines used in connection with the processing of natural gas for the removal of gasoline, butane, propane, or other salable products, exclusive of runs of pipe appropriately includible in other equipment accounts, embracing principally off-site gas, gasoline gathering, and loading lines not includible as yard piping in account 342, Extraction and Refining Equipment.

ITEMS

1. Gas lines, off-site, relating solely to extraction operations.
2. Gasoline gathering lines connecting with off-site sources.
3. Gathering line drips.
4. Instruments, indicating and recording.
5. Loading lines connecting with remote off-site loading racks or storage facilities.
6. Pumps and driving units.

344 Extracted product storage equipment.

This account shall include the cost installed of storage tanks and associated equipment used in the storing, prior to sale, of gasoline, butane, propane, and other salable products extracted from natural gas.

ITEMS

1. Foundations.
2. Instruments.
3. Regulators.
4. Storage tanks for partially or fully processed products.
5. Valves.

345 Compressor equipment.

This account shall include the cost installed of compressor equipment and associated appliances used in connection with the receipt, processing, and return of natural gas processed for removal of gasoline, butane, propane, or other salable products.

ITEMS

(See account 333 for items.)

346 Gas measuring and regulating equipment.

This account shall include the cost installed of meters, gauges, and other equipment used in measuring or regulating natural gas received and/or returned from processing for removal of gasoline, butane, propane, or other salable products.

ITEMS

1. Automatic control equipment.
2. Boilers, heaters, etc.
3. Foundations, pits, etc.
4. Gas cleaners, scrubbers, separators, dehydrators, etc.
5. Gauges and instruments, including piping, fittings, wiring, etc., and panel boards.
6. Headers.
7. Meters, orifice or positive, including piping and connections.
8. Oil fogging equipment.
9. Odorizing equipment.
10. Regulators or governors, including controls and instruments.
11. Structures of a minor nature or portable type.

347 Other equipment.

This account shall include the cost installed of equipment used in processing natural gas and refining gasoline, butane, propane, and other salable products extracted from natural gas, when not assignable to any of the foregoing accounts.

ITEMS

1. Fire fighting equipment.
2. Laboratory and testing equipment.
3. Miscellaneous equipment, such as first-aid cabinet, gasoline dispensing pump, heating boiler, incinerator, lawn mower, warehouse truck.
4. Office furniture and equipment.
5. Shop tools and equipment.

SPECIAL INSTRUCTIONS—ACCOUNTS 350.1 THROUGH 363.5

The above accounts are to be used by the transmission and distribution companies for the classification of storage facilities used for peak shaving operations. The accounts shall be subdivided to classify the peak shaving storage facilities according to the transmission or distribution function, if the utility operates both transmission and distribution systems. Only base load liquefied natural gas terminaling and processing facilities are to be classified in accounts 364.1 through 364.8.

350.1 Land.

This account shall include the cost of lands held in fee on which underground storage wells are located, and other lands held in fee within an area utilized for the underground storage of gas. (See gas plant instruction 7–G.)

350.2 Rights-of-way.

This account shall include the cost of all interests in land which do not terminate until more than 1 year after they become effective and on which are located underground storage lines, telephone poles lines, and like property used in connection with underground gas storage operations. (See gas plant instruction 7.)

351 Structures and improvements.

A. This account shall include the cost in place of structures and improvements used wholly or predominantly in connection with underground storage of natural gas. (See gas plant instruction 8.)

B. This account shall be subdivided as follows:

351.1 Well structures.
351.2 Compressor station structures.
351.3 Measuring and regulating station structures.
351.4 Other structures.

352 Wells.

This account shall include the drilling cost of wells used for injection and withdrawal of gas from underground storage projects, including wells kept open and used for observation.

ITEMS

Drilling:
1. Clearing well site.
2. Hauling, erecting, dismantling, and removing boilers, portable engines, derricks, rigs, and other equipment and tools used in drilling.
3. Drilling contractors' charges.
4. Drive pipe.
5. Fuel or power.
6. Labor.
7. Rent of drilling equipment.
8. Water used in drilling, obtained either by driving wells, piping from springs or streams, or by purchase.
9. Hauling well equipment.
10. Shooting, fracturing, acidizing.

Equipment:
11. Bailing equipment.
12. Boilers and drives permanently connected.
13. Casing.
14. Derrick.
15. Fence, when solely an enclosure for equipment.
16. Fittings, including shut-in valves, bradenheads and casing heads.
17. Packing.
18. Tank, oil or water, etc.
19. Tubing.

352.1 Storage leaseholds and rights.

A. This account shall include the cost of leaseholds, storage rights, mineral deeds, etc. on lands for the purpose of utilizing subsurface reservoirs for underground gas storage operations. (See gas plant instruction 7–G.)

B. Exclude from this account rents or other charges paid periodically for use of subsurface reservoirs for underground gas storage purposes.

NOTE: Items such as buildings, wells, lines, equipment and recoverable gas used in storage operations acquired with land or storage leaseholds and rights are to be classified in the appropriate accounts.

352.2 Reservoirs.

This account shall include costs to prepare underground reservoirs for the storage of natural gas.

ITEMS

1. Geological, geophysical and seismic costs.
2. Plugging abandoned wells.
3. Fuel and power.
4. Drilling and equipping fresh water wells, disposal wells, and solution wells.
5. Leaching of salt dome caverns.
6. Rentals on storage rights and leases incurred during construction and development period.
7. Gas used during the development period.
8. Costs incident to maintaining covenants of production leaseholds during the period required to convert them to storage leaseholds.
9. Other rehabilitation work.

352.3 Nonrecoverable natural gas.

A. This account shall include the cost of gas in underground reservoirs, including depleted gas or oil fields and other underground caverns or reservoirs used for the storage of gas which will not be recoverable.

B. Such nonrecoverable gas shall be priced at cost according to generally accepted methods of cost determination consistently applied. (See the Special Instructions to Accounts 117.1, 117.2, and 117.3.

353 Lines.

This account shall include the cost installed of gas pipe lines used wholly or predominantly for conveying gas from point of connection with transmission or field lines to underground storage wells and from underground storage wells to the point where the gas enters the transmission or distribution system.

ITEMS

1. Cathodic protection equipment.
2. Creek crossings, suspension bridges and other special construction.
3. Lines, including pipe, valves, fittings, and supports.
4. Line drips and separators.
5. Line pack gas.

354 Compressor station equipment.

This account shall include the cost installed of compressor station equipment used wholly or predominantly for the purpose of raising the pressure of gas for delivery to underground storage or to raise the pressure of gas withdrawn from underground storage for delivery to the transmission or distribution system.

ITEMS

1. Boiler plant, coal handling and ash handling equipment for steam powered compressor station.
2. Compressed air system equipment.
3. Compressor equipment and driving units, including auxiliaries, foundations, guard rails and enclosures, etc.
4. Electric system equipment, including generating equipment and driving units, power wiring, transformers, regulators, battery equipment, switchboard, etc.
5. Fire fighting equipment.
6. Gas lines and equipment, including fuel supply lines, cooling tower and pond and associated equipment, dehydrators, fuel gas mixers, special pipe bends and connections, and associated scrubbers, separators, tanks, gauges and instruments.
7. Laboratory and testing equipment.
8. Lubricating oil system, including centrifuge, filter, tanks, purifier, and lubricating oil piping, etc.
9. Office furniture and fixtures and general equipment such as steel lockers, first-aid equipment, gasoline dispensing equipment, lawn mowers, incinerators, etc.
10. Shop tools and equipment.
11. Water supply and circulation system, including water well, tank, water piping, cooling tower, spray fence, and water treatment equipment, etc., but not including water system equipment solely for domestic and general use.

355 Measuring and regulating equipment.

This account shall include the cost installed if equipment used wholly or predominantly for the purpose of measuring and regulating deliveries of gas to underground storage and withdrawals of gas from underground storage.

ITEMS

1. Automatic control equipment.
2. Boilers, heaters, etc.
3. Foundations, pits, etc.
4. Gas cleaners, scrubbers, separators, dehydrators, etc.
5. Gauges and instruments, including piping, fittings, wiring, etc., and panel boards.
6. Headers.
7. Meters, orifice or positive, including piping and connections.
8. Oil fogging equipment.
9. Odorizing equipment.
10. Regulators or governors, including controls and instruments.
11. Structures of a minor nature or portable type.

356 Purification equipment.

This account shall include the cost installed of apparatus used wholly or predominantly for the removal of impurities from and the conditioning of, gas delivered to or removed from underground storage fields.

ITEMS

1. Condensers and washer coolers.
2. Dehydrators.
3. Foundations and settings, specially constructed for and not intended to outlast the equipment for which provided.
4. Other accessory equipment, such as coolers, spray ponds, pumps, platforms, railings, stairs.
5. Piping, from inlet valve of first piece of apparatus to outlet valve of final piece of apparatus (or, in building, from entrance to building to exit from building).
6. Scrubbers.

7. Sulphur removal apparatus.
8. Water supply system.

357 Other equipment.

This account shall include the cost installed of equipment used wholly or predominantly in connection with underground storage of gas, when not assignable to any of the foregoing accounts.

ITEMS

1. Calorimeter.
2. Control installation.
3. Crane.
4. Odorizing unit.
5. Office furniture and equipment.
6. Oil foggers.

360 Land and land rights.

This account shall include the cost of land and land rights used in connection with the storage of gas in holders. (See gas plant instruction 7.)

361 Structures and improvements.

This account shall include the cost in place of structures and improvements used in connection with the storage of gas in holders. (See gas plant instruction 8.)

362 Gas holders.

This account shall include the cost installed of holders and associated appliances used in the storage of gas above ground, or in underground receptacles.

ITEMS

1. Alarm systems.
2. Buried piping, tanks or other underground construction for gas storage.
3. Flood and fire control equipment.
4. Foundations.
5. Holder pistons.
6. Holders-waterless, including elevators, tar apparatus, and inlet and outlet connections.
7. Holders-waterseal, including oil skimmer, heating equipment, drips, and inlet and outlet connections.
8. Hortonspheres and high pressure tanks, including inlet and outlet connections, access equipment, etc.
9. Lighting.
10. Pumps.
11. Ventilating equipment.
12. Walkways.

NOTE A: If the utility stores gas by the liquefaction process the holders for such liquids, whether above or below ground, shall be included in a separate subaccount hereunder.

NOTE B: Relief holders used in connection with manufactured gas operations shall be included in account 305, Structures and Improvements.

363 Purification equipment.

This account shall include the cost installed of apparatus used for the removal of impurities from gas and apparatus for conditioning gas.

ITEMS

1. Condensers and washer coolers.
2. Dehydrators.
3. Foundations and settings, specially constructed for and not intended to outlast the equipment for which provided.
4. Other accessory equipment, such as coolers, spray ponds, pumps, platforms, railings, stairs.
5. Piping from inlet valve of first piece of apparatus to outlet valve of final piece of apparatus (or, in building from entrance to building to exit from building).
6. Scrubbers.
7. Sulphur removal apparatus.
8. Water supply system.

363.1 Liquefaction equipment.

This account shall include the cost installed of equipment used in liquefaction of natural gas.

ITEMS

1. Cold box.
2. Heat exchanger.
3. Condensers.
4. Pumps.
5. Tanks.

363.2 Vaporizing equipment.

This account shall include the cost installed of vaporizing equipment used in connection with liquefied natural gas storage.

363.3 Compressor equipment.

This account shall include the cost installed of compressor equipment and associated appliances used in connection with other storage plant.

363.4 Measuring and regulating equipment.

This account shall include the cost installed of equipment used to measure deliveries of gas to other storage and withdrawals of gas from other storage.

ITEMS

1. Automatic control equipment.
2. Boilers, heaters, etc.
3. Foundations, pits, etc.
4. Gas cleaners, scrubbers, separators, dehydrators, etc.
5. Gauges and instruments, including piping, fittings, wiring, etc., and panel boards.
6. Headers.
7. Meters, orifice or positive, including piping and connections.
8. Oil fogging equipment.
9. Odorizing equipment.
10. Regulators or governors, including controls and instruments.
11. Structures of a minor nature or portable type.

363.5 Other equipment.

This account shall include the cost installed of other equipment used in connection with the storage of gas in holders.

ITEMS

1. Complete inlet and outlet connections.
2. Compressor.
3. Foundation.
4. Gauges and instruments.
5. Regulating apparatus.
6. Line pack gas.

364.1 Land and land rights.

A. This account shall include the cost of land and land rights used in connection with liquefied natural gas terminaling and processing operations. (See gas plant instruction 7.)

364.2 Structures and improvements.

A. This account shall include the cost in place of structures and improvements used in connection with liquefied natural gas terminaling and processing operations. (See gas plant instruction 8.)

B. This account shall be subdivided as follows:

1. Docking and harbor facilities.
2. LNG processing terminal structures.
3. Measuring and regulating structures.
4. Compressor station structures.
5. Other structures.

364.3 LNG processing terminal equipment.

This account shall include the cost installed of equipment used to receive, hold, and regasify liquefied natural gas for delivery into the utility's transmission or distribution system.

ITEMS

1. Aftercoolers.
2. Air compressors.
3. Air coolers.
4. Alarm systems.
5. Blowers.
6. Cold box, condensers.
7. Controls and control apparatus.
8. Dikes.
9. Drums.
10. Electrical power and ignition circuits including wiring and conduits.
11. Emission control equipment.
12. Fire control devices and equipment.
13. Foundations.
14. Generators.
15. Heat exchangers.
16. Heaters and reheaters.
17. Instrumentation.
18. Intercoolers.
19. Liquefaction compressors.
20. Liquefied gas holders and storage tanks.
21. Nitrogen system equipment.
22. Plant piping including pipe supports.
23. Pollution control facilities.
24. Pumps and driving units.
25. Stacks.
26. Tanks, other than LNG storage tanks (including ladders, stairs, walkways, and lighting).
27. Unloading and loading arms, and appurtenant equipment.
28. Valves.
29. Vaporizers.
30. Waste heat recovery units.
31. Water craft not to include LNG tankers and barges.
32. Miscellaneous other equipment.
33. Line pack gas.

364.4 LNG transportation equipment.

This account shall include the cost of vehicles used for the transportation of liquefied natural gas.

ITEMS

1. LNG barges.
2. LNG maritime tankers.
3. LNG tank trucks.
4. Other LNG transportation equipment.

364.5 Measuring and regulating equipment.

This account shall include the cost installed of meters, gauges and other equipment used in base load LNG operations for measuring or regulating natural gas prior to its entrance into the utility's transmission or distribution system.

ITEMS

1. Automatic control equipment.
2. Boilers, heaters, etc.
3. Foundation, pits, etc.
4. Gas analyzer equipment.
5. Gas cleaners, scrubbers, separators, dehydrators, etc.
6. Gauges and instruments, including piping, fittings, wiring, etc., and panel boards.
7. Headers.
8. Meters, orifice or positive, including piping and connections.
9. Oil fogging equipment.
10. Odorizing equipment.
11. Regulators or governors, including controls and instruments.
12. Stabilization equipment.
13. Structures of a minor or portable type.
14. Other equipment.

364.6 Compressor station equipment.

This account shall include the cost installed of compressor station equipment and associated appliances used in connection with liquefied natural gas operations prior to entrance of vaporized gas into the utility's transmission or distribution system.

ITEMS

1. Boiler plant, coal handling, and ash handling equipment for steam powered compressor station.
2. Compressed air system equipment.
3. Compressor equipment and driving units, including auxiliaries, foundations, guard rails, and enclosures, etc.
4. Electric system equipment, including generating equipment and driving units, power wiring, transformers, regulators, battery equipment, switchboard, etc.
5. Fire fighting equipment.
6. Gas lines and equipment, including fuel supply lines, cooling tower and pond and associated equipment, dehydrators, fuel gas mixers, special pipebends and connections, and associated scrubbers, separators, tanks, gauges, and instruments.
7. Laboratory and testing equipment.
8. Lubricating oil system, including centrifuge, filter, tanks, purifier, and lubricating oil piping, etc.
9. Office furniture and fixtures and general equipment such as steel lockers, first-aid equipment, gasoline dispensing equipment, lawn mowers, incinerators, etc.
10. Shop tools and equipment.
11. Water supply and circulation system, including water well, tank, water pipeline, cooling tower, spray fence, and water treatment equipment, etc., but not including water system equipment used solely for domestic and general use.
12. Other equipment.

364.7 Communication equipment.

This account shall include the cost installed of radio, telephone, microwave, and other equipment used wholly or predominantly in connection with the operation and maintenance of the liquefied natural gas system. (See also accounts 370 and 397, Communication Equipment.)

ITEMS

1. Carrier terminal equipment including repeaters, power supply equipment, transmitting and receiving sets.
2. Microwave equipment, including power supply equipment, transmitters, amplifiers, paraboloids, towers, reflectors, receiving equipment, etc.
3. Radio equipment, fixed and mobile, including antenna, power equipment, transmitter units.
4. Telephone equipment including switchboards, power and testing equipment, conductors, pole lines, etc.
5. Other equipment.

364.8 Other equipment.

This account shall include the cost installed of equipment used in liquefied natural gas operations, when not assignable to any of the foregoing accounts.

ITEMS

1. Garage and service equipment.
2. General tools, including power operated equipment.
3. Laboratory equipment.
4. Materials handling equipment.
5. Office furniture and equipment.
6. Power generation equipment.
7. Shop equipment.
8. Tools, other than small hand tools.
9. Other equipment.

365.1 Land and land rights.

This account shall include the cost of land and land rights except rights-of-way used in connection with transmission operations. (See gas plant instruction 7.)

365.2 Rights-of-way.

This account shall include the cost of rights-of-way used in connection with transmission operations. (See gas plant instruction 7.)

366 Structures and improvements.

A. This account shall include the cost in place of structures and improvements used in connection with transmission operations. (See gas plant instruction 8.)

B. This account shall be subdivided as follows:

366.1 Compressor station structures.

366.2 Measuring and regulating station structures.

366.3 Other structures.

367 Mains.

A. This account shall include the cost installed of transmission system mains.

B. The records supporting this account shall be so kept as to show separately the cost of mains of different sizes and types and of each tunnel, bridge, or river crossing.

ITEMS

1. Anti-freeze lubricating equipment.
2. Automatic valve operating mechanisms, including pressure tanks, etc.
3. By-pass assembly.
4. Caissons, tunnels, trestles, etc., for submarine mains.
5. Cathodic protection equipment.
6. Drip lines and pots.
7. Excavation, including shoring, bracing, bridging, pumping, backfill, and disposal of excess excavated material.
8. Foundations.
9. Gas cleaners, scrubbers, etc. when not part of compressor station or measuring and regulating equipment.
10. Leak clamps. (See gas plant instruction 10–C (1).)
11. Line pack gas.
12. Linewalkers' bridges.
13. Manholes.
14. Municipal inspection.
15. Pavement disturbed, including cutting and replacing pavement, pavement base, and sidewalks.
16. Permits.
17. Pipe coating.
18. Pipe and fittings.
19. Pipe laying.
20. Pipe supports.
21. Protection of street openings.
22. River, highway, and railroad crossings, including revetments, pipe anchors, etc.
23. Valves.
24. Welding.

368 Compressor station equipment.

This account shall include the cost installed of compressor station equipment and associated appliances used in connection with transmission system operations.

ITEMS

1. Boiler plant, coal handling and ash handling equipment for steam powered compressor station.
2. Compressed air system equipment.
3. Compressor equipment and driving units, including auxiliaries, foundations, guard rails and enclosures, etc.
4. Electric system equipment, including generating equipment and driving units, power wiring, transformers, regulators, battery equipment, switchboard, etc.
5. Fire fighting equipment.
6. Gas lines and equipment, including fuel supply lines, cooling tower and pond and associated equipment, dehydrators, fuel gas mixers, special pipe bends and connections and associated scrubbers, separators, tanks gauges and instruments.
7. Laboratory and testing equipment.
8. Lubricating oil system, including centrifuge, filter, tanks, purifier, and lubricating oil piping, etc.
9. Office furniture and fixtures and general equipment such as steel lockers, first-aid equipment, gasoline dispensing equipment lawn mowers, incinerators, etc.
10. Shop tools and equipment.
11. Water supply and circulation system including water well, tank, water piping cooling tower, spray fence, and water treatment equipment, etc., but not including water system equipment solely for domestic and general use.

369 Measuring and regulating station equipment.

This account shall include the cost installed of meters, gauges, and other equipment used in measuring or regulating gas in connection with transmission system operations.

ITEMS

1. Automatic control equipment.

2. Boilers, heaters, etc.
3. Foundations, pits, etc.
4. Gas cleaners, scrubbers, separators, dehydrators, etc.
5. Gauges and instruments, including piping, fittings, wiring, etc., and panel boards.
6. Headers.
7. Meters, orifice or positive, including piping and connections.
8. Oil fogging equipment.
9. Odorizing equipment.
10. Regulators or governors, including controls and instruments.
11. Structures of a minor nature or portable type.

NOTE: Pipeline companies, including companies who measure deliveries of gas to their own distribution system, shall include in the transmission function classification city gate and main line industrial measuring and regulating stations.

370 Communication equipment.

This account shall include the cost installed of radio, telephone, microwave, and other equipment used wholly or predominantly in connection with the operation and maintenance of the gas transmission system. (See also account 397, Communication Equipment.)

ITEMS

1. Carrier terminal equipment including repeaters, power supply equipment, transmitting and receiving sets.
2. Microwave equipment, including power supply equipment, transmitters, amplifiers, paraboloids, towers, reflectors, receiving equipment, etc.
3. Radio equipment, fixed and mobile, including antenna, power equipment, transmitters and receivers, and portable receiver-transmitter units.
4. Telephone equipment including switchboards, power and testing equipment, conductors, pole lines, etc.

371 Other equipment.

This account shall include the cost installed of equipment used in transmission system operations, when not assignable to any of the foregoing accounts.

374 Land and land rights.

This account shall include the cost of land and land rights used in connection with distribution operations. (See gas plant instruction 7.)

375 Structures and improvements.

This account shall include the cost in place of structures and improvements used in connection with distribution operations. (See gas plant instruction 8.)

376 Mains.

A. This account shall include the cost installed of distribution system mains.

B. The records supporting this account shall be so kept as to show separately the cost of mains of different sizes and types and of each tunnel, bridge, or river crossing.

ITEMS

1. Caissons, tunnels, trestles, etc. for submarine mains.
2. Clamps, leak (bell and spigot) when installed at time of construction; when clamps are installed subsequent to construction, the accounting shall be in accordance with gas plant instruction 10, paragraph (C) 1.
3. Drip lines and pots.
4. Electrolysis tests, in connection with new construction.
5. Excavation, including shoring, bracing, bridging, pumping, backfill, and disposal of excess excavated material.
6. Hauling, unloading, and stringing pipe.
7. Lamping and watching new construction.
8. Line pack gas.
9. Municipal inspection.
10. Pavement disturbed, including cutting and replacing pavement, pavement base, and sidewalks.
11. Permits.
12. Pipe coating.
13. Pipe and fittings.
14. Pipe laying.
15. Pipe supports.
16. Protection of street openings.
17. Relocating city storm and sanitary sewers, catch basins, etc., or protecting same in connection with new construction.
18. Replacement of municipal drains and culverts in connection with new construction.
19. Roadway boxes.
20. Shifting excavated material due to traffic conditions in connection with new construction.
21. Sleeves and couplings.
22. Special crossovers, bridges and foundations for special construction.
23. Surveying and staking lines.
24. Valves not associated with pumping or regulating equipment.
25. Welding.
26. Wood blocking.

377 Compressor station equipment.

This account shall include the cost installed of compressor station equipment and associated appliances used in connection with distribution system operations.

ITEMS

1. Boiler plant, coal handling and ash handling equipment for steam powered compressor station.
2. Compressed air system equipment.
3. Compressor equipment and driving units, including auxiliaries, foundations, guard rails and enclosures, etc.
4. Electric system equipment, including generating equipment and driving units power wiring, transformers, regulators, battery equipment, switchboard, etc.
5. Fire fighting equipment.
6. Gas lines and equipment, including fuel supply lines, cooling tower and pond and associated equipment, dehydrators, fuel gas mixers, special pipe bends and connections, and associated scrubbers, separators, tanks, gauges and instruments.
7. Laboratory and testing equipment.
8. Lubricating oil system, including centrifuge, filter, tanks, purifier, and lubricating oil piping, etc.
9. Office furniture and fixtures and general equipment such as steel lockers, first-aid equipment, gasoline dispensing equipment, lawn mowers, incinerators, etc.
10. Shop tools and equipment.
11. Water supply and circulation system, including water well, tank water piping, cooling tower, spray fence and water treatment equipment, etc., but not including water system equipment solely for domestic and general use.

378 Measuring and regulating station equipment—General.

This account shall include the cost installed of meters, gauges and other equipment used in measuring and regulating gas in connection with distribution system operations other than the measurement of gas deliveries to customers.

ITEMS

1. Automatic control equipment.
2. Foundations.
3. Gauges and instruments.
4. Governors or regulators.
5. Meters.
6. Odorizing equipment.
7. Oil fogging equipment.
8. Piping.
9. Pressure relief equipment.
10. Vaults or pits, including valves contained therein.

NOTE: By-passes outside governor pits are includible in account 376, Mains.

379 Measuring and regulating station equipment—City gate check stations.

This account shall include the cost installed of meters, gauges, and other equipment used in measuring and regulating the receipt of gas at entry points to distribution systems.

NOTE: Pipeline companies, including companies who measure deliveries of gas to their own distribution system, shall include in the transmission function classification city gate and main line industrial measuring and regulating stations.

ITEMS

(See account 378 for items.)

380 Services.

A. This account shall include the cost installed of service pipes and accessories leading to the customers' premises.

B. A complete service begins with the connection on the main and extends to but does not include the connection with the customer's meter. A stub service extends from the main to the property line, or the curb stop.

C. Services which have been used but have become inactive shall be retired from utility plant in service immediately if there is no prospect for reuse, and, in any event, shall be retired by the end of the second year following that during which the service became inactive unless reused in the interim.

ITEMS

1. Curb valves and curb boxes.
2. Excavation, including shoring, bracing, bridging, pumping, backfill, and disposal of excess excavated material.
3. Landscaping, including lawns, and shrubbery.
4. Municipal inspection.
5. Pavement disturbed, including cutting and replacing pavement, pavement base, and sidewalks.
6. Permits.
7. Pipe and fittings, including saddle, T, or other fitting on street main.
8. Pipe coating.
9. Pipe laying.

10. Protection of street openings.
11. Service drips.
12. Service valves, at head of service, when installed or furnished by the utility.

381 Meters.

A. This account shall include the cost installed of meters or devices and appurtenances thereto, for use in measuring gas delivered to users, whether actually in service or held in reserve.

B. When a meter is permanently retired from service, the installed cost included herein shall be credited to this account.

C. The records of meters shall be so kept that the utility can furnish information as to the number of meters of each type and capacity in service and in reserve as well as the location of each meter.

ITEMS

1. Meters, including badging and initial testing.

Meter installations:
2. Cocks.
3. Labor.
4. Locks.
5. Meter bars.
6. Pipe and fittings.
7. Seals.
8. Shelves.
9. Swivels and bushings.
10. Transportation.

NOTE A: At the option of the utility, costs of meter installations may be accounted for separately from the cost of meters in accordance with the provisions of account 382, Meter Installations. The practice of the utility, however, shall be consistent from year to year and throughout the utility's system.

NOTE B: The cost of removing and resetting meters shall be charged to account 878, Meter and House Regulator Expenses.

382 Meter installations.

A. This account shall include the cost of labor and materials used, and expenses incurred in connection with the original installation of customer meters.

B. When a meter installation is permanently retired from service, the cost thereof shall be credited to this account.

ITEMS

1. Cocks.
2. Locks.
3. Labor.
4. Meter bars.
5. Pipe and fittings.
6. Seals.
7. Shelves.
8. Swivels and bushings.
9. Transportation.

NOTE: At the option of the utility, meter installations may be accounted for as part of the cost installed of meters, in accordance with the provisions of account 381, Meters. The practice of the utility, however, shall be consistent from year to year and throughout the utility's system.

383 House regulators.

A. This account shall include the cost installed of house regulators whether actually in service or held in reserve.

B. When a house regulator is permanently retired from service, the installed cost thereof shall be credited to this account.

ITEMS

1. House regulator.

House regulator installations:
2. Cocks.
3. Labor.
4. Locks.
5. Pipe and fittings.
6. Regulator vents.
7. Swivels and bushings.
8. Transportation.

NOTE: At the option of the utility, costs of house regulator installations may be accounted for separately from the cost of house regulators in accordance with the provisions of account 384, House Regulator Installations. The practice of the utility, however, shall be consistent from year to year and throughout the utility's system.

384 House regulator installations.

A. This account shall include the cost of labor and materials used and expenses incurred in connection with the original installation of house regulators.

B. When a house regulator installation is permanently retired from service, the cost thereof shall be credited to this account.

ITEMS

1. Cocks.
2. Labor.
3. Locks.
4. Pipe and fittings.
5. Regulator vents.
6. Swivels and bushings.
7. Transportation.

NOTE: At the option of the utility, house regulator installations may be accounted for as part of the cost installed of house regulators in accordance with the provisions of account 383. House Regulators. The practice, however, shall be consistent from year to year and throughout the utility's system.

385 Industrial measuring and regulating station equipment.

This account shall include the cost of special and expensive installations of measuring and regulating station equipment, located on the distribution system, serving large industrial customers.

ITEMS

(See account 378 for items.)

NOTE A: Do not include in this account measuring and regulating station equipment serving main line industrial customers. (See account 369.

NOTE B: By-passes outside of governor pits are includible in account 376, Mains.

386 Other property on customers' premises.

This account shall include the cost, including first setting and connecting, of equipment owned by the utility installed on customer premises which is not includible in other accounts.

387 Other equipment.

This account shall include the cost installed of all other distribution system equipment not provided for in the foregoing accounts, including street lighting equipment.

ITEMS

1. Carbon monoxide tester and indicators.
2. Explosimeters.
3. Fire extinguisher.
4. Gas masks.
5. Lockers.
6. Portable pump.
7. Recording gauges.
8. Street lighting equipment.
9. Test meters.
10. Watchmen's clocks.

389 Land and land rights.

This account shall include the cost of land and land rights used for utility purposes, the cost of which is not properly includible in other land and land rights accounts. (See gas plant instruction 7.)

390 Structures and improvements.

This account shall include the cost in place of structures and improvements used for utility purposes, the cost of which is not properly includible in other structures and improvements accounts. (See gas plant instruction 8.)

391 Office furniture and equipment.

This account shall include the cost of office furniture and equipment owned by the utility and devoted to utility service, and not permanently attached to buildings, except the cost of such furniture and equipment which the utility elects to assign to other plant accounts on a functional basis.

ITEMS

1. Book cases and shelves.
2. Desks, chairs, and desk equipment.
3. Drafting-room equipment.
4. Filing, storage and other cabinets.
5. Floor covering.
6. Library and library equipment.
7. Mechanical office equipment such as accounting machines, typewriters, etc.
8. Safes.
9. Tables.

392 Transportation equipment.

This account shall include the cost of transportation vehicles used for utility purposes.

ITEMS

1. Airplanes.
2. Automobiles.
3. Bicycles.
4. Electrical vehicles.
5. Motor trucks.
6. Motorcyles.
7. Repair cars or trucks.
8. Tractors and trailers.
9. Other transportation vehicles.

393 Stores equipment.

This account shall include the cost of equipment used for the receiving, shipping, handling and storage of materials and supplies.

ITEMS

1. Chain falls.
2. Counters.
3. Cranes (portable).
4. Elevating and stacking equipment (portable).
5. Hoists.
6. Lockers.
7. Scales.
8. Shelving.
9. Storage bins.
10. Trucks, hand and power driven.
11. Wheelbarrows.

394 Tools, shop and garage equipment.

This account shall include the cost of tools, implements, and equipment used in construction, repair work, general shops and garages and not specifically provided for or includible in other accounts.

ITEMS

1. Air compressors.
2. Anvils.
3. Automobile repair shop equipment.
4. Battery charging equipment.
5. Belts, shafts and countershafts.
6. Boilers.
7. Cable pulling equipment.
8. Concrete mixers.
9. Derricks.
10. Drill presses.
11. Electric equipment.
12. Engines.
13. Forges.
14. Foundations and settings specially constructed for equipment in this account and not expected to outlast the equipment for which provided.
15. Furnaces.
16. Gas producers.
17. Gasoline pumps, oil pumps, and storage tanks.
18. Greasing tools and equipment.
19. Hoists.
20. Ladders.
21. Lathes.
22. Machine tools.
23. Motor driven tools.
24. Motors.
25. Pipe threading and cutting tools.
26. Pneumatic tools.
27. Pumps.
28. Riveters.
29. Smithing equipment.
30. Tool racks.
31. Vises.
32. Welding apparatus.
33. Work benches.

395 Laboratory equipment.

This account shall include the cost installed of laboratory equipment used for general laboratory purposes and not specially provided for or includible in other departmental or functional plant accounts.

ITEMS

1. Balances and scales.
2. Barometers.
3. Calorimeters-bomb, flow, recording types, etc.
4. Electric furnaces.
5. Gas burning equipment.
6. Gauges.
7. Glassware, beakers, burettes, etc.
8. Humidity testing apparatus.
9. Laboratory hoods.
10. Laboratory tables and cabinets.
11. Muffles.
12. Oil analysis apparatus.
13. Piping.
14. Specific gravity apparatus.
15. Standard bottles for meter prover testing.
16. Stills.
17. Sulphur and ammonia apparatus.
18. Tar analysis apparatus.
19. Thermometers—indicating and recording.
20. Any other item of equipment for testing gas, fuel, flue gas, water, residuals, etc.

396 Power operated equipment.

This account shall include the cost of power operated equipment used in construction or repair work exclusive of equipment includible in other accounts. Include, also, the tools and accessories acquired for use with such equipment and the vehicle on which such equipment is mounted.

ITEMS

1. Air compressors, including driving unit and vehicle.
2. Back filling machines.
3. Boring machines.
4. Bulldozers.
5. Cranes and hoists.
6. Diggers.
7. Engines.
8. Pile drivers.
9. Pipe cleaning machines.
10. Pipe coating or wrapping machines.
11. Tractors—Crawler type.
12. Trenchers.
13. Other power operated equipment.

NOTE: It is intended that this account include only such large units as are generally self-propelled or mounted on movable equipment.

397 Communication equipment.

This account shall include the cost installed of telephone, telegraph and wireless equipment for general use in connection with the utility's gas operations. (See account 370 for communication equipment used wholly or predominantly in connection with operation and maintenance of the transmission system.)

ITEMS

1. Carrier terminal equipment including repeaters, power supply equipment, transmitting and receiving sets.
2. Microwave equipment, including power supply equipment, transmitters, amplifiers, paraboloids, towers, reflectors, receiving equipment, etc.
3. Radio equipment, fixed and mobile, including antenna, power equipment, transmitters and receivers, and portable receiver-transmitter units.
4. Telephone equipment including switchboards, power and testing equipment, conductors, pole lines, etc.

398 Miscellaneous equipment.

This account shall include the cost of equipment, apparatus, etc., used and useful in gas operations, which is not includible in any other account.

ITEMS

1. Hospital and infirmary equipment.
2. Kitchen equipment.
3. Operator's cottage furnishings.
4. Radios.
5. Recreation equipment.
6. Restaurant equipment.
7. Soda fountains.
8. Other miscellaneous equipment.

NOTE: Miscellaneous equipment of the nature indicated above wherever practicable shall be assigned to the utility plant accounts on a functional basis.

399 Other tangible property.

This account shall include the cost of tangible utility plant not provided for elsewhere.

Income Chart of Accounts

1. UTILITY OPERATING INCOME

OPERATING EXPENSES

400 Operating revenues.
401 Operation expense.
402 Maintenance expense.
403 Depreciation expense.
404.1 Amortization and depletion of producing natural gas land and land rights.
404.2 Amortization of underground storage land and land rights.
404.3 Amortization of other limited-term gas plant.
405 Amortization of other gas plant.
406 Amortization of gas plant acquisition adjustments.
407.1 Amortization of property losses, unrecovered plant and regulatory study costs.
407.2 Amortization of conversion expense.
407.3 Regulatory debits.
407.4 Regulatory credits.
408 [Reserved]
408.1 Taxes other than income taxes, utility operating income.
409 [Reserved]
409.1 Income taxes, utility operating income.
410 [Reserved]
410.1 Provision for deferred income taxes, utility operating income.
411 [Reserved]
411.1 Provision for deferred income taxes—Credit, utility operating income.
411.3 [Reserved]
411.4 Investment tax credit adjustments, utility operations.
411.6 Gains from disposition of utility plant.
411.7 Losses from disposition of utility plant.
Total utility operating expenses.

OTHER OPERATING INCOME

412 Revenues from gas plant leased to others.
413 Expenses of gas plant leased to others.
414 Other utility operating income. Net utility operating income.

2. OTHER INCOME AND DEDUCTIONS

A. OTHER INCOME

415 Revenues from merchandising, jobbing and contract work.
416 Costs and expenses of merchandising, jobbing and contract work.
417 Revenues from nonutility operations.
417.1 Expenses of nonutility operations.
418 Nonoperating rental income.
418.1 Equity in earnings of subsidiary companies.
419 Interest and dividend income.
419.1 Allowance for other funds used during construction.
421 Miscellaneous nonoperating income.

421.1 Gain on disposition of property. Total other income.

B. OTHER INCOME DEDUCTIONS

421.2 Loss on disposition of property.
425 Miscellaneous amortization.
426 [Reserved]
426.1 Donations.
426.2 Life insurance.
426.3 Penalties.
426.4 Expenditures for certain civic, political and related activites.
426.5 Other deductions. Total other income deductions. Total other income and deductions.

C. TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS

408.2 Taxes other than income taxes, other income and deductions.
409.2 Income taxes, other income and deductions.
410.2 Provision for deferred income taxes, other income and deductions.
411.2 Provision for deferred income taxes—Credit, other income and deductions.
411.5 Investment tax credit adjustments, nonutility operations.
420 Investment tax credits. Total taxes on other income and deductions. Net other income and deductions.

3. INTEREST CHARGES

427 Interest on long-term debt.
428 Amortization of debt discount and expense.
428.1 Amortization of loss on reacquired debt.
429 Amortization of premium on debt—Credit.
429.1 Amortization of gain on reacquired debt—Credit.
430 Interest on debt to associated companies.
431 Other interest expense.
432 Allowance for borrowed funds used during construction—Credit. Net interest charges.

4. EXTRAORDINARY ITEMS

434 Extraordinary income.
435 Extraordinary deductions.
409.3 Income taxes, extraordinary items. Net income

Income Accounts

400 Operating revenues.

There shall be shown under this caption the total amount included in the gas operating revenue accounts provided herein.

401 Operation expense.

There shall be shown under this caption the total amount included in the gas operation expense accounts provided herein. (See note to operating expense instruction 3.)

402 Maintenance expense.

There shall be shown under this caption the total amount included in the gas maintenance expense accounts provided herein.

403 Depreciation expense.

A. This account shall include the amount of depreciation expense for all classes of depreciable gas plant in service except such depreciation expense as is chargeable to clearing accounts or to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work.

B. The utility shall keep such records of property and property retirements as will reflect the service life of property which has been retired and aid in estimating probable service life by mortality, turnover, or other appropriate methods; and also such records as will reflect the percentage of salvage and cost of removal for property retired from each account, or subdivision thereof, for depreciable gas plant.

NOTE A: Depreciation expense applicable to property included in account 104, Gas Plant Leased to Others, shall be charged to account 413, Expenses of Gas Plant Leased to Others.

NOTE B: Depreciation expense applicable to transportation equipment, shop equipment, tools, work equipment, power operated equipment and other general equipment may be charged to clearing accounts as necessary in order to obtain a proper distribution of expenses between construction and operation.

404.1 Amortization and depletion of producing natural gas land and land rights.

A. This account shall include charges for amortization and depletion of producing natural gas land and land rights. (See account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant).

B. The charges to this account shall be made in such manner as to distribute the cost of producing natural gas land and land rights over the period of their benefit to the utility, based upon the exhaustion of the natural gas deposits recoverable from such land and land rights.

404.2 Amortization of underground storage land and land rights.

A. This account shall include charges for amortization of land and land rights of underground storage projects for natural gas. (See account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant.)

B. The charges to this account shall be made in such manner as to distribute the cost of amortizable land and land rights over the period of their benefit to the utility, and with respect to any land or land rights which include native gas in the storage reservoir, such amounts shall be amortized or depleted on the basis of production of such native gas after the volume of stored gas has been withdrawn from the reservoir.

404.3 Amortization of other limited-term gas plant.

This account shall include amortization charges applicable to amounts included in the gas plant accounts for limited-term franchises, licenses, patent rights limited-term interests in land, and expenditures on leased property where the service life of the improvements is terminable by action of the lease. The charges to this account shall be such as to distribute the book cost of each investment as evenly as may be over the period of its benefit to the utility. (See account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant.)

405 Amortization of other gas plant.

A. When authorized by the Commission, this account shall include charges for amortization of intangible or other gas utility plant, which does not have a definite or terminable life and which is not subject to charges for depreciation expense.

B. This account shall be supported in such detail as to show the amortization applicable to each investment being amortized, together with the book cost of the investment and the period over which it is being written off.

406 Amortization of gas plant acquisition adjustments.

This account shall be debited or credited, as the case may be, with amounts includible in operating expenses, pursuant to approval or order of the Commission, for the purpose of providing for the extinguishment of the amount in account 114, Gas Plant Acquisition Adjustments.

407.1 Amortization of property losses, unrecovered plant and regulatory study costs.

This account shall be charged with amounts credited to Account 182.1, Extraordinary Property Losses, and Account 182.2 Unrecovered Plant and Regulatory Study Costs, when the Commission has authorized the amount in the latter account to be amortized by charges to gas operating expenses.

407.2 Amortization of conversion expenses.

This account shall be charged with amortization of amounts authorized by the Commission to be included in Account 186, Miscellaneous Deferred Debits, for expenses incurred in the conversion of distribution plant from manufactured gas service to natural gas service.

407.3 Regulatory debits.

This account shall be debited, when appropriate, with the amounts credited to Account 254, Other Regulatory Liabilities, to record regulatory liabilities imposed on the utility by the ratemaking actions of regulatory agencies. This account shall also be debited when appropriate, with the amount credited to Account 182.3, Other Regulatory Assets, concurrent with the recovery of such amounts in rates.

407.4 Regulatory credits.

This account shall be credited, when appropriate, with the amounts debited to Account 182.3, Other Regulatory Assets, to establish regulatory assets. This account shall also be credited when appropriate, with the amount debited to Account 254, Other Regulatory Liabilities, concurrent with the return of such amounts to customers through rates.

408 [Reserved]

SPECIAL INSTRUCTIONS

Accounts 408.1 and 408.2

A. These accounts shall include the amounts of ad valorem, gross revenue or gross receipts, taxes, state unemployment insurance, franchise taxes, federal excise taxes, social security taxes, and all other taxes assessed by federal, state, county, municipal, or other local governmental authorities, except income taxes.

B. These accounts shall be charged in each accounting period with the amounts of taxes which are applicable thereto, with concurrent credits to account 236, Taxes Accrued, or account 165, Prepayments, as appropriate. When it is not possible to determine the exact amounts of taxes, the amounts shall be estimated and adjustments made in current accruals as the actual tax levies become known.

C. The charges to these accounts shall be made or supported so as to show the amount of each tax and the basis upon which each charge is made. In the case of a utility rendering more than one utility service, taxes of the kind includible in these accounts shall be assigned directly to the utility department the operation of which gave rise to the tax in so far as a specific utility department, it shall be distributed among the utility departments or nonutility operations on an equitable basis after appropriate study to determine such basis.

NOTE A: Special assessments for street and similar improvements shall be included in the appropriate utility plant or nonutility property account.

NOTE B: Taxes specifically applicable to construction shall be included in the cost of construction.

NOTE C: Gasoline and other sales taxes shall be charged as far as practicable to the same amount as the materials on which the tax is levied.

NOTE D: Social security and other forms of so-called payroll taxes shall be distributed to utility departments and to nonutility functions on a basis related to payroll. Amounts applicable to construction shall be charged to the appropriate plant accounts.

NOTE E: Interest on tax refunds or deficiencies shall not be included in these accounts but in account 419, Interest and Dividend Income, or 431, Other Interest Expense, as appropriate.

408.1 Taxes other than income taxes, utility operating income.

This account shall include those taxes other than income taxes which relate to utility operating income This account shall be maintained so as to allow ready identification of the various classes of taxes relating to Utility Operating Income (by department), Utility Plant Leased to Others and Other Utility Operating Income.

408.2 Taxes other than income taxes, other income and deductions.

This account shall include those taxes other than income taxes which relate to Other Income and Deductions.

409 [Reserved]

SPECIAL INSTRUCTIONS

Accounts 409.1, 409.2 and 409.3

A. These accounts shall include the amounts of local, state and federal income taxes on income properly accruable during the period covered by the income statement to meet the actual liability for such taxes. Concurrent credits for the tax accruals shall be made to account 236, Taxes Accrued, and as the exact amounts of taxes become known, the current tax accruals shall be adjusted by charges or credits to these accounts so that these accounts as nearly as can be ascertained shall include the actual taxes payable by the utility.

B. The accruals for income taxes shall be apportioned among utility departments and to Other Income and Deductions so that, as nearly as practicable, each tax shall be included in the expenses of the utility department or Other Income and Deductions, the income from which gave rise to the tax. The tax effects relating to Interest Charges shall be allocated between utility and nonutility operations. The basis for this allocation shall be the ratio of net investment in utility plant to net investment in nonutility plant.

NOTE A: Taxes assumed by the utility on interest shall be charged to account 431, Other Interest Expense.

NOTE B: Interest on tax refunds or deficiencies shall not be included in these accounts but in account 419, Interest and Dividend Income, or account 431, Other Interest Expense, as appropriate.

409.1 Income taxes, utility operating income.

This account shall include the amount of those local, state and federal income taxes which relate to utility operating income. This account shall be maintained so as to allow ready identification of tax effects (both positive and negative) relating to Utility Operating Income (by department), Utility Plant Leased to Others and Other Utility Operating Income.

409.2 Income taxes, other income and deductions.

This account shall include the amount of those local, state and federal income taxes (both positive and negative), which relate to Other Income and Deductions.

409.3 Income taxes, extraordinary items.

This account shall include the amount of those local, state and federal income taxes (both positive and negative), which relate to Extraordinary Items.

410 [Reserved]

SPECIAL INSTRUCTIONS

Accounts 410.1, 410.2, 411.1 and 411.2

A. Accounts 410.1 and 410.2 shall be debited, and Accumulated Deferred Income Taxes shall be credited with amounts equal to any current deferrals of taxes on income or any allocations of deferred taxes originating in prior periods, as provided by the texts of accounts 190, 281, 282 and 283. There shall not be netted against entries required to be made to these accounts any credit amounts appropriately includible in accounts 411.1 or 411.2.

B. Accounts 411.1 and 411.2 shall be credited, and Accumulated Deferred Income Taxes shall be debited with amounts equal to any allocations of deferred taxes originating in prior periods or any current deferrals of taxes on income, as provided by the texts of accounts 190, 281, 282, and 283. There shall not be netted against entries required to be made to these accounts any debit amounts appropriately includible in accounts 410.1 or 410.2.

410.1 Provision for deferred income taxes, utility operating income.

This account shall include the amounts of those deferrals of taxes and allocations of deferred taxes which relate to Utility Operating Income (by department).

410.2 Provision for deferred income taxes, other income and deductions.

This account shall include the amounts of those deferrals of taxes and allocations of deferred taxes which relate to other income and deductions.

411 [Reserved]

411.1 Provision for deferred income taxes—Credit, utility operating income.

This account shall include the amounts of those allocations of deferred taxes and deferrals of taxes, credit, which relate to Utility Operating Income (by department).

411.2 Provision for deferred income taxes—Credit, other income and deductions.

This account shall include the amounts of those allocations of deferred taxes and deferrals of taxes, credit, which relate to Other Income and Deductions.

411.3 [Reserved]

SPECIAL INSTRUCTIONS

Accounts 411.4 and 411.5

A. Account 411.4 shall be debited with the amounts of investment tax credits related to gas utility property that are credited to account 255, Accumulated Deferred Investment Tax Credits, by companies which do not apply the entire amount of the benefits of the investment credit as a reduction of the overall income tax expense in the year in which such credit is realized (see account 255).

B. Account 411.4 shall be credited with the amounts debited to account 255 for proportionate amounts of tax credit deferrals allocated over the average useful life of gas utility property to which the tax credits relate or such lesser period of time as may be adopted and consistently followed by the company.

C. Account 411.5 shall also be debited and credited as directed in paragraphs A and B, for investment tax credits related to nonutility property.

411.4 Investment tax credit adjustments, utility operations.

This account shall include the amount of those investment tax credit adjustments related to property used in Utility Operations (by department).

411.5 Investment tax credit adjustments, nonutility operations.

This account shall include the amount of those investment tax credit adjustments related to property used in Nonutility Operations.

411.6 Gains from disposition of utility plant.

This account shall include, as approved by the Commission, amounts relating to gains from the disposition of future use utility plant including amounts which were previously recorded in and transferred from account 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use, under the provisions of paragraphs B, C, and D thereof. Income taxes relating to gains recorded in this account shall be recorded in account 409.1, Income Taxes, Utility Operating Income.

411.7 Losses from disposition of utility plant.

This account shall include, as approved by the Commission, amounts relating to losses from the disposition of future use utility plant including amounts which were previously recorded in and transferred from account 105, Gas Plant Held for Future Use and account 105.1, Production Properties Held for Future Use, under the provisions of paragraphs B, C, and D thereof. Income taxes relating to losses recorded in this account shall be recorded in account 409.1, Income Taxes, Utility Operating Income.

412 Revenues from gas plant leased to others.

413 Expenses of gas plant leased to others.

A. These accounts shall include, respectively, revenues from gas property constituting a distinct operating unit or system leased by the utility to others, and which property is properly includible in account 104, Gas Plant Leased to Others, and the expenses attributable to such property.

B. The detail of expenses shall be kept or supported so as to show separately the following:

Operation.
Maintenance.
Depreciation.
Amortization.

NOTE: Related taxes shall be recorded in account 408.1, Taxes Other Than Income Taxes, Utility Operating Income, or account 409.1, Income Taxes, Utility Operating Income, as appropriate.

414 Other utility operating income.

A. This account shall include the revenues received and expenses incurred in connection with the operations of utility plant, the book cost of which is included in account 118, Other Utility Plant.

B. The expenses shall include every element of cost incurred in such operations, including depreciation, rents, and insurance.

NOTE: Related taxes shall be recorded in account 408.1, Taxes Other Than Income Taxes, Utility Operating Income, or account 409.1, Income Taxes, Utility Operating Income, as appropriate.

415 Revenues from merchandising, jobbing and contract work.

416 Costs and expenses of merchandising, jobbing and contract work.

A. These accounts shall include, respectively, all revenues derived from the sale of merchandise and jobbing or contract work, including any profit or commission accruing to the utility on jobbing work performed by it as agent under contracts whereby it does jobbing work for another for a stipulated profit or commission, and all expenses incurred in such activities. Interest related income from installment sales shall be recorded in Account 419, Interest and Dividend Income.

B. Records in support of these accounts shall be so kept as to permit ready summarization of revenues, costs and expenses by such major items as are feasible.

NOTE A: The classification of revenues, costs and expenses of merchandising, jobbing and contract work as nonoperating, and thus inclusion in this account, is for accounting purposes. It does not preclude consideration for justification to the contrary for ratemaking or other purpose.

NOTE B: Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

ITEMS

Account 415:
1. Revenues from sale of merchandise and from jobbing and contract work.
2. Discounts and allowances made in settlement of bills for merchandise and jobbing work.

Account 416:
Labor:
1. Canvassing and demonstrating appliances in homes and other places for the purpose of selling appliances.
2. Demonstrating and selling activities in sales rooms.
3. Installing appliances on customer premises where such work is done only for purchasers of appliances from the utility.
4. Installing piping or other property work on a jobbing or contract basis.
5. Preparing advertising materials for appliance sales purposes.
6. Receiving and handling customer orders for merchandise or for jobbing services.
7. Cleaning and tidying sales rooms.
8. Maintaining display counters and other equipment used in merchandising.
9. Arranging merchandise in sales rooms and decorating display windows.
10. Reconditioning repossessed appliances.
11. Bookkeeping and other clerical work in connection with merchandise and jobbing activities.
12. Supervising merchandise and jobbing operations.

Materials and expenses:
13. Advertising in newspapers, periodicals, radio, television, etc.
14. Cost of merchandise sold and of materials used in jobbing work.
15. Stores expenses on merchandise and jobbing stocks.
16. Fees and expenses of advertising and commercial artists' agencies.
17. Printing booklets, dodgers, and other advertising data.
18. Premiums given as inducement to buy appliances.
19. Light, heat, and power.
20. Depreciation on equipment used primarily for merchandise and jobbing operations.
21. Rent of sales rooms or of equipment.
22. Transportation expense in delivery and pick-up of appliances by utility's facilities or by others.
23. Stationery and office supplies and expenses.
24. Losses from uncollectible merchandise and jobbing accounts.

417 Revenues from nonutility operations.

417.1 Expenses of nonutility operations.

A. These accounts shall include revenues and expenses applicable to operations which are nonutility in character but nevertheless constitute a distinct operating activity of the enterprise as a whole, such as the operation of an ice department where applicable statutes do not define such operation as a utility, or the operation of a servicing organization for furnishing supervision, management, engineering, and similar services to others.

B. The expenses shall include all elements of costs incurred in such operations, and the accounts shall be maintained so as to permit ready summarization as follows:

Operation.
Maintenance.
Rents.
Depreciation.
Amortization.

NOTE B: Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

418 Nonoperating rental income.

A. This account shall include all rent revenues and related expenses of land, buildings, or other property included in account 121, Nonutility Property, which is not used in operations covered by accounts 417 or 417.1.

B. The expenses shall include all elements of costs incurred in the ownership and rental of property and the accounts shall be maintained so as to permit ready summarization as follows:

Operation.
Maintenance.
Rents.
Depreciation.
Amortization.

NOTE: Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

418.1 Equity in earnings of subsidiary companies.

This account shall include the utility's equity in the earnings or losses of subsidiary companies for the year.

419 Interest and dividend income.

A. This account shall include interest revenues on securities, loans, notes, advances, special deposits, tax refunds and all other interest-bearing assets, and dividends on stocks of other companies, whether the securities on which the interest and dividends are received

are carried as investments or included in sinking or other special fund accounts.

B. This account may include the pro rata amount necessary to extinguish (during the interval between the date of acquisition and the date of maturity) the difference between the cost to the utility and the face value of interest-bearing securities. Amounts thus credited or charged shall be concurrently included in the accounts in which the securities are carried.

C. Where significant in amount expenses, excluding operating taxes and income taxes, applicable to security investments and to interest and dividend revenues thereon shall be charged hereto.

NOTE A: Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

NOTE B: Interest accrued, the payment of which is not reasonably assured, dividends receivable which have not been declared or guaranteed, and interest or dividends upon reacquired securities issued or assumed by the utility shall not be credited to this account.

419.1 Allowance for other funds used during construction.

This account shall include concurrent credits for allowance for other funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Gas Plant Instruction 3(17).

420 Investment tax credits.

This account shall be credited as follows with investment tax credit amounts not passed on to customers:

(a) By amounts equal to debits to accounts 411.4, Investment Tax Credit Adjustments, Utility Operations, and 411.5, Investment Tax Credit Adjustments, Nonutility Operations, for investment tax credits used in calculating income taxes for the year when the company's accounting provides for nondeferral of all or a portion of such credits; and,

(b) By amounts equal to debits to account 255, Accumulated Deferred Investment Tax Credits, for proportionate amounts of tax credit deferrals allocated over the average useful life of the property to which the tax credits relate, or such lesser period of time as may be adopted and consistently used by the company.

421 Miscellaneous nonoperating income.

This account shall include all revenue and expense items except taxes properly includible in the income account and not provided for elsewhere. Related taxes shall be recorded in account 408.2, Taxes Other Than Income Taxes, Other Income and Deductions, or account 409.2, Income Taxes, Other Income and Deductions, as appropriate.

ITEMS

1. Profit on sale of timber. (See gas plant instruction 7C.)
2. Profits from operations of others realized by the utility under contracts.
3. Gains on disposition of investments. Also gains on reacquisition and resale or retirement of utilities debt securities when the gain is not amortized and used by a jurisdictional regulatory agency to reduce embedded debt cost in establishing rates. See General Instruction 17.

421.1 Gain on disposition of property.

This account shall be credited with the gain on the sale, conveyance, exchange or transfer of utility or other property to another. Amounts relating to gains on land and land rights held for future use recorded in accounts 105, Gas Plant Held for Future Use and 105.1, Production Properties Held for Future Use, will be accounted for as prescribed in paragraphs B, C, and D thereof. (See gas plant instructions 5F, 7E, and 10E.) Income taxes on gains recorded in this account shall be recorded in account 409.2, Income Taxes, Other Income and Deductions.

421.2 Loss on disposition of property.

This account shall be charged with the loss on the sale, conveyance, exchange or transfer of utility or other property to another. Amounts relating to losses on land and land rights held for future use recorded in accounts 105, Gas Plant Held for Future Use and 105.1, Production Properties Held for Future Use, will be accounted for as prescribed in paragraphs B, C, and D thereof. (See gas plant instructions 5F, 7E, and 10E.) The reduction in income taxes relating to losses recorded in this account shall be recorded in account 409.2, Income Taxes, Other Income and Deductions.

425 Miscellaneous amortization.

This account shall include amortization charges not includible in other accounts which are properly deductible in determining the income of the utility before interest charges. Charges includible herein, if significant in amount, must be in accordance with an orderly and systematic amortization program.

ITEMS

1. Amortization of utility plant acquisition adjustments, or of intangibles included in utility plant in service when not authorized to be included in utility operating expenses by the Commission.
2. Other miscellaneous amortization charges allowed to be included in this account by the Commission.

SPECIAL INSTRUCTIONS

Accounts 426.1, 426.2, 426.3, 426.4 and 426.5

These accounts shall include miscellaneous expense items which are nonoperating in nature but which are properly deductible before determining total income before interest charges.

NOTE: The classification of expenses as nonoperating and their inclusion in these accounts is for accounting purposes. It does not preclude Commission consideration of proof to the contrary for ratemaking or other purposes.

426.1 Donations.

This account shall include all payments or donations for charitable, social or community welfare purposes.

426.2 Life insurance.

This account shall include all payments for life insurance of officers and employees where company is beneficiary (net premiums less increase in cash surrender value of policies).

426.3 Penalties.

This account shall include payments by the company for penalties or fines for violation of any regulatory statutes by the company or its officials.

426.4 Expenditures for certain civic, political and related activities.

This account shall include expenditures for the purpose of influencing public opinion with respect to the election or appointment of public officials, referenda, legislation, or ordinances (either with respect to the possible adoption of new referenda, legislation or ordinances or repeal or modification of existing referenda, legislation or ordinances) or approval, modification, or revocation of franchises; or for the purpose of influencing the decisions of public officials, but shall not include such expenditures which are directly related to appearances before regulatory or other governmental bodies in connection with the reporting utility's existing or proposed operations.

426.5 Other deductions.

This account shall include other miscellaneous expenses which are nonoperating in nature, but which are properly deductible before determining total income before interest charges.

ITEMS

1. Loss relating to investments in securities written-off or written-down.
2. Loss on sale of investments.
3. Loss on reacquisition, resale or retirement of utility's debt securities, when the loss is not amortized and used by a jurisdictional regulatory agency to increase embedded debt cost in establishing rates. See General Instruction 17.
4. Preliminary survey and investigation expenses related to abandoned projects, when not written-off to the appropriate operating expense account.
5. Costs of preliminary abandonment costs recorded in accounts 182.1, Extraordinary Property Losses, and 182.2, Unrecovered Plant and Regulatory Study Costs, not allowed to be amortized to account 407.1, Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs.

427 Interest on long-term debt.

A. This account shall include the amount of interest on outstanding long-term debt issued or assumed by the utility, the liability for which is included in account 221, Bonds, or account 224, Other Long-Term Debt.

B. This account shall be so kept or supported as to show the interest accruals on each class and series of long-term debt.

NOTE: This account shall not include interest on nominally issued or nominally outstanding long-term debt, including securities assumed.

428 Amortization of debt discount and expense.

A. This account shall include the amortization of unamortized debt discount and expense on outstanding long-term debt. Amounts charged to this account shall be credited concurrently to accounts 181, Unamortized Debt Expense, and 226, Unamortized Discount on Long-Term Debt—Debit.

B. This account shall be so kept or supported as to show the debt discount and expense on each class and series of long-term debt.

428.1 Amortization of loss on reacquired debt.

A. This account shall include the amortization of the losses on reacquisition of debt. Amounts charged to this account shall be credited concurrently to account 189, Unamortized Loss on Reacquired Debt.

B. This account shall be maintained so as to allow ready identification of the loss amortized applicable to each class and series of long-term debt reacquired. See General Instruction 17.

429 Amortization of premium on debt—Credit.

A. This account shall include the amortization of unamortized net premium on outstanding long-term debt. Amounts credited to this account shall be charged concurrently to account 225, Unamortized Premium on Long-Term Debt.

B. This account shall be so kept or supported as to show the premium on each class and series of long-term debt.

429.1 Amortization of gain on reacquired debt—Credit.

A. This account shall include the amortization of the gains realized from reacquisition of debt. Amounts credited to this account shall be charged concurrently to account 257, Unamortized Gain on Reacquired Debt.

B. This account shall be maintained so as to allow ready identification of the gains amortized applicable to each class and series of long-term debt reacquired. See General Instruction 17.

430 Interest on debt to associated companies.

A. This account shall include interest accrued on amounts included in account 223, Advances from Associated Companies, and on all other obligations to associated companies.

B. The records supporting the entries to this account shall be so kept as to show to whom the interest is to be paid, the period covered by the accrual, the rate of interest and the principal amount of the advances or other obligations on which the interest is accrued.

431 Other interest expense.

This account shall include all interest charges not provided for elsewhere.

ITEMS

1. Interest on notes payable on demand or maturing one year or less from date and on open accounts, except notes and accounts with associated companies.
2. Interest on customers' deposits.
3. Interest on claims and judgments, tax assessments, and assessments for public improvements past due.
4. Income and other taxes levied upon bondholders of utility and assumed by it.

432 Allowance for borrowed funds used during construction—Credit.

This account shall include concurrent credits for allowance for borrowed funds used during construction, not to exceed amounts computed in accordance with the formula prescribed in Gas Plant Instruction 3(17).

434 Extraordinary income.

This account shall be credited with gains of unusual nature and infrequent occurrence, which would significantly distort the current year's income computed before Extraordinary Items, if reported other than as extraordinary items. Income tax relating to the amounts recorded in this account shall be recorded in account 409.3, Income Taxes, Extraordinary Items. (See General Instruction 7.)

435 Extraordinary deductions.

This account shall be debited with losses of unusual nature and infrequent occurrence, which would significantly distort the current year's income computed before Extraordinary Items, if reported other than as extraordinary items. Income tax relating to the amounts recorded in this account shall be recorded in account 409.3, Income Taxes, Extraordinary Items. (See General Instruction 7.)

Retained Earnings Chart of Accounts

433 Balance transferred from income.
436 Appropriations of retained earnings.
437 Dividends declared—preferred stock.
438 Dividends declared—common stock.
439 Adjustments to retained earnings.

Retained Earnings Accounts

433 Balance transferred from income.

This account shall include the net credit or debit transferred from income for the year.

436 Appropriations of retained earnings.

This account shall include appropriations of retained earnings.

ITEMS

1. Appropriations required under terms of mortgages, orders of courts, contracts, or other agreements.
2. Appropriations required by action of regulatory authorities.
3. Other appropriations made at option of utility for specific purposes.

437 Dividends declared—preferred stock.

A. This account shall include amounts declared payable out of retained earnings as dividends on actually outstanding preferred or prior lien capital stock issued by the utility.

B. Dividends shall be segregated for each class and series of preferred stock as to those payable in cash, stock and other forms. If not payable in cash, the medium of payment shall be described with sufficient detail to identify it.

438 Dividends declared—common stock.

A. This account shall include amounts declared payable out of retained earnings as dividends on actually outstanding common capital stock issued by the utility.

B. Dividends shall be segregated for each class of common stock as to those payable in cash, stock and other forms. If not payable in cash, the medium of payment shall be described with sufficient detail to identify it.

439 Adjustments to retained earnings.

A. This account shall, with prior Commission approval, include significant nonrecurring transactions accounted for as prior period adjustments, as follows:

(1) Correction of an error in the financial statements of a prior year.

(2) Adjustments that result from realization of income tax benefits of preacquisition operating loss carryforwards of purchased subsidiaries.

All other items of profit and loss recognized during a year shall be included in the determination of net income for that year.

B. Adjustments, charges, or credits due to losses on reacquisition, resale or retirement of the company's own capital stock shall be included in this account. (See account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, for the treatment of gains.)

Operating Revenue Chart of Accounts

1. SALES OF GAS

480 Residential sales.
481 Commercial and industrial sales.
482 Other sales to public authorities.
483 Sales for resale.
484 Interdepartmental sales.
485 Intracompany transfers.

2. OTHER OPERATING REVENUES

487 Forfeited discounts.
488 Miscellaneous service revenues.
489.1 Revenues from transportation of gas of others through gathering facilities.
489.2 Revenues from transportation of gas of others through transmission facilities.
489.3 Revenues from transportation of gas of others through distribution facilities.
489.4 Revenues from storing gas of others.
490 Sales of products extracted from natural gas.

491 Revenues from natural gas processed by others.
492 Incidental gasoline and oil sales.
493 Rent from gas property.
494 Interdepartmental rents.
495 Other gas revenues.
496 Provision for rate refunds.

Operating Revenue Accounts

480 Residential sales.

A. This account shall include the net billing for gas supplied for residential or domestic purposes.

B. Records shall be maintained so that the quantity of gas sold and the revenues received under each rate schedule shall be readily available.

NOTE: When gas supplied through a single meter is used for both residential and commercial purposes, the total revenue shall be included in this account or account 481, Commercial and Industrial Sales, according to the rate schedule which is applied. If the same rate schedules are applicable to both residential and commercial service, classification shall be according to principal use.

481 Commercial and industrial sales.

A. This account shall include the net billing for gas supplied to commercial and industrial customers.

B. Records shall be maintained so that the quantity of gas sold and revenue received under each rate schedule shall be readily available.

C. Records shall be maintained so as to show separately the revenues from commercial and industrial customers, as follows:

Large commercial and industrial sales (wherein shall be included the revenues from customers which use large volumes of gas, generally in excess of 200,000 Dth per year or approximately 800 Dth per day of normal requirements. Reasonable deviations are permissible in order that transfers of customers between the large and small classifications may be minimized).

Small commercial and industrial sales (wherein shall be included the revenues from customers which use volumes of gas generally less than 200,000 Mcf per year or less than approximately 800 Mcf per day of normal requirements).

NOTE: When gas supplied through a single meter is used for both commercial and residential purposes, the total revenue shall be included in this account or in account 480, Residential Sales, according to the rate schedule which is applied. If the same rate schedules are applicable to both residential and commercial service, classification shall be according to principal use.

482 Other sales to public authorities.

A. This account shall include the net billing for gas supplied to municipalities or divisions or agencies of Federal or State Governments, under special contracts or agreements or service classifications, applicable only to public authorities, for general governmental and institutional purposes, except any revenues under rate schedules the revenues from which are includible in account 481 or 483, and except any revenues from gas used for purposes such as powerplant fuel for publicly owned electric systems, manufacturing processes of arsenals, etc., and other major uses of gas which appropriately may be classified in account 481, Commercial and Industrial Sales.

B. Records shall be maintained so that the quantity of gas sold and the revenue received from each customer and from each major special contract shall be readily available.

483 Sales for resale.

A. This account shall include the net billing for gas supplied to other gas utilities or to public authorities for resale purposes.

B. Records shall be maintained so that there shall be readily available the revenues for each customer under each revenue schedule and the billing determinants, as applicable, i.e., volume of gas (actual and billing), contract demand, maximum actual demand, billing demand, and Btu adjustment factor.

NOTE: Revenues from gas supplied to other public utilities for use by them and not for distribution, shall be included in account 481, Commercial and Industrial Sales, unless supplied under the same contract as and not readily separable from revenues includible in this account.

484 Interdepartmental sales.

A. This account shall include amounts charged by the gas department at tariff or other specified rates for gas supplied by it to other utility departments.

B. Records shall be maintained so that the quantity of gas supplied each other department and the charge made therefor shall be readily available.

485 Intracompany transfers

A. This account shall include, for informational purposes only, the amount recorded for gas supplied by the production division when the price is not determined by a cost-of-service rate proceeding.

B. Records shall be maintained so that the quality of gas transferred shall be readily available.

487 Forfeited discounts.

This account shall include the amount of discounts forfeited or additional charges imposed because of the failure of customers to pay gas bills on or before a specified date.

488 Miscellaneous service revenues.

This account shall include revenues from all miscellaneous services and charges billed to customers which are not specifically provided for in other accounts.

ITEMS

1. Fees for changing, connecting, or disconnecting service.
2. Profit on maintenance of appliances, piping, gas firing, and other utilization facilities, or other installations on customers' premises.
3. Net credit or debit (cost less net salvage and less payment from customers) on closing work orders for plant installed for temporary service of less than 1 year. (See account 185, Temporary Facilities.)
4. Recovery of expenses in connection with gas diversion cases. (Billing for the gas consumed shall be included in the appropriate gas revenue account.)
5. Services performed for other gas companies for testing and adjusting meters, changing charts, etc.

489.1 Revenues from transportation of gas of others through gathering facilities.

This account includes revenues from transporting gas for other companies through the gathering facilities of the utility.

489.2 Revenues from transportation of gas of others through transmission facilities.

This account includes revenues from transporting gas for other companies through the transmission facilities of the utility.

489.3 Revenues from transportation of gas of others through distribution facilities.

This account includes revenues from transporting gas for other companies through the distribution facilities of the utility.

489.4 Revenues from storing gas of others.

This account includes revenues from storing gas for other companies.

490 Sales of products extracted from natural gas.

A. This account shall include revenues from sales of gasoline, butane, propane, and other products extracted from natural gas, net of allowances, adjustments, and discounts, including sales of similar products purchased for resale.

B. Records shall be maintained so that the quantity, sales price, and revenues for each type of product sold to each purchaser shall be readily available.

491 Revenues from natural gas processed by others.

A. This account shall include revenues from royalties and permits, or other bases of settlement, for permission granted others to remove products from natural gas of the utility.

B. The records supporting this account must be maintained so that full information concerning determination of the revenues will be readily available concerning each processor of gas of the utility, including as applicable (a) The Dth of gas delivered to such other party for processing, (b) the Dth of gas received back from the processor, (c) the field, general production area , or other source of the gas processed, (d) Dth of gas used for processing fuel, etc., which is chargeable to the utility, (e) total gallons of each product recovered by the processor and the

utility's share thereof, (f) the revenues accruing to the utility, and (g) the basis of determination of the revenues accruing to the utility. Such records shall be maintained even though no revenues are derived from the processor.

492 Incidental gasoline and oil sales.

This account shall include revenues from natural gas gasoline produced direct from gas wells or recovered from drips or obtained in connection with purification or dehydration processes, and revenues from oil obtained from wells which produce oil and gas, the investment in which is carried in accounts 330, Producing Gas Wells—Well Construction, and 331, Producing Gas Wells—Well Equipment.

493 Rent from gas property.

A. This account shall include rents received for the use by others of land, buildings, and other property devoted to gas operations by the utility.

B. When property owned by the utility is operated jointly with others under a definite arrangement for sharing the actual expenses among the parties to the arrangement, any amount received by the utility for interest or return or in reimbursement of taxes or depreciation on the property shall be credited to this account.

NOTE: Do not include rent from property constituting an operating unit or system in this account. (See account 412, Revenues From Gas Plant Leased to Others.)

494 Interdepartmental rents.

This account shall include credits for rental charges made against other departments of the utility. In the case of property operated under a definite arrangement to allocate actual costs among the departments using the property, any allowance to the gas department for interest or return and depreciation and taxes shall be credited to this account.

495 Other gas revenues.

This account includes revenues derived from gas operations not includible in any of the foregoing accounts.

ITEMS

1. Commission on sale or distribution of gas of others when sold under rates filed by such others.
2. Compensation for minor or incidental services provided for others such as customer billing, engineering, etc.
3. Profit or loss on sale of material and supplies not ordinarily purchased for resale and not handled through merchandising and jobbing accounts.
4. Sales of steam, water, or electricity, including sales or transfers to other departments of the utility.
5. Miscellaneous royalties received.
6. Revenues from dehydration and other processing of gas of others, except products extraction where products are received as compensation and sales of such are includible in account 490, Sales of Products Extracted From Natural Gas, and except compression of gas of others, revenues from which are includible in accounts 489.1, 489.2, or 489.3, Revenues from Transportation of Gas of Others.
7. Include in a separate subaccount, revenues in payment for rights and/or benefits received from others which are realized through research, development, and demonstration ventures.
8. Include in a separate subaccount, gains on settlements of imbalance receivables and payables (See Accounts 174 and 242) and gains on replacement of encroachment volumes (See Account 117.4). Records must be maintained and readily available to support the gains included in this account.
9. Include in a separate subaccount revenues from penalties earned pursuant to tariff provisions, including penalties associated with cash-out settlements.

496 Provision for rate refunds.

A. This account shall be charged with provisions for the estimated pretax effects on net income of the portions of amounts being collected subject to refund which are estimated to be required to be refunded. Such provisions shall be credited to Account 229, Accumulated Provision for Rate Refunds.

B. This account shall also be charged with amounts refunded when such amounts had not been previously accrued.

C. Income tax effects relating to the amounts recorded in this account shall be recorded in account 410.1, Provision for Deferred Income Taxes, Utility Operating Income, or account 411.1, Provision for Deferred Income Taxes—Credit, Utility Operating Income, as appropriate.

Operation and Maintenance Expense Chart of Accounts

1. PRODUCTION EXPENSES

A. MANUFACTURED GAS PRODUCTION

A.1. Steam Production

OPERATION

700 Operation supervision and engineering.
701 Operation labor.
702 Boiler fuel.
703 Miscellaneous steam expenses.
704 Steam transferred—Credit.

MAINTENANCE

705 Maintenance supervision and engineering.
706 Maintenance of structures and improvements.
707 Maintenance of boiler plant equipment.
708 Maintenance of other steam production plant.

A.2. Manufactured Gas Production

OPERATION

710 Operation supervision and engineering.

PRODUCTION LABOR AND EXPENSES

711 Steam expenses.
712 Other power expenses.
713 Coke oven expenses.
714 Producer gas expenses.
715 Water gas generating expenses.
716 Oil gas generating expenses.
717 Liquefied petroleum gas expenses.
718 Other process production expenses.

GAS FUELS

719 Fuel under coke ovens.
720 Producer gas fuel.
721 Water gas generator fuel.
722 Fuel for oil gas.
723 Fuel for liquefied petroleum gas process.
724 Other gas fuels.

GAS RAW MATERIALS

725 Coal carbonized in coke ovens.
726 Oil for water gas.
727 Oil for oil gas.
728 Liquefied petroleum gas.
729 Raw materials for other gas processes.
730 Residuals expenses.
731 Residuals produced—Credit.
732 Purification expenses.
733 Gas mixing expenses.
734 Duplicate charges—Credit.
735 Miscellaneous production expenses.
736 Rents.

MAINTENANCE

740 Maintenance supervision and engineering.
741 Maintenance of structures and improvements.
742 Maintenance of production equipment.

B. NATURAL GAS PRODUCTION EXPENSES

B.1. Natural Gas Prodcution and Gathering

OPERATION

750 Operation supervision and engineering.
751 Production maps and records.
752 Gas wells expenses.
753 Field lines expenses.
754 Field compressor station expenses.
755 Field compressor station fuel and power.
756 Field measuring and regulating station expenses.
757 Purification expenses.
758 Gas well royalties.
759 Other expenses.
760 Rents.

MAINTENANCE

761 Maintenance supervision and engineering.
762 Maintenance of structures and improvements.
763 Maintenance of producing gas wells.
764 Maintenance of field lines.
765 Maintenance of field compressor station equipment.
766 Maintenance of field measuring and regulating station equipment.
767 Maintenance of purification equipment.
768 Maintenance of drilling and cleaning equipment.
769 Maintenance of other equipment.

B.2. Products Extraction

OPERATION

770 Operation supervision and engineering.
771 Operation labor.
772 Gas shrinkage.
773 Fuel.
774 Power.
775 Materials.
776 Operation supplies and expenses.
777 Gas processed by others.
778 Royalties on products extracted.
779 Marketing expenses.
780 Products purchased for resale.
781 Variation in products inventory.
782 Extracted products used by the utility—Credit.
783 Rents.

MAINTENANCE

784 Maintenance supervision and engineering.
785 Maintenance of structures and improvements.
786 Maintenance of extraction and refining equipment.
787 Maintenance of pipe lines.
788 Maintenance of extracted products storage equipment.

89 Maintenance of compressor equipment.
90 Maintenance of gas measuring and regulating equipment.
91 Maintenance of other equipment.

C. EXPLORATION AND DEVELOPMENT EXPENSES

OPERATION

95 Delay rentals.
96 Nonproductive well drilling.
97 Abandoned leases.
98 Other exploration.

D. OTHER GAS SUPPLY EXPENSES

OPERATION

00 Natural gas well head purchases.
00.1 Natural gas well head purchases, intracompany transfers.
01 Natural gas field line purchases.
02 Natural gas gasoline plant outlet purchases.
03 Natural gas transmission line purchases.
04 Natural gas city gate purchases.
04.1 Liquefied natural gas purchases.
05 Other gas purchases.
05.1 Purchased gas cost adjustments.
06 Exchange gas.
07 Purchased gas expenses.
08.1 Gas withdrawn from storage—Debt.
08.2 Gas delivered to storage—Credit.
09.1 Withdrawals of liquefied natural gas held for processing—Debt.
09.2 Deliveries of natural gas for processing—Credit.
10 Gas used for compressor station fuel—Credit.
11 Gas used for products extraction—Credit.
12 Gas used for other utility operations—Credit.
13 Other gas supply expenses.

2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES

A. UNDERGROUND STORAGE EXPENSES

814 Operation supervision and engineering.
815 Maps and records.
816 Wells expenses.
817 Lines expenses.
818 Compressor station expenses.
819 Compressor station fuel and power.
820 Measuring and regulating station expenses.
821 Purification expenses.
822 Exploration and development.
823 Gas losses.
824 Other expenses.
825 Storage well royalties.
826 Rents.

MAINTENANCE

830 Maintenance supervision and engineering.
831 Maintenance of structures and improvements.
832 Maintenance of reservoirs and wells.
833 Maintenance of lines.
834 Maintenance of compressor station equipment.
835 Maintenance of measuring and regulating station equipment.
836 Maintenance of purification equipment.
837 Maintenance of other equipment.

B. OTHER STORAGE EXPENSES

OPERATION

840 Operation supervision and engineering.
841 Operation labor and expenses.
842 Rents.
842.1 Fuel.
842.2 Power.
842.3 Gas losses.

MAINTENANCE

843.1 Maintenance supervision and engineering.
843.2 Maintenance of structures and improvements.
843.3 Maintenance of gas holders.
843.4 Maintenance of purification equipment.
843.5 Maintenance of liquefaction equipment.
843.6 Maintenance of vaporizing equipment.
843.7 Maintenance of compressor equipment.
843.8 Maintenance of measuring and regulating equipment.
843.9 Maintenance of other equipment.

C. LIQUEFIED NATURAL GAS TERMINALING AND PROCESSING EXPENSES

OPERATION

844.1 Operation supervision and engineering.
844.2 LNG processing terminal labor and expenses.
844.3 Liquefaction processing labor and expenses.
844.4 LNG transportation labor and expenses.
844.5 Measuring and regulating labor and expenses.
844.6 Compressor station labor and expenses.
844.7 Communication system expenses.
844.8 System control and load dispatching.
845.1 Fuel.
845.2 Power.
845.3 Rents.
845.4 Demurrage charges.
845.5 Wharfage receipts—credit.
845.6 Processing liquefied or vaporized gas by others.
846.1 Gas losses.
846.2 Other expenses.

MAINTENANCE

847.1 Maintenance supervision and engineering.
847.2 Maintenance of structures and improvements.
847.3 Maintenance of LNG processing terminal equipment.
847.4 Maintenance of LNG transportation equipment.

847.5 Maintenance of measuring and regulating equipment.
847.6 Maintenance of compressor station equipment.
847.7 Maintenance of communication equipment.
847.8 Maintenance of other equipment.

3. TRANSMISSION EXPENSES

OPERATION

850 Operation supervision and engineering.
851 System control and load dispatching.
852 Communication system expenses.
853 Compressor station labor and expenses.
854 Gas for compressor station fuel.
855 Other fuel and power for compressor stations.
856 Mains expenses.
857 Measuring and regulating station expenses.
858 Transmission and compression of gas by others.
859 Other expenses.
860 Rents.

MAINTENANCE

861 Maintenance supervision and engineering.
862 Maintenance of structures and improvements.
863 Maintenance of mains.
864 Maintenance of compressor station equipment.
865 Maintenance of measuring and regulating station equipment.
866 Maintenance of communication equipment.
867 Maintenance of other equipment.
870 Operation supervision and engineering.

4. DISTRIBUTION EXPENSES

OPERATION

871 Distribution load dispatching.
872 Compressor station labor and expenses.
873 Compressor station fuel and power (Major only).
874 Mains and services expenses.
875 Measuring and regulating station expenses—General.
876 Measuring and regulating station expenses—Industrial.
877 Measuring and regulating station expenses—City gate check stations.
878 Meter and house regulator expenses.
879 Customer installations expenses.
880 Other expenses.
881 Rents.

MAINTENANCE

885 Maintenance supervision and engineering.
886 Maintenance of structures and improvements.
887 Maintenance of mains.
888 Maintenance of compressor station equipment.
889 Maintenance of measuring and regulating station equipment—General.
890 Maintenance of measuring and regulating station equipment—Industrial.
891 Maintenance of measuring and regulating station equipment—City gate check stations.
892 Maintenance of services.
893 Maintenance of meters and house regulators.
894 Maintenance of other equipment.

5. CUSTOMER ACCOUNTS EXPENSES

OPERATION

901 Supervision.
902 Meter reading expenses.
903 Customer records and collection expenses.
904 Uncollectible accounts.
905 Miscellaneous customer accounts expenses.

6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES

OPERATION

907 Supervision.
908 Customer assistance expenses.
909 Informational and instructional advertising expenses.
910 Miscellaneous customer service and informational expenses.

7. SALES EXPENSES

OPERATION

911 Supervision.
912 Demonstrating and selling expenses.
913 Advertising expenses.
914 [Reserved]
915 [Reserved]
916 Miscellaneous sales expenses.

8. ADMINISTRATIVE AND GENERAL EXPENSES

OPERATION

920 Administrative and general salaries.
921 Office supplies and expenses.
922 Administrative expenses transferred—Credit.
923 Outside services employed.
924 Property insurance.
925 Injuries and damages.
926 Employee pensions and benefits.
927 Franchise requirements.
928 Regulatory commission expenses.
929 Duplicate charges—Credit.
930.1 General advertising expenses.
930.2 Miscellaneous general expenses.
931 Rents.

MAINTENANCE

932 Maintenance of general plant.

Operation and Maintenance Expense Accounts

700 Operation supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of steam production. (See operating expense instruction 1.)

701 Operation labor.

This account shall include the cost of labor used in boiler rooms and elsewhere about the premises engaged in the production of steam or assignable to the production of steam.

ITEMS

1. Blowing flues.
2. Cleaning boilers.
3. Handling coal, coke, and breeze from place of storage to boilers.
4. Janitorial, messenger, watchmen, and similar services.
5. Operating boilers.
6. Operating elevators.
7. Pulverizing coal.
8. Pumping tar from storage tank to boilers.
9. Removing ashes.
10. Testing steam meters, gauges, and other instruments.

702 Boiler fuel.

A. This account shall include the cost of coal, oil, gas, or other fuel used in the production of steam, including applicable amounts of fuel stock expenses. It shall also include the net cost of, or the net amount realized from, the disposal of ashes.

B. Records shall be maintained to show the quantity and cost of each type of fuel used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel, except gas, and related fuel stock expenses, shall be charged initially to appropriate fuel accounts carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for basis of fuel costs and includible items of fuel stock expenses.

703 Miscellaneous steam expenses.

This account shall include the cost of materials used and expenses incurred in the production of steam, not includible in the foregoing accounts.

ITEMS

1. Boiler compounds.
2. Building service expenses.
3. Chemicals.
4. Communication service.
5. Lubricants.
6. Miscellaneous supplies.
7. Pumping supplies and expenses.
8. Purification supplies and expenses.
9. Tools, hand.
10. Waste.
11. Water purchased.
12. Research, development, and demonstration expenses.

704 Steam transferred—Credit.

A. This account shall include such portion of the cost of producing steam as is charged to other gas operating expense accounts, or to others or to a coordinate department under a joint facility arrangement.

B. The records supporting the entries to this account shall be so kept that the utility can furnish readily an explanation of the bases of the credits to this account and the amounts charged to (1) other gas accounts, (2) other utility departments, and (3) outside parties under a joint facility arrangement. The records shall show, likewise, the amounts of steam production operation and steam production maintenance expenses, respectively, chargeable to each of the foregoing.

NOTE A: If the utility produces gas by a single process at only one plant, credits need not be made to this account for the cost of steam used in such gas production facility.

NOTE B: Where steam is produced by producer gas equipment or waste heat boilers, and such steam becomes part of the general plant supply, this account should be charged and the steam expense account in the appropriate functional group of accounts (coal gas production, water gas production, etc.) credited with the value of such steam. However, if the steam so produced is used in the same functional operation as that through which derived, such entries need not be made.

705 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of steam production facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance accounts. (See operating expense instruction 1.)

706 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures and improvements used in steam production operations, the book cost of which is includible in account 305, Structures and Improvements. (See operating expense instruction 2.)

707 Maintenance of boiler plant equipment.

This account shall indicate the cost of labor, materials used and expenses incurred in the maintenance of equipment used in steam production the book cost of which is includible in account 306, Boiler Plant Equipment. (See operating expense instruction 2.)

708 Maintenance of other steam production plant.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment used in steam production operations, the book cost of which is includible in account 314, Coal, Coke, and Ash Handling Equipment, or account 320, Other Equipment. (See operating expense instruction 2.)

710 Operation supervision and engineering.

A. This account shall include the cost of labor and expenses occurred in the general supervision and direction of the operation of manufactured gas stations. Direct supervision of specific activities such as steam production and power operations, coke oven operations, water gas generation, etc., shall be charged to the appropriate account. (See operating expense instruction 1.)

711 Steam expenses.

A. This account shall include the cost of steam used in manufactured gas production. This includes the cost of steam transferred from the gas department's own supply and charges for steam transferred from others or from coordinate departments under joint facility arrangements. (See account 704, Steam Transferred—Credit.)

B. This account shall be so kept as to show separately for each source of steam the point of delivery, the quantity, the charges therefor, and the bases of such charges.

712 Other power expenses.

This account shall include the cost of electricity or other power, except steam, used in manufactured gas operation. This includes the cost of power purchased, the operation cost of electricity or other power such as compressed air produced by the gas department and charges from others or from coordinate departments for power produced under joint facility arrangements.

713 Coke oven expenses.

This account shall include the cost of labor used and expenses incurred in the operation of coke ovens for the production of coal gas, exclusive of the cost of fuel for the coke ovens and coal carbonized.

ITEMS

Labor:

1. Supervising.
2. Work of the following character in operation of coke ovens:
   a. Charging and leveling coal.
   b. Heating ovens to produce coke.
   c. Pushing, transporting, quenching, and dumping coke on wharf.
   d. Reclaiming coke spillage, removing, replacing, and luting oven doors and lids.
   e. Handling and mixing luting mud.
   f. Controlling oven heats and gas heating value with dilution gas.
   g. Controlling flue temperature, stack drafts, collecting main pressure and the flow of flushing liquor and drains.
   h. Operating, cleaning, and lubricating equipment not incidental to maintenance work, such as: charger, pusher, door operating and luting, mud mixing, gas reversal transportation machinery and equipment quenching pumps and tower, together with valves, instruments, meters, controls gauges, and records connected with their operation.
   i. Tar chasing (spooning tar in hot drains.
   j. Cleaning doors, jambs, and stand pipes.
3. Handling and transporting coal from storage or boats to battery bins.
4. Operating, cleaning and lubricating mechanical equipment, such as: hoist machines conveyors and their housing, hammermill

and breakers, mixing and battery bins, together with their control valves, instruments, etc.

5. Wetting and handling coke to the coke wharf or storage including cleaning and lubricating of equipment not incident to maintenance.

6. Pumping gas from ovens and maintaining the proper pressures on the collecting main and throughout the apparatus train, including cleaning and lubricating the oven gas exhausters and revivifying blowers, not incident to maintenance.

7. Removing and disposing of carbon, fines, sediment, and waste material.

8. Cleaning ovens and exhauster house, including janitor service in the employees' locker and wash room within this operating area.

Materials and expenses:

9. Packing, waste, lubricants, etc.

10. Small hand tools.

11. Building service, communication service, transportation.

714 Producer gas expenses.

This account shall include the cost of labor used and expenses incurred in making producer gas exclusive of the cost of fuel for producer gas.

ITEMS

Labor:

1. Supervising.

2. Work of the following character in connection with operation of producer gas sets (excepting the waste heat boiler and auxiliaries):

a. Inspecting, testing, clinkering, lighting and starting set.

b. Controlling fire and heats with fuel charges.

c. Barring, measuring, and rodding fires.

d. Observing pyrometers, pressures and CO_2 in stack gases.

e. Regulating input materials, such as coke, steam and air and making required flow rate and operating cycle changes.

f. Cleaning and removal of ash, dust, sediment and materials from the set and connections, seal pots, duct pockets, bootlegs, collectors and pumps.

g. Cleaning and reluting producer set doors.

h. Operating, cleaning and lubricating fuel charging lorries, grates, jackets and auxiliaries, ash removal apparatus, and associated instruments, meters, gauges, controls, etc.

3. Handling fuel from storage into bins with conveyors.

4. Operating, cleaning and lubricating auxiliary equipment, not incident to maintenance work, such as coolers, pumps, blowers, exhausters or boosters, fuel handling equipment, etc.

5. Removing and disposing of ashes, sediment and other waste material.

6. Cleaning the producer and booster houses including janitorial and similar services.

Materials and expenses:

7. Packing, waste, lubricants, etc.

8. Small hand tools.

9. Building service, communication service, transportation.

715 Water gas generating expenses.

This account shall include the cost of labor used and expenses incurred in the operation of water gas sets exclusive of the cost of fuel and oil for water gas production.

ITEMS

Labor:

1. Supervising.

2. Work of the following character in connection with the operation of water gas sets (excepting the waste heat boiler and auxiliaries):

a. Inspecting, testing, clinkering, lighting and starting up.

b. Controlling fire and heats with fuel charges, barring and rodding fires, operating grates and jackets, taking stains, observing pyrometers, pressures, seal pot water flow and stack gases, regulating input materials such as coke, oil, natural gas, steam and air.

c. Making required flow rate and operating cycle changes.

d. Cleaning and removing ashes, carbon, and sediment from the set and connections, the wash box, seal pot, oil spray, duct pockets, bootlegs, and collectors, and cleaning and reluting producer set doors.

e. Operating, cleaning and lubricating fuel charging lorries, blowers, valves, automatic operators, and grates, together with their instruments, gauges, and controls, also the ash belts.

3. Operating, cleaning and lubricating auxiliary equipment, such as hydraulic pumps, circulating water pumps, oil pumps from storage to sets, steam accumulators and regulators and reducers on natural gas for reforming, exhausters, revivifying air blowers, and purifier exhausters.

4. Handling fuel from storage into bins with conveyors.

5. Removing and disposing of ashes, carbon, sediment, and other waste material.

6. Cleaning of generator and exhauster houses, including janitorial and similar services.

Materials and expenses:

7. Packing, waste, lubricants, etc.

8. Small hand tools.

9. Building service, communication service, transportation.

716 Oil gas generating expenses.

This account shall include the cost of labor used and expenses incurred in the operation of equipment for the production of oil gas exclusive of cost of the oil.

ITEMS

Labor:

1. Supervising.

2. Cleaning, firing and operating oil gas machines.

3. Handling oil from place of storage to oil gas sets.

4. Measuring oil.

5. Removing and disposing of carbon deposits, and other cleaning and incidental labor.

Materials and expenses:

6. Packing, waste, lubricants, etc.

7. Small hand tools.

8. Building service, communication service, transportation.

717 Liquefied petroleum gas expenses.

This account shall include the cost of labor used and expenses incurred in the operation of equipment used for vaporizing petroleum derivatives such as propane, butane or gasoline exclusive of cost of the materials vaporized or used for fuel in the vaporizing process.

ITEMS

Labor:

1. Supervising.

2. Operating, cleaning and lubricating liquid petroleum vaporizers and injectors.

3. Taking pressures and temperatures, and reading gauges on storage tanks.

4. Inspecting and testing equipment and setting and adjusting controls and regulators.

5. Watching pressure gauges, maintaining pressures and relieving excess pressures through lines.

6. Repressuring storage tanks.

Materials and expenses:

7. Packing, waste, lubricants, etc.

8. Small hand tools.

9. Building service, communication service, transportation.

718 Other process production expenses.

This account shall include the cost of labor used and expenses incurred in operating equipment used for the production of gas by processes not provided for in the foregoing accounts.

719 Fuel under coke ovens.

A. This account shall include the cost of gas, other than coke oven gas or producer gas, or other fuel used under coke ovens for making coal gas. Concurrent credits shall be made to account 734, Duplicate Charges—Credit, for gas made by the utility and so used, or account 812, Gas Used for Other Utility Operations—Credit, for other gas used under coke ovens.

B. Records shall be kept to show the quantity and cost of each type of fuel used and fuel handling expenses.

ITEMS

1. Gas made by the utility and used under coke ovens.

2. Natural and other purchased gas used under coke ovens.

720 Producer gas fuel.

A. This account shall include the cost of fuel used in making producer gas including applicable amounts of fuel stock expenses. It shall also include the net cost of, or the net amount realized from, the disposal of ashes.

B. Records shall be kept to show the quantity and the cost of each type of fuel used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel and related fuel stock expenses shall be charged initially to the appropriate fuel account carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for basis of fuel costs and includible items of fuel stock expenses.

721 Water gas generator fuel.

A. This account shall include the cost of fuel used in making water gas, including applicable amounts of fuel stock expenses. It shall also include the net cost of, or net proceeds from, the disposal of ashes.

B. Records shall be kept to show the quantity and cost of each type of fuel used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel and related fuel stock expenses shall be charged initially to the appropriate fuel account carried under

accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for basis of fuel costs and includible items of fuel stock expenses.

722 Fuel for oil gas.

This account shall include the cost of fuel for the manufacture of gas by the oil gas process.

723 Fuel for liquefied petroleum gas process.

This account shall include the cost of fuel for vaporization of liquefied petroleum gas and for the compression of air in liquefied petroleum gas process.

724 Other gas fuels.

This account shall include the cost of fuel for the manufacture of gas by processes not provided for in the above fuel accounts.

725 Coal carbonized in coke ovens.

A. This account shall include the cost of coal used in coke ovens for making coal gas, including applicable amounts of fuel stock expenses.

B. Records shall be kept to show the type, quantity, and cost of coal used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of coal carbonized and related fuel stock expenses shall be charged initially to the appropriate account carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of coal used. See accounts 151 and 152 for basis of costs and includible items of fuel stock expenses.

726 Oil for water gas.

A. This account shall include the cost of oil used in carbureting water gas, including applicable amounts of fuel stock expenses.

B. Records shall be kept to show the type, quantity, and cost of oil used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of oil and related fuel stock expenses shall be charged initially to the appropriate accounts carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of oil used. See accounts 151 and 152 for basis of costs and includible items of fuel stock expenses.

727 Oil for oil gas.

A. This account shall include the cost of oil used in making oil gas, including applicable amounts of fuel stock expenses.

B. Records shall be kept to show the type, quantity, and cost of oil used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of oil and related fuel stock expenses shall be charged initially to the appropriate raw materials account carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of oil used. See accounts 151 and 152 for basis of costs and includible items of fuel stock expenses.

728 Liquefied petroleum gas.

A. This account shall include the cost of liquefied petroleum gas, such as propane, butane, or gasoline, vaporized for mixing with other gases or for sale unmixed, including applicable amounts of fuel stock expenses.

B. Records shall be kept to show the type, quantity, and cost of liquefied petroleum gas. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of liquefied petroleum gas and related fuel stock expenses shall be charged initially to the appropriate accounts under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of liquefied petroleum gas used. See accounts 151 and 152 for basis of costs and includible items of fuel stock expenses.

729 Raw materials for other gas processes.

A. This account shall include the cost of raw materials used in the production of manufactured gas by any process not provided for by the foregoing accounts including the production of coal gas by use of retorts, including applicable amounts of fuel stock expenses.

B. Records shall be kept to show the type, quantity, and cost of each raw material used, comparable to the accounting specified in the foregoing accounts for specified types of gas processes. Respective amount of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of raw materials and fuel stock expenses shall be charged initially to the appropriate accounts carried under accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of raw materials used. See accounts 151 and 152 for basis of raw materials costs and includible items of raw materials stock expenses.

730 Residuals expenses.

A. This account shall include the cost of labor, materials used and expenses incurred including uncollectible accounts in obtaining, handling, preparing, refining, and marketing residuals produced in manufactured gas production processes.

B. Divisions of this account shall be maintained for each of the principal types of expenses chargeable hereto and for each residual or by-product carried in account 731, Residuals Produced—Credit.

731 Residuals produced—Credit.

A. This account shall be credited and the appropriate subdivision of account 153, Residuals and Extracted Products, debited monthly with the estimated value of residuals and other by-products obtained in connection with the production of manufactured gas, whether intended for sale or for use in operations.

B. If the net amount realized from the sale of residuals is greater or less than the amount at which they were originallly credited hereto, an adjusting entry shall be made crediting or debiting this account and charging or crediting the appropriate subdivision of account 153, Residuals and Extracted Products, with the difference.

732 Purification expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating purification equipment and apparatus used for conditioning manufactured gas.

ITEMS

Labor:

1. Supervising.
2. Operating conveyors, condensers, coolers, tar extractors and precipitators, shaving scrubbers and naphthalene and light oil scrubbers.
3. Emptying, rearranging, shifting, cleaning, purging, and refilling purifier boxes.
4. Removing spent oxide to refuse pile.
5. Revivifying oxide.
6. Oiling dip sheets of purifier boxes.
7. Inspecting, testing, controlling adjustments, and taking stains.
8. Cleaning and lubricating purification equipment.

Materials and expenses:

9. Iron oxide.
10. Unslacked lime.
11. Shavings.
12. Soda ash for liquid purifiers.
13. Wash oil for naphthalene scrubber.
14. Sulphuric acid.

733 Gas mixing expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating equipment for mixing natural and manufactured gas, or vaporized liquefied petroleum gases for delivery to the distribution system.

ITEMS

Labor:

1. Supervising.
2. Mixing enrichment gas and other gases or air, including mixing of liquid petroleum gas with air in a liquid petroleum air gas plant, and operation of air jetting equipment and controls.
3. Operating, cleaning and lubricating of cleaners, reducers, calorimeters, calorimixers, appliances and mixing apparatus with their related recorders, gauges, valves and controls, and gravitometers.
4. Inspecting, testing and adjusting mixing equipment.
5. Reading instruments and gauges, changing charts, and recording instrument and gauge readings.

Materials and expenses:

6. Packing, waste, lubricants, etc.
7. Small hand tools.
8. Building service, communication service, transportation.

734 Duplicate charges—Credit.

This account shall include concurrent credits for charges which are made to manufactured gas production operating expenses for manufactured gas not entering common system supply,

eam or electricity used for which here is no direct money outlay.

NOTE: For manufactured gas used from the ommon system supply, concurrent credits hall be made to account 812, Gas Used for ther Utility Operations—Credit.

35 Miscellaneous production expenses.

This account shall include the cost of abor, materials used and expenses incurred in manufacturing gas production operations not includible in any of he foregoing accounts.

ITEMS

abor:
1. Supervising.
2. Cleaning gas works yard of coke dust nd other waste materials.
3. Humidifying gas or oil fogging gas at the roduction plant.
4. Cutting grass and care of the grounds round the gas works.
5. Clearing gas works yard of snow.
6. Janitor service and messenger service.
7. Operating elevators and other conveyances for general use at the gas works.
8. General clerical and stenographic work at gas works.
9. Guarding and patrolling plant and yard.
10. Testing plant instruments not elsewhere provided for.
11. Laboratory labor, except that chargeable to other accounts.
12. Reading manufactured gas meters, and calculating and recording hourly volumes produced.
13. Pumping drips (water) at plant (not provided for elsewhere).
14. Odorizing manufactured gas.
15. Operating, cleaning, and lubricating of air compressors with their tanks, instruments, meters, gauges, and controls when used to supply compressed air into the plant's air system.
16. Operating effluent water treatment systems, including chemical treatment ozonation, filter, and related equipment, including treatment of carbon and residual sludge, and removing spent oxide, and spent filtering materials.
17. Pumping water for cooling and condensing.
18. Cleaning filters and other operating duties of water system.

Materials and expenses:
19. Producer gas transferred from coke oven plant to water gas plant for dilution purposes.
20. Building service, communication service, transportation.
21. First aid supplies and safety equipment.
22. Office supplies, printing and stationery.
23. Meals, travelling and incidental expenses.
24. Fuel for heating plant, water for fire protection or general use, and similar items.
25. Lubricants, packing, waste, etc.
26. Odorizing chemicals.
27. Hand tools, drills, saw blades, files, etc.
28. Fire protection supplies.
29. Fogging oils, alcohol, etc.
30. Chemicals, filter materials, etc., and payments to others for disposal of plant effluents and waste.
31. Chemicals for water treatment.
32. Research, development, and demonstration expenses.

736 Rents.

This account shall include rents for property of others used, occupied or operated in connection with manufactured gas production operations. (See operating expense instruction 3.)

740 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of manufactured gas production facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance accounts. (See operating expense instruction 1.)

741 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 305, Structures and Improvements. (See operating expense instruction 2.)

742 Maintenance of production equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment for the production of manufactured gas, the book cost of which is included in accounts 306 to 320, inclusive, except such equipment as is used for the production of steam the maintenance of which is includible in accounts 707, Maintenance of Boiler Plant Equipment, and 708, Maintenance of Other Steam Production Plant. (See operating expense instruction 2.)

750 Operation supervision and engineering.

A. This account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of production and gathering systems. Direct supervision of specific activities such as turning on and shutting off wells, operating measuring and regulating stations, etc., shall be charged to the appropriate account. (See operating expense instruction 1.)

B. For Nonmajor companies, this account shall include the cost of supervision and labor in the operation of gas wells, lines, compressors and other equipment of the natural gas production and gathering system including miscellaneous labor such as care of grounds, building service, and general clerical and stenographic work at field offices.

ITEMS

1. Supervision. (See operating expense instruction 1.)
2. Gas depletion and gas reserve activities.
3. Geological activities in connection with gas production.
4. Rights-of-way office activities and supervision, not in connection with construction or retirement work, or storage.

751 Production maps and records.

This account shall include the cost of labor, materials used and expenses incurred in the preparation and maintenance of production maps and records.

ITEMS

Labor:
With respect to production maps:
1. Supervising.
2. Preparing farm maps, field inventory maps, well location plats, and other maps used in connection with natural gas production and gathering operations.
3. Posting changes and making corrections of maps.
4. Maintaining files of maps and tracings.
5. Surveying deeds, leases, rights-of-way, well locations, etc., for map revisions.
6. Reproducing maps (blueprints, photostats, etc.).

With respect to land records:
7. Supervising.
8. Abstracting titles to date for extension and renewal of leases.
9. Adjusting land and well rentals.
10. Checking free gas rights.
11. Maintaining land and lease records.
12. Delivering rental and royalty checks.
13. Assigning, pooling, merging, renewing, and extending leases.
14. Patrolling land.
15. Preparing expiration calendars.
16. Replacing leases (not involving additional consideration).
17. Transferring payees.

Materials and expenses:
18. Blueprints, photostats, etc.
19. Drafting materials and supplies.
20. Surveying materials and supplies.
21. Employee transportation and travel expenses.
22. Freight, express, parcel post, trucking, and other transportation.
23. Janitor and washroom supplies, etc.
24. Office supplies, stationery and printed forms.
25. Utility services: light, water, and telephone.

752 Gas wells expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating producing gas wells.

ITEMS

Labor:
1. Supervising.
2. Testing, bailing, swabbing, blowing and gauging producing gas wells.
3. Cleaning off old well locations.
4. Painting signs, etc.
5. Minor upkeep of well roads and fences, etc.
6. Turning wells off and on.
7. Pumping wells.

Materials and expenses:
8. Gas, gasoline, and oil used in pumping, bailing, heating, and swabbing.
9. Lumber, nails, and other materials used for upkeep of fences, making signs, etc.
10. Materials for upkeep of well roads, etc.
11. Well swabs.
12. Employees' transportation and travel expenses.
13. Freight, express, parcel post, trucking and other transportation.
14. Transportation: company and rented vehicles.

753 Field lines expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating field lines.

ITEMS

Labor:

1. Supervising.
2. Walking or patrolling lines.
3. Attending valves, lubricating valves and other equipment, blowing and cleaning lines and drips, draining water from lines, operating and cleaning scrubbers, thawing freezes.
4. Taking line pressures, changing pressure charts, operating alarm gauges.
5. Building and repairing gate boxes, foot bridges, stiles, tool boxes, etc., used in line operations, erecting line markers and warning signs, repairing old line roads.
6. Cleaning debris, cutting grass and weeds on rights-of-way.
7. Inspecting and testing not specifically to determine necessity for repairs.
8. Protecting utility property during work by others.
9. Standby time of emergency crews, responding to fire calls, etc.
10. Locating valve boxes or drip riser boxes.
11. Cleaning and repairing tools used in mains operations, making tool boxes, etc.
12. Cleaning structures and equipment.
13. Driving trucks.

Materials and expenses:

14. Line markers and warning signs.
15. Lumber, nails, etc., used in building and repairing gate boxes, foot bridges, stiles, tool boxes, etc.
16. Charts.
17. Scrubber oil.
18. Hand tools.
19. Lubricants, wiping rags, waste, etc.
20. Freight, express, parcel post, trucking and other transportation charges.
21. Employees' transportation and travel expenses.
22. Janitor and washroom supplies.
23. Utility services: light, water, telephone.
24. Gas used in field line operations.

754 Field compressor station expenses.

This account shall include the cost of labor, materials used, except fuel, and expenses incurred in operating field compressor stations.

ITEMS

Labor:

1. Supervising.
2. Operating and checking engines, equipment valves, machinery, gauges, and other instruments, including cleaning, wiping, polishing, and lubricating.
3. Operating boilers and boiler accessory equipment, including fuel handling and ash disposal, recording fuel used, and unloading and storing coal and oil.
4. Repacking valves and replacing gauge glasses, etc.
5. Recording pressures, replacing charts, keeping logs, and preparing reports of station operations.
6. Inspecting and testing equipment when not specifically to determine necessity for repairs or replacement of parts.
7. Pumping drips at the station.
8. Taking dew point readings.
9. Testing water.
10. Cleaning structures, cutting grass and weeds, and minor grading around station.
11. Cleaning and repairing hand tools used in operations.
12. Driving trucks.
13. Watching during shut downs.
14. Clerical work at station.

Materials and expenses:

15. Scrubber oil.
16. Lubricants, wiping rags, and waste.
17. Charts and printed forms, etc.
18. Gauge glasses.
19. Chemicals to test waters.
20. Water tests and treatment by other than employees.
21. Janitor and washroom supplies, first aid supplies, landscaping supplies, etc.
22. Employees' transportation and travel expenses.
23. Freight, express, parcel post, trucking, and other transportation.
24. Utility services: light, water, telephone.

755 Field compressor station fuel and power.

A. This account shall include the cost of gas, coal, oil, or other fuel, or electricity, used for the operation of field compressor stations, including applicable amounts of fuel stock expenses.

B. Records shall be maintained to show the quantity of each type of fuel consumed or electricity used at each compressor station, and the cost of such fuel or power. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel, except gas, and related fuel stock expenses shall be charged initially to appropriate fuel accounts carried in accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for the basis of fuel costs and includible fuel stock expenses.

756 Field measuring and regulating station expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating field measuring and regulating stations.

ITEMS

Labor:

1. Supervising.
2. Recording pressures and changing charts, reading meters, etc.
3. Estimating lost meter registrations, etc., except gas purchases and sales.
4. Calculating gas volumes from meter charts, except for gas purchases and sales.
5. Adjusting and calibrating measuring equipment, changing meters, orifice plates, gauges, clocks, etc., not in connection with maintenance or construction.
6. Testing gas samples, inspecting and testing gas sample tanks and other meter engineer's equipment, determining specific gravity and Btu content of gas.
7. Inspecting and testing equipment not specifically to determine necessity for repairs including pulsation tests.
8. Cleaning and lubricating equipment.
9. Keeping log and other operating records, preparing reports of operations, etc.
10. Attending boilers and operating other accessory equipment.
11. Installing and removing district gauges for pressure survey.
12. Thawing freeze in gauge pipes.
13. Inspecting and pumping drips, dewatering manholes and pits, inspecting sumps, cleaning pits, etc., blowing meter drips.
14. Moving equipment, minor structures, etc., not in connection with construction, retirement, or maintenance work.

Materials and expenses:

15. Charts and printed forms, stationery and office supplies, etc.
16. Lubricants, wiping rags, waste.
17. Employees' transportation and travel expense.
18. Freight, express, parcel post, trucking and other transportation.
19. Utility services: light, water, telephone.

757 Purification expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating equipment used for purifying, dehydrating, and conditioning of natural gas.

ITEMS

Labor:

1. Supervising.
2. Changing charts on fuel meters.
3. Emptying, cleaning and refilling purifier boxes.
4. Oiling dip sheets of purifier covers.
5. Removing spent oxide to refuse piles.
6. Revivifying oxide.
7. Taking readings of inlet and outlet pressures and temperature.
8. Unloading and storing glycol.
9. Watching station and equipment.
10. Cutting grass and weeds, and minor grading around equipment and stations.
11. Hauling operating employees, materials, supplies and tools, etc.
12. Inspecting and testing equipment, not specifically to determine necessity for repairs or replacement of parts.
13. Lubricating equipment, valves, etc.
14. Operating and checking equipment, valves, instruments, etc.

Materials and expenses:

15. Liquid purifying supplies.
16. Iron oxide.
17. Odorizing materials.
18. Charts, printed forms, etc.
19. Employees' transportation and travel expenses.
20. Freight, express, parcel post, trucking, and other transportation.
21. Gas used in operations.
22. Janitor, washroom, and landscaping supplies.
23. Lubricants, wiping rags, waste, etc.
24. Utility services: light, water, telephone.

NOTE: Inclusion of dehydration expenses in this account shall be consistent with the functional classification of dehydration plant as to which, see the note to account 336, Purification Plant, relating to cases where dehydrators may be located some distance from the production sources of gas.

758 Gas well royalties.

A. This account shall include royalties paid for natural gas produced by the utility from wells on land owned by others.

B. Records supporting the entries to this account shall be so kept that the utility can furnish the name of the parties to each contract involving royalties, the terms of each contract, the location of the property involved, the method of determining the royalties, and the amounts payable.

759 Other expenses.

This account shall include the cost of labor, materials used and expenses incurred in producing and gathering natural gas and not includible in any of the foregoing accounts.

ITEMS

Labor:

1. Moving cleaning tools between locations.
2. Operating communications system.
3. Reading limited and unlimited free gas meters.

Materials and expenses:

4. Miscellaneous small tools, etc.

5. Research, development, and demonstration expenses.

760 Rents.

This account shall include rents for property of others used, occupied or operated in connection with the production and gathering of natural gas, other than rentals on land and land rights held for the supply of natural gas. (See operating expense instruction 3.)

NOTE: See account 795, Delay Rentals, for rentals paid on lands held for the purpose of obtaining a supply of gas in the future.

761 Maintenance supervision and engineering.

This account shall include the cost of labor, materials used and expenses incurred in the general supervision and direction of maintenance of the production and gathering facilities as a whole. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

762 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures and improvements, the book cost of which is includible in accounts 326, Gas Well Structures, 327, Field Compressor Station Structures, 328, Field Measuring and Regulating Station Structures, and 329, Other Structures. (See operating expense instruction 2.)

763 Maintenance of producing gas wells.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of gas wells and equipment includible in accounts 330. Producing Gas Wells—Well Construction, and 331, Producing Gas Wells—Well Equipment. (See operating expense instruction 2.)

764 Maintenance of field lines.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of field lines the book cost of which is includible in account 332, Field Lines. (See operating expense instruction 2.)

ITEMS

1. Electrolysis and leak inspections (not routine).
2. Installing and removing temporary lines, when necessitated by maintenance.
3. Lamping and watching while making repairs.
4. Lowering and changing location of portion of lines, when the same pipe is used.
5. Protecting lines from fires, floods, land slides, etc.
6. Rocking creek crossings.

765 Maintenance of field compressor station equipment.

This account shall include the cost of labor and expenses incurred in the maintenance of field compressor station equipment includible in account 333, Field Compressor Station Equipment. (See operating expense instruction 2.)

766 Maintenance of field measuring and regulating station equipment.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of field measuring and regulating station equipment includible in account 334, Field Measuring and Regulating Station Equipment. (See operating expense instruction 2.)

767 Maintenance of purification equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of purification equipment includible in account 336, Purification Equipment. (See operating expense instruction 2.)

NOTE: Inclusion of dehydration maintenance expenses in this account shall be consistent with the functional classification of dehydration plant as to which see the note to account 336, Purification Equipment, relating to cases where dehydrators may be located some distance from the production sources of gas.

768 Maintenance of drilling and cleaning equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of drilling and cleaning equipment includible in account 335, Drilling and Cleaning Equipment, except such costs of maintaining drilling tools or other equipment which are assignable to the cost of drilling wells. (See operating expense instruction 2.)

769 Maintenance of other equipment.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of other production and gathering equipment includible in account 337, Other Equipment. (See operating expense instruction 2.)

770 Operation supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of products extraction and refining operations, except supervision of marketing and selling operations which shall be charged to account 779, Marketing Expenses. Direct supervision of specific extraction and refining activities shall be charged to the appropriate account. (See operating expense instruction 1.)

771 Operation labor.

This account shall include the cost of labor used in the operation of facilities for the extraction of gasoline, butane, propane, or other salable products from natural gas and for refining such products.

ITEMS

Labor:

1. Supervising.
2. Operating, checking, lubricating, wiping, polishing, and cleaning engines, equipment, valves, machinery, gauges, and other instruments, etc.
3. Inspecting and testing equipment and instruments, not specifically to determine necessity for repairs or replacement of parts.
4. Reading meters, gauges, and other instruments, changing charts, preparing operating reports, etc.
5. Testing gasoline samples, water, etc.
6. Cleaning structures housing equipment, cutting grass and weeds and doing minor grading work around equipment and structures, etc.
7. Driving trucks used in products extraction operations.
8. Cleaning and repairing hand tools used in operations, etc.
9. Watching plant during shut-down periods.
10. Making electricity or steam.

772 Gas shrinkage.

A. This account shall include the cost of gas lost or absorbed in the process of extraction of salable products from natural gas, exclusive of gas used as fuel, the cost of which shall be included in account 773, Fuel.

B. Concurrent credits offsetting charges to this account shall be made to account 811, Gas Used for Products Extraction—Credit.

773 Fuel.

A. This account shall include the cost of natural gas or other fuel used in extracting gasoline, butane, propane and other salable products from natural gas, including fuel used for generation of electricity or making steam.

B. Concurrent Credits offsetting charges to this account shall be made to account 811, Gas Used for Products Extraction—Credit.

774 Power.

This account shall include the cost of electricity purchased for operation of facilities used in the extraction of gasoline, butane, propane, or other salable products from natural gas.

775 Materials.

This account shall include the cost of materials used in extracting salable products from natural gas and blending and refining such products.

ITEMS

1. Absorption oil.
2. Charcoal.
3. Water (payments to others for water).
4. Steam (payments to others for steam).
5. Blending agents.
6. Natural gasoline removed from inventory for blending and refining purposes.
7. Tetraethyl lead.

776 Operation supplies and expenses.

This account shall include supplies used and expenses incurred in the operation of facilities for recovering salable products from natural gas and blending and refining such products, not provided for elsewhere.

ITEMS

1. Employee transportation and travel expenses.
2. Freight, express, parcel post, trucking and other transportation.
3. Utility services: light, water, telephone.
4. Charts, gas measurement, etc.
5. Janitor, washroom and landscaping supplies.
6. Lubricants: oil and grease, wiping rags and waste, etc.
7. Testing equipment, hand tools, etc., of a portable nature and relatively minor cost or of short life.
8. Research, development, and demonstration expenses.

777 Gas processed by others.

A. This account shall include the cost of gas shrinkage, gas consumed for fuel, royalties, and other expenses in connection with the processing of gas of the utility by others for extraction of salable products, for which the related revenues are includible in account 491, Revenues from Natural Gas Processed by Others.

B. Concurrent credits offsetting charges to this account for the difference between gas delivered to others for processing and gas returned after processing, such as shrinkage in the processing operations and gas of the utility used for fuel, shall be made to account 811, Gas Used for Products Extraction of Credit.

C. Records supporting this account shall be so maintained that full information will be readily available concerning gas shrinkage, gas used for fuel, royalties, and other expenses assumed or paid by the utility with regard to each processor of gas of the utility. (See paragraph B of account 491, Revenues from Natural Gas Processed by Others.)

ITEMS

1. Gas shrinkage, being cost of the reduction in gas from products extraction operations of gas of the utility processed by others.
2. Gas for fuel, being cost of gas of the utility used for fuel in connection with the products extraction processing of the utility's gas by others.
3. Royalties, being payments of fractional interests of royalty holders in products extracted by others from gas of the utility.

778 Royalties on products extracted.

This account shall include royalties paid by the utility to others for the right to extract salable products from natural gas.

779 Marketing expenses.

A. This account shall include the cost of labor, materials used and expenses incurred in the marketing of products extracted from natural gas and of similar products purchased for resale.

B. The records supporting this account shall be so maintained that summaries of the various types of expenses shall be readily available.

ITEMS

Labor:
1. Salaries of persons directly engaged in marketing operations.

Materials and expenses:
2. Employee transportation and travel expenses.
3. Tank car rentals.
4. Freight and hauling charges for products shipped.
5. Miscellaneous marketing expenses.
6. Building service charges for space occupied by marketing personnel.
7. Uncollectible accounts for extracted products sold.

780 Products purchased for resale.

A. This account shall include the cost of gasoline, butane, propane, or other salable products purchased from others for resale.

B. The records supporting this account shall be so maintained that the kind, quantity, and cost of products purchased from each vendor are readily available.

781 Variation in products inventory.

This account shall include credits for increases, and debits for decreases in the inventories of salable products extracted from natural gas or purchased for resale. The net debit or credit in this account shall equal the difference between the inventory at the beginning of the accounting year and the end of the accounting month.

782 Extracted products used by the utility—Credit.

This account shall include concurrent credits for charges which are made of operating expenses or other accounts of the gas department for gasoline or other extracted products which are used from stocks recovered in the natural gas extraction process or purchased for resale, and for such products used for blending and refining processes, the contra debit for which is account 775, Materials.

783 Rents.

This account shall include all rents for the property of others used, occupied, or operated in connection with the extraction of salable products from natural gas, exclusive of tank car rentals and other similar rentals includible in account 779, Marketing Expenses. (See operating expense instruction 3.)

784 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of facilities used in the extraction and refining of salable products from natural gas. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

785 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 341, Structures and Improvements. (See operating expense instruction 2.)

786 Maintenance of extraction and refining equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 342, Extraction and Refining Equipment. (See operating expense instruction 2.)

787 Maintenance of pipe lines.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 343, Pipe Lines. (See operating expense instruction 2.)

788 Maintenance of extracted products storage equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 344, Extracted Products Storage Equipment. (See operating expense instruction 2.)

789 Maintenance of compressor equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 345, Compressor Equipment. (See operating expense instruction 2.)

790 Maintenance of gas measuring and regulating equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 346, Gas Measuring and Regulating Equipment. (See operating expense instruction 2.)

791 Maintenance of other equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 347, Other Equipment. (See operating expense instruction 2.)

795 Delay rentals.

A. This account shall be charged with the amount of rents paid periodically on natural gas lands acquired by lease before October 8, 1969, in order to hold natural gas land and land rights for the purpose of obtaining a supply of gas in the future.

B. Include also in this account, the cost of obtaining natural gas leases for a period of 1 year or less when such

leases were acquired before October 8, 1969.

C. Records supporting this account shall be so kept that the utility can furnish complete details of the charges made for each natural gas leasehold. (See note to gas plant instruction 7G.)

NOTE: Rents paid periodically on natural gas lands acquired by lease after October 7, 1969, shall be charged to account 105.1, Production Properties Held for Future Use.

796 Nonproductive well drilling.

This account shall include the net cost of drilling wells on natural gas leases acquired before October 8, 1969, which prove to be nonproductive.

NOTE A: Records in support of the charges to this account shall conform, as appropriate, to Note B of General Instruction 12, Records for Each Plant.

NOTE B: The net cost of drilling wells on natural gas leases acquired after October 7, 1969, which prove to be nonproductive, shall be charged to account 338, Unsuccessful Exploration and Development Costs.

797 Abandoned leases.

A. This account shall be charged with amounts credited to account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, to cover the probable loss on abandonment of natural gas leases acquired before October 8, 1969, included in account 105, Gas Plant Held for Future Use, which has never been productive. (See account 182.1.)

B. When natural gas leaseholds which were acquired before October 8, 1969, and which have never been productive are abandoned, and the amounts provided in account 111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant, are not sufficient to cover the cost thereof, the deficiency shall be charged to this account unless otherwise authorized or directed by the Commission. (See account 182.1.)

NOTE: Losses on abandonment of natural gas leases acquired after October 7, 1969, shall be charged to account 338, Unsuccessful Exploration and Development Costs.

798 Other exploration.

This account shall be charged with the cost of abandoned projects involving natural gas leases acquired before October 8, 1969, on which preliminary expenditures were made for the purpose of determining the feasibility of acquiring acreage to provide a future supply of natural gas (see account 183.1, Preliminary Natural Gas Survey and Investigation Charges).

NOTE: Preliminary expenditures on abandoned projects involving natural gas leases acquired after October 7, 1969, shall be charged to account 338, Unsuccessful Exploration and Development Costs.

800 Natural gas well head purchases.

A. This account shall include the cost at well head of natural gas purchased from producers in gas fields or production areas where only the utility's facilities are used in bringing the gas from the well head into the utility's natural gas system.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and well head the quantity of gas, basis of charges, and amount paid for the gas.

NOTE: If gas purchases are made under one contract covering both well head and field line purchases and such amounts are not readily separable, the utility may classify such purchases according to predominant source or according to a reasonable estimate.

800.1 Natural gas well-head purchases; intracompany transfers.

A. This account shall include, for informational purposes only, the amount recorded for gas supplied by the production division when the price is not determined by a cost-of-service rate proceeding.

B. The records supporting this account shall be so maintained that there will be readily available for each wellhead, the quantity of gas, the basis of intracompany charges, and the amount of intracompany charges for gas.

801 Natural gas field line purchases.

A. This account shall include the cost, at point of receipt by the utility, of natural gas purchased in gas fields or production areas at points along gathering lines, and at points along the utility's transmission lines within field

or production areas, exclusive of purchases at outlets of gasoline plants includible in account 802, where facilities of the vendor or others are used in bringing the gas from the well head to the point of entry into the utility's natural gas system.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and each point of receipt, the quantity of gas, basis of charges, and amount paid for the gas.

NOTE: If gas purchases are made under one contract covering both well head and field line purchases and such amounts are not readily separable, the utility may classify such purchases according to predominant source or according to a reasonable estimate.

802 Natural gas gasoline plant outlet purchases.

A. This account shall include the cost, at point of receipt by the utility, of natural gas purchased at the outlet side of vendor's natural gas products extraction plants.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and for each products extraction plant, the quantity of gas, basis of the charges, and the amount paid for the gas.

803 Natural gas transmission line purchases.

A. This account shall include the cost, at point of receipt by the utility, of natural gas purchased at points along the utility's transmission lines not within gas fields or production areas, excluding purchases at the outlets of products extraction plants includible in account 802.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and each point of receipt, the quantity of gas, basis of charges, and the amount paid for the gas.

804 Natural gas city gate purchases.

A. This account shall include the cost, at point of receipt by the utility, of natural gas purchased which is received at the entrance to the distribution system of the utility.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and each point of receipt, the quantity of gas, basis of the charges, and the amount paid for the gas.

NOTE: Do not credit this account for gas used in reforming for which the cost is charged to manufactured gas production expenses. Credits for such gas should be made to account 812, Gas Used for Other Utility Operations—Credit.

804.1 Liquefied natural gas purchases.

A. This account shall include the cost, including transportation, at point of receipt by the utility, of liquefied natural gas purchased for the purpose of vaporization and injection into the utility's transmission or distribution system for resale.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and point of receipt, the quantity of liquefied natural gas purchased, basis of charges, the amount paid for the liquefied gas, and transportation charges incurred up to the point of receipt of the liquefied gas.

805 Other gas purchases.

A. This account shall include the cost, at point of receipt by the utility, of manufactured gas, refinery gas, or any gas other than natural gas, or other than any mixed gas in which the natural gas is an important proportion of the mixture.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and each point of receipt, the kind and quantity of gas, Btu content, basis of the charges, and the amount paid for the gas.

C. Utilities recognizing revenue for shipper-supplied gas must include the current market price of such gas in this account. Current market price is the delivered spot price of gas in the utility's supply area, as published in a recognized industry journal. The publication used must be the same one identified in the pipeline's tariff for use in its cash-out provision, if it has one. If it has no cash-out provision, the utility must use one publication consistently. Contra entries to those recorded herein

must be made to the appropriate transportation revenue account (Account 489.1 through Account 489.4). Records are to be maintained and readily available that include the name of shipper, quantity of gas, and the publication and price used to value shipper-supplied gas.

D. The value of gas received from shippers under tariff allowances that is not consumed in operations nor returnable to customers through rate tracking mechanisms must be credited to Account 495, Other Gas Revenues and charged to this account. Utilities must simultaneously charge Accounts 117.3 or 117.4 as appropriate, with contra credits to Account 808.2, Gas Delivered to Storage—Credit. Records are to be maintained and readily available that include the name of shipper, quantity of gas, and the publication and price used to value shipper-supplied gas.

805.1 Purchased gas cost adjustments.

A. This account shall be debited or credited with decreases or increases in purchased gas costs related to Commission approved purchased gas adjustment clauses when such costs are not included in the utility's rate schedules on file with the Commission.

B. This account shall be debited or credited with amounts amortized from Account 191, Unrecovered Purchased Gas Costs.

806 Exchange gas.

This account includes debits or credits for the cost of gas in unbalanced transactions where gas is received from or delivered to another party in exchange, load balancing, or no-notice transportation transactions. The costs are to be determined consistent with the accounting method adopted by the utility for its system gas. If the utility has adopted the inventory method of accounting, the amounts to be recorded in Account 806 must be based on the historical cost of the gas. If the utility has adopted the fixed asset method of accounting, the amounts to be recorded in Account 806 must be based on the current market price of gas at the time gas is tendered for transportation. (See the Special Instructions to Accounts 117.1, 117.2, and 117.3 for a description of the inventory and fixed asset methods and the definition of the current market price of gas.) Contra entries to those in this account are to be made to account 174, Miscellaneous Current and Accrued Assets, for gas receivable and to account 242, Miscellaneous Current and Accrued Liabilities, for gas deliverable under such transactions. Such entries must be reversed and appropriate contra entries made to this account when gas is received or delivered in satisfaction of the amounts receivable or deliverable.

807 Purchased gas expenses.

A. This account shall include expenses incurred directly in connection with the purchase of gas for resale.

B. The utility shall not include as purchased gas expense, segregated or apportioned expenses of operating and maintaining gathering system plant whether such plant is devoted solely or partially to purchases of gas, except that the utility shall include the cost of turning on and off purchase gas wells and operating measuring stations devoted exclusively to measuring purchased gas.

C. In general, it is intended that this account include only the expenses directly related to purchased gas, including the expenses of computing volumes of gas purchased, and special items directly related to gas purchases which are not includible in other accounts.

D. This account shall be subdivided as follows:

807.1 Well expenses—Purchased gas.
807.2 Operation of purchased gas measuring stations.
807.3 Maintenance of purchased gas measuring stations.
807.4 Purchased gas calculations expenses.
807.5 Other purchased gas expenses.

808.1 Gas withdrawn from storage-Debit.

A. This account shall include debits for the cost of gas withdrawn from storage during the year. Contra credits for entries to this account shall be made to accounts 117.1 through 117.4, or account 164.2, Liquefied Natural Gas Stored, as appropriate. (See the Special Instructions to accounts 117.1, 117.2, and 117.3).

B. Withdrawal of gas from storage shall not be netted against deliveries to storage. (See account 808.2.)

NOTE: Adjustments for gas inventory losses due to cumulative inaccuracies in gas measurement, or from other causes, shall be entered in account 823, Gas Losses. If, however, any adjustment is substantial, the utility may, with approval of the Commission, amortize the amount of the adjustment to account 823 over future operating periods.

808.2 Gas delivered to storage-Credit.

A. This account shall include credits for the cost of gas delivered to storage during the year. Contra debits for entries to this account shall be made to accounts 117.1 through 117.4, or account 164.2, Liquefied Natural Gas Stored, as appropriate. (See the Special Instructions to accounts 117.1, 117.2, and 117.3).

809.1 Withdrawals of liquefied natural gas held for processing—Debit.

A. This account shall include debits for the cost of liquefied gas withdrawn during the year. Contra credits for entries to this account shall be made to account 164.3, Liquefied Natural Gas Held for Processing.

B. Withdrawals of liquefied natural gas held for processing shall not be netted against deliveries. (See account 809.2).

NOTE: Adjustments for gas inventory losses due to cumulative inaccuracies in gas measurement, or from other causes, shall be entered in account 846.1, Gas Losses, in the month determined, if, however, any adjustment is substantial, the utility may, with approval of the Commission, amortize the amount of the adjustment to account 846.1 over future operating periods.

809.2 Deliveries of natural gas for processing—Credit.

A. This account shall include credits for the cost of gas delivered for processing during the year. Contra debits for entries to this account shall be made to account 164.3, Liquefied Natural Gas Held for Processing.

B. Deliveries of natural gas for processing shall not be netted against withdrawals from processing. (See account 809.1).

810 Gas used for compressor station fuel—Credit.

This account shall include concurrent credits for charges which are made to operating expenses for gas consumed for compressor station fuel from the common system gas supply.

811 Gas used for products extraction—Credit.

This account shall include concurrent credits for charges which are made to products extraction expenses for gas shrinkage and gas used for fuel in products extraction operations of the utility and for similar uses of gas of the utility by others processing gas of the utility for extraction of salable products.

812 Gas used for other utility operations—Credit.

This account shall include concurrent credits for charges which are made to operating expenses or other accounts of the gas department for gas consumed from the common system supply for operating and utility purposes other than uses for which credits are includible in any of the foregoing accounts. (See account 484, Interdepartmental Sales, for gas supplied to departments other than the gas utility department.)

813 Other gas supply expenses.

A. This account shall include the cost of labor, materials used and expenses incurred in connection with gas supply functions not provided for in any of the above accounts, including, research and development expenses.

These accounts are to be used by both transmission and distribution companies to account for natural gas storage expenses. If the utility operates both transmission and distribution systems, subaccounts shall be maintained classifying the expenses to the transmission or distribution function.

B. Include in separate subaccounts: (1) losses on settlements of imbalance receivables and payables (See Account 174 and 242) and losses on replacement of encroachment volumes (See the Special Instructions to Accounts 117.1, 117.2 and 117.3); (2) revaluations of storage encroachments; and (3) system gas

losses not associated with storage. Appropriate records must be maintained and readily available that include the amount of losses and associated volumes in Dth.

814 Operation supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of underground storage operations. Direct supervision of specific activities such as turning on and shutting off storage wells, compressor station operations, etc., shall be charged to the appropriate account. (See operating expense instruction 1.)

815 Maps and records.

This account shall include the cost of labor, materials used and expenses incurred in the preparation and maintenance of storage maps and land records.

ITEMS

Labor:

With respect to land records:

1. Supervising.
2. Abstracting titles to date for extension and renewal of leases.
3. Adjusting land and well rentals.
4. Renewing and extending leases or replacing leases not involving additional consideration.
5. Transferring, assigning, pooling, and merging leases.
6. Delivering rental checks.
7. Clerical work in maintaining storage land and lease records.
8. Preparing and maintaining lease expiration calendars.

With respect to maps:

9. Supervising.
10. Preparing maps, well location plats, etc.
11. Reproducing maps (blueprints or photostats).
12. Posting and revising maps.
13. Surveying deeds, leases, rights-of-way, well locations, etc., for map revisions.
14. Maintaining files of maps and tracings.
15. Field checking boundaries, markers, etc. in connection with preparation of maps.

Materials and expenses (general):

16. Reproduction of land and lease records and maps (blueprints, photostats, etc.).
17. Drafting materials and supplies.
18. Surveying materials and supplies.
19. Employees' transportation and travel expenses.

816 Wells expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating storage gas wells.

ITEMS

Labor:

1. Supervising.
2. Testing, bailing, swabbing, blowing, and gauging storage wells.
3. Painting signs, etc.
4. Minor upkeep of well roads, fences, etc.
5. Turning storage wells on and off.
6. Moving cleaning out tools between locations.
7. Driving trucks.

Materials and expenses:

8. Gas, gasoline, and oil used in pumping, bailing, heating, and swabbing.
9. Lumber, nails, and other materials used for repairing old well roads and fences.
10. Well swabs.
11. Employees' transportation and travel expenses.
12. Freight, express, parcel post, trucking, and other transportation.

817 Lines expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating underground storage lines.

ITEMS

Labor:

1. Supervising.
2. Walking or patrolling lines.
3. Attending valves, lubricating valves and other equipment, blowing and cleaning lines and drips, draining water from lines, operating and cleaning scrubbers, thawing freezes.
4. Taking line pressures, changing pressure charts, operating alarm gauges.
5. Building and repairing gate boxes, foot bridges, stiles, tool boxes, etc., used in line operations, erecting line markers and warning signs, repairing old line roads.
6. Cleaning debris, cutting grass and weeds on rights-of-way.
7. Inspecting and testing not specifically to determine necessity for repairs.
8. Protecting utility property during work by others.
9. Standby time of emergency crews, responding to fire calls, etc.
10. Locating valve boxes or drip riser boxes.
11. Cleaning and repairing tools used in storage lines operations.
12. Cleaning structures and equipment.
13. Driving trucks.

Materials and expenses:

14. Line markers and warning signs.
15. Lumber, nails, etc., used in building and repairing gate boxes, foot bridges, stiles, etc.
16. Charts.
17. Scrubber oil.
18. Hand tools.
19. Lubricants, wiping rags, waste, etc.
20. Freight, express, parcel post, trucking and other transportation.
21. Employees' transportation and travel expenses.
22. Janitor and washroom supplies.
23. Utility services: light, water, telephone.
24. Gas used in operations.

818 Compressor station expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating underground storage compressor stations.

ITEMS

Labor:

1. Supervising.
2. Operating and checking engines, equipment, valves, machinery, gauges, and other instruments, including cleaning, wiping, polishing, and lubricating.
3. Operating boilers and boiler accessory equipment, including fuel handling and ash disposal, recording fuel used, and unloading and storing coal and oil.
4. Repacking valves and replacing gauge glasses, etc.
5. Recording pressures, replacing charts, keeping logs, and preparing reports of station operations.
6. Inspecting and testing equipment when not specifically to determine necessity for repairs or replacement of parts.
7. Pumping drips at the station.
8. Taking dew point readings.
9. Testing water.
10. Cleaning structures housing equipment, cutting grass and weeds, and minor grading around station.
11. Cleaning and repairing hand tools used in operations.
12. Driving trucks
13. Watching during shut downs.
14. Clerical work at station.

Materials and expenses:

15. Scrubber oil.
16. Lubricants, wiping rags, and waste.
17. Charts and printed forms, etc.
18. Gauge glasses.
19. Chemicals to test water.
20. Water tests and treatment by other than employees.
21. Janitor and washroom supplies, first aid supplies, landscaping supplies, etc.
22. Employees' transportation and travel expenses.
23. Freight, express, parcel post, trucking, and other transportation.
24. Utility services: light, water, telephone.

819 Compressor station fuel and power.

A. This account shall include the cost of gas, coal, oil, or other fuel, or electricity, used for the operation of underground storage compressor stations, including applicable amounts of fuel stock expenses.

B. Records shall be maintained to show the quantity of each type of fuel consumed or electricity used at each compressor station, and the cost of such fuel or power. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel, except gas, and related fuel stock expenses shall be charged initially to appropriate fuel accounts carried in accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for the basis of fuel costs and includible fuel stock expenses.

820 Measuring and regulating station expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating underground storage measuring and regulating stations.

ITEMS

Labor:

1. Supervising.
2. Recording pressures and changing charts, reading meters, etc.
3. Estimating lost meter registrations, etc. except gas purchases and sales.
4. Calculating gas volumes from meter charts except gas purchases and sales.
5. Adjusting and calibrating measuring equipment, changing meters, orifice plates, gauges, clocks, etc., not in connection with construction or maintenance.
6. Testing gas samples, inspecting and testing gas sample tanks and other meter engineers equipment, determining specific gravity and Btu content of gas.
7. Inspecting and testing equipment not specifically to determine necessity for repairs, including pulsation tests.
8. Cleaning and lubricating equipment.
9. Keeping log and other operating records, preparing reports of operation, etc.
10. Attending boilers and operating other accessory equipment.
11. Installing and removing district gauges for pressure survey.
12. Thawing freeze in gauge pipe.

13. Inspecting and pumping drips, dewatering manholes and pits, inspecting sumps, cleaning pits, etc., blowing meter drips.
14. Moving equipment, minor structures, etc., not in connection with maintenance or construction.

Materials and expenses:

15. Charts and printed forms, stationery and office supplies, etc.
16. Lubricants, wiping rags, waste.
17. Employees' transportation and travel expense.
18. Freight, express, parcel post, trucking and other transportation.
19. Utility services: light, water, telephone.

821 Purification expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating equipment used for purifying, dehydrating, and conditioning of natural gas in connection with underground storage operations.

ITEMS

Labor:

1. Supervising.
2. Changing charts on fuel meters.
3. Emptying, cleaning and refilling purifier boxes.
4. Oiling dip sheets of purifier covers.
5. Removing spent oxide to refuse piles.
6. Revivifying oxide.
7. Taking readings of inlet and outlet pressures and temperature.
8. Unloading and storing glycol.
9. Watching station and equipment.
10. Cutting grass and weeds, and minor grading around equipment and stations.
11. Hauling operating employees, materials, supplies and tools, etc.
12. Inspecting and testing equipment, not specifically to determine necessity for repairs or replacement of parts.
13. Lubricating equipment, valves, etc.
14. Operating and checking equipment, valves, instruments, etc.

Materials and expenses:

15. Liquid purifying supplies.
16. Iron oxide.
17. Odorizing materials.
18. Charts, printed forms, etc.
19. Employees' transportation and travel expenses in connection with purification and dehydration operations.
20. Freight, express, parcel post, trucking and other transportation.
21. Gas used in operations.
22. Janitor, washroom and landscaping supplies.
23. Lubricants, wiping rags, waste, etc.
24. Utility services: light, water, telephone.

822 Exploration and development.

This account shall include expenses of investigation, exploration, and development of underground storage projects under consideration which prove not feasible. There also shall be included in this account the net cost of drilling nonoperative wells within an existing storage project. (For Major companies see account 183.2, Other Preliminary Survey and Investigation Charges.)

NOTE: Include in account 352, Wells, the cost of wells which may be drilled within a storage project for purposes of pressure observation rather than for injection or withdrawal of gas.

823 Gas losses.

This account shall include the amounts of inventory adjustments representing the cost of gas lost or unaccounted for in underground storage operations due to cumulative inaccuracies of gas measurements or other causes. (See the Special Instructions to Accounts 117.1, 117.2 and 117.3). If however, any adjustment is substantial, the utility may, with approval of the Commission, amortize the amount of the adjustment to this account over future operating periods.

824 Other expenses.

This account shall include the cost of labor, material used and expenses incurred in operating underground storage plant, and other underground storage operating expenses, not includible in any of the foregoing accounts, including research, development, and demonstration expenses.

825 Storage well royalties.

A. This account shall include royalties, rents, and other payments includible in operating expenses for gas wells and gas land acreage located within and comprising underground storage projects of the utility. (See operating expense instruction 3.)

B. The records supporting this account shall be so maintained that information will be readily available for each storage project, of the parties to each contract, basis of the charges, and location of wells to which the royalties or rents of each contract relate.

826 Rents.

This account shall include rents for property of others used in connection with the storage of gas underground, other than rents and royalties paid with respect to storage wells and gas lands utilized for the holding of gas in underground storage. (See operating expense instruction 3.)

830 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of underground storage facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

831 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 351, Structures and Improvements. (See operating expense instruction 2.)

832 Maintenance of reservoirs and wells.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of storage wells, the book cost of which is included in account 352, Wells, and the maintenance of reservoirs, the book cost of which is included in account 352.2, Reservoirs. (See operating expense instruction 2.)

833 Maintenance of lines.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of underground storage lines, the book cost of which is includible in account 353, Lines. (See operating expense instruction 2.)

834 Maintenance of compressor station equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 354, Compressor Station Equipment. (See operating expense instruction 2.)

835 Maintenance of measuring and regulating station equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 355, Measuring and Regulating Equipment. (See operating expense instruction 2.)

836 Maintenance of purification equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of purification equipment, the book cost of which is includible in account 356, Purification Equipment. (See operating expense instruction 2.)

837 Maintenance of other equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 357, Other Equipment. (See operating expense instruction 2.)

840 Operation supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of other storage facilities. Direct supervision of specific activities such as operation of gas holders shall be charged to the appropriate account. (See operating expense instruction 1.)

841 Operation labor and expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating storage holders and other storage equipment.

ITEMS

Labor:

1. Supervising.
2. Operating, checking, lubricating, cleaning, and polishing equipment, machinery, valves, instruments, and other local storage equipment.
3. Reading meters, gauges and other instruments, changing charts, preparing operating reports, etc.

4. Pumping inlet and outlet holder drips.
5. Inspecting and testing equipment when not specifically for repairs or replacement of parts.
6. Cleaning structures and housing equipment, cutting grass and weeds, and doing minor grading work around structures and equipment.
7. Cleaning and repairing hand tools used for operations, etc.
8. Operating steam lines for heating storage facilities.

Materials and expenses:

9. Charts for pressure gauges and meters, printed forms, etc.
10. Lubricants, wiping rags, waste, etc.
11. Janitor and washroom supplies, landscaping supplies, etc.
12. Employee travel and transportation expenses.
13. Freight, express, parcel post, trucking, and other transportation.
14. Utility services: light, water, and telephone.
15. Chemicals.
16. Refrigerants.
17. Research, development, and demonstration expenses.

842 Rents.

This account shall include rents for property of others used or operated in connection with other storage operations. (See operating expense instruction 3.)

842.1 Fuel.

A. This account shall include the cost of natural gas or other fuel used in the operation of other storage plant.

B. Concurrent credits offsetting charges to this account for natural gas used for fuel shall be made to account 812, Gas Used for Other Utility Operations—Credit.

842.2 Power.

This account shall include the cost of electricity consumed for operation of facilities used in the operation of other storage plant.

842.3 Gas Losses.

This account shall include the amounts of inventory adjustments representing the cost of gas lost or unaccounted for in other storage operations due to shrinkage or other causes.

843.1 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of other storage facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

843.2 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 361, Structures and Improvements. (See operating expense instruction 2.)

843.3 Maintenance of gas holders.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of gas holders, the book cost of which is includible in account 362, Gas Holders. (See operating expense instruction 2.)

843.4 Maintenance of purification equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of purification equipment, the book cost of which is includible in account 363, Purification Equipment. (See operating expense instruction 2.)

843.5 Maintenance of liquefaction equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of liquefaction equipment, the book cost of which is includible in account 363.1, Liquefaction Equipment. (See operating expense instruction 2.)

843.6 Maintenance of vaporizing equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of vaporizing equipment, the book cost of which is includible in account 363.2, Vaporizing Equipment. (See operating expense instruction 2.)

843.7 Maintenance of compressor equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of compressor equipment, the book cost of which is includible in account 363.3, Compressor Equipment. (See operating expense instruction 2.)

843.8 Maintenance of measuring and regulating equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of measuring and regulating equipment, the book cost of which is includible in account 363.4, Measuring and Regulating Equipment. (See operating expense instruction 2.)

843.9 Maintenance of other equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment the book cost of which is includible in account 363.5, Other Equipment. (See operating expense instruction 2.)

844.1 Operations supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of operations of liquefied natural gas facilities. Direct supervision of specific activities shall be charged to the appropriate operations accounts.

844.2 LNG processing terminal labor and expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating liquefied natural gas processing equipment.

ITEMS

Labor

1. Supervising.
2. Operating, checking, lubricating, cleaning, and polishing equipment, machinery, valves, instruments, and other processing equipment.
3. Reading meters, gauges and other instruments, changing charts, preparing operating reports, etc.
4. Inspecting and testing equipment when not specifically for repairs or replacement of parts.
5. Cleaning structures housing equipment, cutting grass and weeds, and doing minor grading work around structures and equipment.
6. Cleaning and repairing hand tools used for operations, etc.
7. Operating offshore facilities such as piers, docks, loading and unloading arms, water craft, etc.

Materials and expenses

8. Charts for pressure gauges and meters, printed forms, office supplies, etc.
9. Lubricants, wiping rags, cleaning materials, etc.
10. Janitor and washroom supplies, landscaping supplies, etc.
11. Employee travel and transportation expenses.
12. Freight, express, parcel post, trucking, and other transportation.
13. Utility services: light, water, and telephone.
14. Chemicals.
15. Refrigerants.
16. Small hand tools.

844.3 Liquefaction processing labor and expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating natural gas liquefaction equipment.

ITEMS

Labor

1. Supervising.
2. Operating, checking, lubricating, cleaning, and polishing equipment, machinery, valves, instruments, and other processing equipment.
3. Reading meters, gauges and other instruments, changing charts, preparing operating reports, etc.
4. Inspecting and testing equipment when not specifically for repairs or replacement of parts.
5. Cleaning structures housing equipment, cutting grass and weeds, and doing minor grading work around structures and equipment.
6. Cleaning and repairing hand tools used for operations, etc.
7. Operating offshore facilities such as piers, docks, loading and unloading arms, water craft, etc.

Materials and expenses

8. Charts for pressure gauges and meters, printed forms, office supplies, etc.
9. Lubricants, wiping rags, cleaning materials, etc.
10. Janitor and washroom supplies, landscaping supplies, etc.

11. Employee travel and transportation expenses.
12. Freight, express, parcel post, trucking, and other transportation.
13. Utility services: light, water, and telephone.
14. Chemicals.
15. Refrigerants.
16. Small hand tools.

844.4 LNG transportation labor and expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating LNG transportation equipment.

ITEMS

Labor

1. Supervision.
2. Operating LNG maritime tankers, LNG barges, LNG tank trucks and other LNG transportation equipment.
3. Cleaning and lubricating equipment.
4. Inspecting and testing equipment.

Materials and expenses

5. Charts, printed forms, office supplies, etc.
6. Dry dock charges.
7. Lubricants, wiping rags, cleaning materials, etc.
8. Employee's transportation travel and temporary housing expenses.

844.5 Measuring and regulating labor and expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating, measuring and regulating stations in connection with liquefied natural gas operations.

ITEMS

Labor

1. Supervising.
2. Recording pressures and changing charts, reading meters, etc.
3. Estimating lost meter registrations, etc., except gas purchases and sales.
4. Calculating gas volumes from meter charts, except gas purchases and sales.
5. Adjusting and calibrating measuring equipment, changing meters, orifice plates, gauges, clocks, etc., not in connection with construction or maintenance.
6. Testing gas samples, determining specific gravity and Btu content of gas.
7. Inspecting and testing equipment not specifically to determine necessity for repairs including pulsation tests.
8. Cleaning and lubricating equipment.
9. Keeping log and other operating records, preparing records of operations, etc.
10. Attending boilers and operating other accessory equipment.
11. Installing and removing district gauges for pressure survey.
12. Thawing freeze in gauge pipe.
13. Inspecting and pumping drips, dewatering manholes and pits, inspecting sumps, cleaning pits, blowing meter drips, etc.
14. Moving equipment, minor structures, etc., not in connection with maintenance or construction.

Materials and expenses

15. Charts and printed forms.
16. Lubricants, wiping rags, waste.
17. Employees' transportation and travel expense.
18. Freight, express, parcel post, trucking and other transportation.
19. Utility services: light, water, telephone.

844.6 Compressor station labor and expenses.

This account shall include the cost of labor, materials used and expenses incurred, including fuel and power, in operating compressor stations in connection with liquefied natural gas operations.

ITEMS

Labor

1. Supervising.
2. Operating and checking engines, equipment valves, machinery, gauges, and other instruments, including cleaning, wiping, polishing, and lubricating.
3. Operating boilers and boiler accessory equipment, including fuel handling, recording fuel used, etc.
4. Repacking valves and replacing gauge glasses, etc.
5. Recording pressures, replacing charts, keeping logs, and preparing reports of station operations.
6. Pumping drips at the station.
7. Taking dew point readings.
8. Testing water.
9. Cleaning structures housing equipment, cutting grass and weeds, and minor grading around station.
10. Cleaning and repairing hand tools used in operations.
11. Driving trucks.
12. Watching during shutdowns.
13. Clerical work at station.

Materials and expenses

14. Scrubber oil.
15. Lubricants, wiping rags, waste.
16. Charts and printed forms, etc.
17. Gauge glasses.

18. Chemicals to treat water.
19. Water tests and treatment by other than employees.
20. Janitor and washroom supplies, first aid supplies, landscaping supplies, etc.
21. Employees' transportation and travel expenses.
22. Freight, express, parcel post, trucking, and other transportation.
23. Utility services: light, water, telephone.

844.7 Communication system expenses.

This account shall include the cost of labor, materials used and expenses incurred in connection with the operation of liquefied natural gas communications facilities, such as radio, telephone, microwave and other communication systems, including payments to others for communications services.

ITEMS

Labor

1. Supervising.
2. Operating switchboards, radio equipment, power generators, microwave equipment, etc. (except general office switchboards).
3. Tagging telephone poles.
4. Testing and replacing telephone batteries, radio tubes, etc.
5. Cutting weeds and grass along telephone rights-of-way and around structures and equipment.
6. Changing radio frequencies.
7. Securing FCC authorization to change frequencies.
8. Taking FCC radio operator tests.
9. Transferring mobile radios between vehicles and/or vessels.
10. Changing locations of telephones and other communications equipment not in connection with maintenance or construction.
11. Inspecting and testing not specifically to determine necessity for repairs.
12. Cleaning and lubricating equipment.
13. Cleaning structures housing equipment.

Materials and expenses

14. Payments to others for communications services.
15. Telephone batteries, radio tubes and other electronic components.
16. Radio crystals and other materials used in changing radio frequencies.
17. Lubricants, wiping rags, and waste.
18. Employees' transportation and travel expenses.
19. Freight, express, parcel post, trucking and other transportation.

844.8 System control and load dispatching.

This account shall include the cost of labor and expenses incurred in dispatching and controlling the supply and flow of liquefied gas and vaporized gas prior to introduction of such vaporized gas into the utility's transmission or distribution system.

ITEMS

Labor

1. Supervising.
2. Analysis of pressures for irregularities, as received.
3. Collecting pressures by telephone and radio.
4. Controlling mixture of various gases to maintain proper Btu content.
5. Correspondence and records, typing and maintaining files.
6. Controlling inputs and withdrawals of liquefied gas for processing.
7. Instructing field men to increase or decrease pressures at regulators.
8. Maintaining pressures at compressor stations, key line junctions and regulating stations to divide the available gas during heavy demand periods.
9. Maintaining pressure log sheets.
10. Maintaining proper compression ratios at compressor stations, consistent with economical operations.
11. Maintaining lowest necessary line pressures consistent with satisfactory service.
12. Requesting pressure changes at compressor stations, regulating stations, and key line junctions.
13. Rerouting gas during emergencies and planned shutdowns.

Materials and expenses

14. Consultants' fees and expenses.
15. Meals, traveling and incidental expenses in connection with system load dispatching.
16. Office supplies, stationery and printed forms.
17. Transportation: company and rental vehicles.
18. Utility services: light, water, telephone.

845.1 Fuel.

A. This account shall include the cost of gas or other fuel used for the operation of liquefied natural gas terminaling and processing facilities except compressor station fuel.

B. Concurrent credits offsetting charges to this account for natural gas used for fuel shall be made to account 812, Gas Used for Other Utility Operations—Credit.

345.2 Power.

This account shall include the cost of purchased power used in operation of liquefied natural gas processing facilities, except compressor station power.

845.3 Rents.

This account shall include rents for property of others used, occupied or operated in connection with liquefied natural gas processing operations. (See operating expense instruction 3.)

845.4 Demurrage charges.

This account shall include demurrage charges incurred by the utility relative to LNG shipments received or processed by the utility.

845.5 Wharfage receipts—Credit.

This account shall include wharfage receipts received or receivable from LNG shippers or other parties relative to LNG shipments received or processed by the utility.

845.6 Processing of liquefied or vaporized gas by others.

A. This account shall include amounts paid to others for the processing of liquefied or vaporized gas of the utility.

B. Records supporting this account shall be so maintained that there shall be readily available for each agreement, the name of the other party, Dth of gas delivered to the other party for processing and the Dth, of gas received back by the utility after processing, points of delivery to and receipt of gas from the other party, amount and basis of charges for the processing service.

NOTE: If in connection with any gas delivered to another for processing such other party also processes the gas for extraction of gasoline or other salable products, credits attributable to the products so extracted shall be made to account 491, Revenues from Natural Gas Processed by Others, to the end that amounts recorded in this account shall only be charges for processing other than for extraction of salable products.

846.1 Gas losses.

This account shall include the amounts of inventory adjustments representing the cost of gas lost or unaccounted for in liquefied natural gas operations due to cumulative inaccuracies of gas measurements or other causes. (See paragraph E of account 164.3, Liquefied Natural Gas Held for Processing.) If, however, any adjustment is substantial, the utility may, with approval of the Commission, amortize the amount of the adjustment to this account over future operating periods.

846.2 Other expenses.

This account shall include the cost of labor, materials used, and expenses incurred in operating liquefied natural gas plant not includible elsewhere.

847.1 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of liquefied natural gas terminaling and processing facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance accounts. (See operating expense instruction 1.)

847.2 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures and improvements, the book cost of which is included in account 364.2, Structures and Improvements. (See operating expense instruction 2.)

847.3 Maintenance of LNG processing terminal equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of LNG terminal processing equipment, the book cost of which is included in account 364.3, LNG Processing Terminal Equipment. (See operating expense instruction 2.)

847.4 Maintenance of LNG transportation equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of transportation equipment, the book cost of which is included in account 364.4, LNG Transportation Equipment. (See operating expense instruction 2.)

847.5 Maintenance of measuring and regulating equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of measuring and regulating equipment, the book cost of which is included in account 364.5, Measuring and Regulating Equipment. (See operating expense instruction 2.)

847.6 Maintenance of compressor station equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of compressor station equipment, the book cost of which is included in account 364.6, Compressor Station Equipment. (See operating expense instruction 2.)

847.7 Maintenance of communication equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of communication equipment, the book cost of which is included in account 364.7, Communication Equipment. (See operating expense instruction 2.)

847.8 Maintenance of other equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is included in account 364.8, Other Equipment. (See operating expense instruction 2.)

850 Operation supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of transmission facilities. Direct supervision of specific activities such as operation of transmission lines, compressor stations, etc. shall be charged to the appropriate account. (See operating expense instruction 1.)

851 System control and load dispatching.

This account shall include the cost of labor and expenses incurred in dispatching and controlling the supply and flow of gas through the system.

ITEMS

Labor:

1. Supervising.
2. Analyses of pressures for irregularities, as received.
3. Collecting pressures by telephone and radio.
4. Controlling mixture of various gases to maintain proper Btu content.
5. Correspondence and records, typing and maintaining files.
6. Controlling production and storage inputs and withdrawals.
7. Instructing field men to increase or decrease pressures at regulators.
8. Maintaining pressures at compressor stations, key line junctions and regulating stations to divide the available gas during heavy demand periods.
9. Maintaining pressure log sheets.
10. Maintaining proper compression ratios at compressor stations, consistent with economical operations.
11. Maintaining lowest necessary line pressures consistent with satisfactory service.
12. Maintaining well operation record by well classification.
13. Requesting pressure changes at compressor stations, regulating stations, and key line junctions.
14. Rerouting gas during emergencies and planned shut downs.

Materials and expenses:

15. Consultants' fees and expenses.
16. Meals, traveling, and incidental expenses in connection with system load dispatching.
17. Office supplies, stationery and printed forms.
18. Transportation: company and rental vehicles.
19. Utility services: light, water, telephone.

852 Communication system expenses.

A. This account shall include the cost of labor, materials used and expenses incurred in connection with the operation of transmission communications facilities, such as radio and telephone communications systems, including payments to others for communications services for transmission and load dispatching operations.

B. Credits shall be made to this account and charges made to production, distribution and other gas utility functions and to other utility departments for equitable portions of transmission communications expenses attributable to use of transmission communications facilities other than in connection with gas transmission and load dispatching operation.

ITEMS

Labor:
1. Supervising.
2. Operating switchboards, radio equipment, power generators, microwave equipment, etc. (except general office switchboards.)
3. Tagging telephone poles.
4. Testing and replacing telephone batteries, radio tubes, etc.
5. Cutting weeds and grass along telephone rights-of-way and around structures and equipment.
6. Changing radio frequencies.
7. Securing FCC authorization to change frequencies.
8. Taking FCC radio operator tests.
9. Transferring mobile radios between vehicles.
10. Changing locations of telephones and other communications equipment not in connection with maintenance or construction.
11. Inspecting and testing not specifically to determine necessity for repairs.
12. Cleaning and lubricating equipment.
13. Cleaning structures housing equipment.

Materials and expenses:
14. Payments to others for communications services.
15. Telephone batteries, radio tubes, etc.
16. Radio crystals and other materials used in changing radio frequencies.
17. Lubricants, wiping rags, and waste.
18. Employees' transportation and travel expenses.
19. Freight, express, parcel post, trucking, and other transportation.

853 Compressor station labor and expenses.

This account shall include the cost of labor, materials used and expenses incurred (other than fuel and power) in operating transmission compressor stations.

ITEMS

Labor:
1. Supervising.
2. Operating and checking engines, equipment valves, machinery, gauges, and other instruments, including cleaning, wiping, polishing, and lubricating.
3. Operating boilers and boiler accessory equipment, including fuel handling and ash disposal, recording fuel used, and unloading and storing coal and oil.
4. Repacking valves and replacing gauge glasses, etc.
5. Recording pressures, replacing charts, keeping logs, and preparing reports of station operations.
6. Inspecting and testing equipment not specifically to determine necessity for repairs.
7. Pumping drips at the station.
8. Taking dew point readings.
9. Testing water.
10. Cleaning structures housing equipment, cutting grass and weeds, and minor grading around station.
11. Cleaning and repairing hand tools used in operations.
12. Driving trucks.
13. Watching during shut downs.
14. Clerical work at station.

Materials and expenses:
15. Scrubber oil.
16. Lubricants, wiping rags, and waste.
17. Charts and printed forms, etc.
18. Gauge glasses.
19. Chemicals to treat water.
20. Water tests and treatment by other than employees.
21. Janitor and washroom supplies, first aid supplies, landscaping supplies, etc.
22. Employees' transportation and travel expenses.
23. Freight, express, parcel post, trucking, and other transportation.
24. Utility services: light, water, telephone.

854 Gas for compressor station fuel.

A. This account shall include the cost of gas used for the operation of transmission compressor stations.

B. Records shall be maintained to show the Dth of gas consumed at each compressor station, and the cost of such gas.

855 Other fuel and power for compressor stations.

A. This account shall include the cost of coal, oil, and other fuel, or electricity, used for the operation of transmission compressor stations, including applicable amounts of fuel stock expenses.

B. Records shall be maintained to show the quantity of each type of fuel consumed or electricity used at each compressor station, and the cost of such fuel or power. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel, includible in this account, and related fuel stock expenses shall be charged initially to appropriate fuel accounts carried in accounts 151, Fuel Stock, and 152, Fuel Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for the basis of fuel costs and includible fuel stock expenses.

856 Mains expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating transmission mains.

ITEMS

Labor:
1. Supervising.
2. Walking or patrolling lines.
3. Attending valves, lubricating valves and other equipment, blowing and cleaning lines and drips, draining water from lines, operating and cleaning scrubbers, thawing freezes.
4. Taking line pressures, changing pressure charts, operating alarm gauges.
5. Building and repairing gate boxes, foot bridges, stiles, etc., used in line operations, erecting line markers and warning signs, repairing old line roads.
6. Cleaning debris, cutting grass and weeds on rights-of-way.
7. Inspecting and testing not specifically to determine necessity for repairs.
8. Protecting utility property during work by others.
9. Standby time of emergency crews, responding to fire calls, etc.
10. Locating valve boxes or drip riser boxes.
11. Cleaning and repairing tools used in mains operations, making tool chests, etc.
12. Cleaning structures and equipment.
13. Driving trucks.

Materials and expenses:
14. Line markers and warning signs.
15. Lumber, nails, etc., used in building and repairing gate boxes, foot bridges, stiles, etc.
16. Charts.
17. Scrubber oil.
18. Hand tools.
19. Lubricants, wiping rags, waste, etc.
20. Freight, express, parcel post, trucking and other transportation.
21. Employees' transportation and travel expenses.
22. Janitor and washroom supplies.
23. Utility services: light, water, telephone.
24. Gas used in mains operations.

857 Measuring and regulating station expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating transmission measuring and regulating stations.

ITEMS

Labor:
1. Supervising.
2. Recording pressures and changing charts, reading meters, etc.
3. Estimating lost meter registrations, etc., except gas purchases and sales.
4. Calculating gas volumes from meter charts, except gas purchases and sales.
5. Adjusting and calibrating measuring equipment, changing meters, orifice plates, gauges, clocks, etc. not in connection with construction or maintenance.
6. Testing gas samples, inspecting and testing gas sample tanks and other meter engineers' equipment, determining specific gravity and Btu content of gas.
7. Inspecting and testing equipment not specifically to determine necessity for repairs including pulsation tests.
8. Cleaning and lubricating equipment.
9. Keeping log and other operating records, preparing reports of operations, etc.
10. Attending boilers and operating other accessory equipment.
11. Installing and removing district gauges for pressure survey.
12. Thawing freeze in gauge pipe.
13. Inspecting and pumping drips, dewatering manholes and pits, inspecting sumps, cleaning pits, etc., blowing meter drips.
14. Moving equipment, minor structures, etc., not in connection with maintenance or construction.

Materials and expenses:
15. Charts and printed forms.
16. Lubricants, wiping rags, waste.
17. Employees' transportation and travel expense.
18. Freight, express, parcel post, trucking and other transportation.
19. Utility services: light, water, telephone.

858 Transmission and compression of gas by others.

A. This account shall include amounts paid to others for the transmission and compression of gas of the utility.

B. Records supporting this account shall be so maintained that there shall be readily available for each agreement, name of other party, Dth of gas delivered to the other party for transmission or compression and the Dth of gas received back by the utility after transmission or compression, points of delivery to and receipt of gas from other party, amount and basis of charges for the transmission or compression service.

NOTE: If in connection with any gas delivered to another for transmission or compression such other party also processes the gas or extraction of gasoline or other salable roducts, credits attributable to the products so extracted shall be made to account 91, Revenues from Natural Gas Processed by thers, to the end that amounts recorded in his account shall only be charges for transortation or compression service.

59 Other expenses.

This account shall inlcude the cost of abor, material used and expenses inurred in operating transmission sysem equipment and other transmission ystem expenses not includible in any f the foregoing accounts, including research, development, and demonstraion expenses.

60 Rents.

This account shall include rents for roperty of others used, occupied or oerated in connection with the operation of the transmission system. Inlude herein rentals paid for regulator ites, railroad crossings, rights-of-way, nnual payments to governmental bodes and others for use of public or priate lands, and reservations for rights-f-way. (See operating expense instruction 3.)

61 Maintenance supervision and engineering.

This account shall include the cost of abor and expenses incurred in the genral supervision and direction of maintenance of transmission system facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance accounts. (See operating expense instruction 1.)

62 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 366, Structures and Improvements. (See operating expense instruction 2.)

63 Maintenance of mains.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of mains, the book cost of which is includible in account 367, Mains. (See operating expense instruction 2.)

ITEMS

1. Supervising.
2. Electrolysis and leak inspection.
3. Installing and removing temporary lines, when necessitated by maintenance.
4. Lamping and watching while making repairs.
5. Lowering and changing location of lines, when the same pipe is used.
6. Protecting lines from fires, floods, landslides, etc.
7. Rocking creek crossings.

864 Maintenance of compressor station equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 368, Compressor Station Equipment. (See operating expense instruction 2.)

865 Maintenance of measuring and regulating station equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 369, Measuring and Regulating Station Equipment. (See operating expense instruction 2.)

866 Maintenance of communication equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 370, Communication Equipment. (See operating expense instruction 2.)

867 Maintenance of other equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 371, Other Equipment. (See operating expense instruction 2.)

870 Operation supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of distribution system operations. Direct supervision of specific activities such as load dispatching, mains operation, removing and resetting meters, etc., shall be charged to the appropriate account. (See operating expense instruction 1.)

871 Distribution load dispatching.

This account shall include the cost of labor, materials used and expenses incurred in dispatching and controlling the supply and flow of gas through the distribution system.

ITEMS

Labor:
1. Supervising.
2. Analyzing pressures for irregularities.
3. Collecting pressures by telephone and radio.
4. Controlling mixture of various gases to maintain proper Btu content.
5. Correspondence and records, typing and maintaining files.
6. Controlling gas-make and inputs to distribution system.
7. Maintaining pressures at key points to divide the available gas during heavy demand periods.
8. Maintaining pressure log sheets.
9. Maintaining lowest necessary line pressures consistent with satisfactory service.
10. Rerouting gas during emergencies and planned shut downs.

Materials and expenses:
11. Consultants' fees and expenses.
12. Meals, traveling, and incidental expenses.
13. Office supplies, stationery and printed forms.
14. Transportation: company and rented vehicles.
15. Utility services: light, water, telephone.

872 Compressor station labor and expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating distribution compressor stations.

ITEMS

Labor:
1. Supervising.
2. Operating and checking engines, equipment valves, machinery, gauges, and other instruments, including cleaning, wiping, polishing, and lubricating.
3. Operating boilers and boiler accessory equipment, including fuel handling and ash disposal, recording fuel used, and unloading and storing coal and oil.
4. Repacking valves and replacing gauge glasses, etc.
5. Recording pressures, replacing charts, keeping logs, and preparing reports of station operations.
6. Inspecting and testing equipment and instruments when not specifically to determine necessity for repairs or replacement of parts.
7. Pumping drips at the station.
8. Taking dew point readings.
9. Testing water.
10. Cleaning structures housing equipment, cutting grass and weeds, and doing minor grading around station.
11. Cleaning and repairing hand tools used in operations.
12. Driving trucks.
13. Watching during shut downs.
14. Clerical work at station.

Materials and expenses:
15. Scrubber oil.
16. Lubricants, wiping rags, and waste.
17. Charts and printed forms, etc.
18. Gauge glasses.
19. Chemicals to test water.
20. Water tests and treatment by other than employees.
21. Janitor and washroom supplies, first aid supplies, landscaping supplies, etc.
22. Employees' transportation and travel expenses.
23. Freight, express, parcel post, trucking, and other transportation.
24. Utility services: light, water, telephone.

873 Compressor station fuel and power (Major only).

A. This account shall include the cost of gas, coal, oil, or other fuel, or electricity, used for the operation of distribution compressor stations, including applicable amounts of fuel stock expenses.

B. Records shall be maintained to show the quantity of each type of fuel consumed or electricity used at each compressor station, and the cost of such fuel or power. Respective amounts of fuel stock and fuel stock expenses shall be readily available.

NOTE: The cost of fuel, except gas, and related fuel stock expenses shall be charged initially to appropriate fuel accounts carried in accounts 151, Fuel Stock, and 152, Fuel

Stock Expenses Undistributed, and cleared to this account on the basis of fuel used. See accounts 151 and 152 for the basis of fuel costs and includible fuel stock expenses.

874 Mains and services expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating distribution system mains and services.

ITEMS

Labor:

1. Supervising.
2. Walking or patrolling lines.
3. Attending valves, lubricating valves and other equipment, blowing and cleaning lines and drips, draining water from lines, thawing freezes.
4. Taking line pressures, changing pressure charts, operating alarm gauges.
5. Building and repairing gate boxes, foot bridges, stiles, etc. used in distribution mains operations, erecting line markers and warning signs, etc.
6. Cleaning debris, cutting grass and weeds on rights-of-way.
7. Inspecting and testing equipment not specifically to determine necessity for repairs.
8. Protecting utility property during work by others.
9. Standby time of emergency crews, responding to fire calls, etc.
10. Locating and inspecting valve boxes or drip riser boxes, service lines, mains, etc.
11. Cleaning and repairing tools used in mains operations, making tool boxes, etc.
12. Cleaning structures and equipment.
13. Driving trucks used in mains and service operations.
14. Making routine leak survey.
15. Oil fogging.

Materials and Expenses:

1. Line markers and warning signs.
2. Lumber, nails, etc., used in building and repairing gate boxes (foot bridges, stiles, tool boxes, etc.).
3. Charts and printed forms.
4. Scrubber oils.
5. Hand tools.
6. Lubricants, wiping rags, waste, etc.
7. Freight, express, parcel post, trucking and other transportation.
8. Uniforms.
9. Employee transportation and travel expenses.
10. Janitor and washroom supplies.
11. Utility services: light, water, telephone.
12. Gas used in mains operation.
13. Oil for fogging.

875 Measuring and regulating station expenses—General.

This account shall include the cost of labor, materials used and expenses incurred in operating general distribution measuring and regulating stations.

ITEMS

Labor:

1. Supervising.
2. Recording pressures and changing charts, reading meters, etc.
3. Estimating lost meter registrations, etc. except purchases and sales.
4. Calculating gas volumes from meter charts, except gas purchases and sales.
5. Adjusting and calibrating measuring equipment, changing meters, orifice plates, gauges, clocks, etc.
6. Taking and testing gas samples, inspecting and testing valves, regulators, gas sample tanks and other meter engineers' equipment, determining specific gravity and Btu content of gas.
7. Inspecting and testing equipment and instruments not specially to determine necessity for repairs, including pulsation tests.
8. Cleaning and lubricating equipment.
9. Keeping log and other operating records.
10. Attending boilers and operating other accessory equipment.
11. Installing and removing district gauges for pressure survey.
12. Thawing freeze in gauge pipe.
13. Inspecting and pumping drips; dewatering manholes and pits, inspecting sumps, cleaning pits, blowing meter drips, etc.
14. Moving equipment, minor structures, etc., not in connection with maintenance or construction.

Materials and expenses:

15. Charts and printed forms, stationery and office supplies, etc.
16. Lubricants, wiping rags, waste.
17. Uniforms.
18. Employee transportation and travel expenses.
19. Freight, express, parcel post, trucking and other transportation.
20. Utility services: light, water, telephone.

876 Measuring and regulating station expenses—Industrial.

This account shall include the cost of labor, materials used and expenses incurred in operating large measuring and regulating stations located on local distribution systems to serve specific commercial and industrial customers.

ITEMS

(See account 875 for items.)

877 Measuring and regulating station expenses—City gate check stations.

This account shall include the cost of labor, materials used and expenses incurred in operating measuring and regulating stations used to measure and regulate the receipt of gas at entry points to distribution systems.

NOTE: Pipe line companies shall include in the transmission functional classification city gate and main line industrial measuring and regulating stations, except that where pipe line companies measure deliveries of gas at entry points to their own distribution systems, they shall have the option, if consistently observed, of including such stations either in the transmission or distribution function for accounting purposes.

ITEMS

(See account 875 for items.)

878 Meter and house regulator expenses.

This account shall include the cost of labor, materials used and expenses incurred in connection with removing, resetting, changing, testing, and servicing customer meters and house regulators.

ITEMS

Labor:

(a) Removing, reinstalling, and changing or exchanging customer meters and house regulators:

1. Initiating or terminating service, including incidental meter reading.
2. Periodic replacement of meters and house regulators because of age.
3. Changing or exchanging meters and house regulators because of complaints or removal for inspection.
4. Resetting meters on existing connections.
5. Handling meters and house regulators to and from customer premises and meter shop.
6. Listing, tagging, and placing meter labels, etc., for removed and reset meters.
7. Changing position of meters or house regulators on the same premises.
8. Installing or removing blank linings.
9. Unproductive calls, etc.

(b) Turning on and turning off meters, except for failures of customers to pay bills:

10. Turning on meters, including necessary time to insure that gas lines are proper to use and that appliances are in usable condition.
11. Turning off meters including time to make safety precautions.

(c) Other:

12. Supervising.
13. Clerical work on meter history and associated equipment record cards, test cards, and reports.
14. Handling and recording meters for stock.
15. Inspecting and testing meters and house regulators.
16. Inspecting and adjusting meter testing equipment.
17. Driving trucks used in meter operations.

Materials and expenses:

18. Meter locks and seals.
19. Lubricants, wiping rags, waste, etc.
20. Uniforms.
21. Freight, express, parcel post, trucking, and other transportation.
22. Utility services: light, water, telephone, heating.
23. Office supplies, stationery and printing.
24. Employees' transportation expenses.
25. Janitor, washroom, first aid supplies, etc.

NOTE: The cost of the first setting of a meter or house regulator shall be charged to account 382, Meter Installations, or account 384, House Regulator Installations, as appropriate.

879 Customer installations expenses.

A. This account shall include the cost of labor, materials used and expenses incurred in work on customer premises other than expenses includible in account 878, Meter and House Regulator Expenses, including the cost of servicing customer-owned appliances when the cost of such work is borne by the utility.

B. Damage to customer equipment by employees of the utility whether incidental to the work or the result of negligence, shall be charged to the job on which the employee was engaged at the time of damage.

ITEMS

Labor:

1. Supervising.
2. Altering customer-owned service extensions or meter connections.
3. Investigating and correcting pressure difficulties or stoppages in customer-owned piping.

4. Adjusting and repairing burner pilots because of impurities in the gas or failure of the distribution system.
5. Oiling or spraying noisy customer meters.
6. Investigating and stopping gas leaks on customers' premises caused by defective meter, customer-owned piping, or customer appliances.
7. Inspecting new installations to determine that the customers' equipment and piping are properly installed and connected.
8. Consolidating meter installations, without change of size, due to elimination of separate meters for different service classifications.
9. Investigating and adjusting complaints of service on customers' premises.
10. Gas load surveys including the incidental preparations and replacement of meters.
11. Unproductive calls.
12. Stenographic and clerical work.
13. Janitorial services, etc.
14. Installing demand or test meters.
15. Inspecting, cleaning, repairing and adjusting customer-owned appliances for domestic, industrial, or commercial use, including house heating furnaces and other space heating appliances, hotel and restaurant appliances.
16. Replacing defective parts in customer-owned appliances and salvaging reusable appliance parts.

Materials and expenses:

17. Lubricants, wiping rags, waste, etc.
18. Uniforms.
19. Replacement parts for appliances.
20. Office supplies, printing and stationery.
21. Janitor, washroom, first aid supplies, etc.
22. Employees' transportation and travel expenses.
23. Utility services: light, water, telephone.

NOTE: Amounts billed customers for any work, the cost of which is charged to this account, shall be credited to this account. Any excess over costs resulting therefrom shall be transferred to account 488, Miscellaneous Service Revenues.

880 Other expenses.

This account shall include the cost of distribution maps and records, distribution office expenses, and the cost of labor and materials used and expenses incurred in distribution systems operations not provided for elsewhere, including the expenses of operating street lighting systems and research, development, and demonstration expenses.

881 Rents.

This account shall include rents for property of others used, occupied or operated in connection with the operation of the distribution system. Include herein rentals paid for regulator sites, railroad crossings, rights-of-way, annual payments to governmental bodies and others for use of public or private lands, and reservations for rights-of-way. (See operating expense instruction 3.)

885 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of distribution system facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance accounts. (See operating expense instruction 1.)

886 Maintenance of structures and improvements.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 375, Structures and Improvements. (See operating expense instruction 2.)

887 Maintenance of mains.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of distribution mains, the book cost of which is includible in account 376, Mains. (See operating expense instruction 2.)

ITEMS

1. Supervising.
2. Trenching, backfilling, and breaking and restoring pavement in connection with the installation of leak or reinforcing clamps.
3. Work performed as the result of municipal improvements, such as street widening, sewers, etc., where the gas mains are not retired.
4. Municipal inspections relating to maintenance work.
5. Other work of the following character:
a. Locating leaks incident to maintenance.
b. Cutting off mains without replacement. (Minor cuts not retired.)
c. Repairing leaking joints.
d. Repairing broken mains.

e. Repairing leaks on main drip riser or valve test pipe.
f. Bringing main valve box, main drip riser box, valve test pipe box, or pressure pipe roadway box up to grade.
g. Cleaning, repainting, coating, and wrapping exposed mains.
h. Repacking main valves.
i. Locating and clearing gas main faults.
j. Lowering and changing location of mains.
k. Trenching, backfilling, cutting-in or removal of pipe not retired in connection with the installation of leak clamps, valves, or drips.
l. Watching and lamping open cuts associated with maintenance.
m. Restoration of permanent pavement in connection with work chargeable to maintenance.
n. Emergency stand-by time associated with maintenance.
o. Repairing sewers, drains, walls, etc., when damaged by maintenance work.
p. Making electrolysis tests to maintain life of plant.
q. Repairing property of others damaged by maintenance work.

888 Maintenance of compressor station equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 377, Compressor Station Equipment. (See operating expense instruction 2.)

889 Maintenance of measuring and regulating station equipment—General.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 378, Measuring and Regulating Station Equipment—General. (See operating expense instruction 2.)

890 Maintenance of measuring and regulating station equipment—Industrial.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 385, Industrial Measuring and Regulating Station Equipment. (See operating expense instruction 2.)

891 Maintenance of measuring and regulating station equipment—City gate check stations.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of equipment, the book cost of which is includible in account 379, Measuring and Regulating Station Equipment—City Gate Check Stations. (See operating expense instruction 2.)

892 Maintenance of services.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of serv- ices, the book cost of which is includible in account 380, Services. (See operating expense instruction 2.)

ITEMS

1. Supervising.
2. Testing pipe for leaks and condition of wrapping.
3. Testing for, locating, and clearing trouble on company maintained services.
4. Inspecting and testing after repairs have been made.
5. Reporting on the condition of gas services to determine the need for repairs.
6. Making minor repairs and changes.
7. Rearranging and changing the location of services not retired.
8. Repairing service valves for reuse.
9. Stopping leaks on service pipes and drip risers.
10. Lowering and raising curb boxes to grade.
11. Replacing less than a complete service when not retired.
12. Installing fittings, valves, drips, frost protection devices, or replacing similar items on existing services.
13. Cutting and replacing pavement, pavement base and sidewalks in connection with maintenance work.
14. Restoring condition of services damaged by fire, storm, leakage, flood, accident or other casualties.
15. Repairing property of others damaged by maintenance work.
16. Transferring services in connection with the installation of new mains.
17. Installing, maintaining, and removing temporary facilities to prevent the interruption of service.
18. Converting low pressure gas distribution service to medium or high pressure service.
19. Relocating and rerouting gas service temporarily during alterations of buildings.

20. Performing work resulting from municipal improvements, such as street widening, sewers, etc.
21. Replacing service valve box or drip riser box.
22. Installing, removing or replacing service valve, drip pot, or drip riser.
23. Repacking service valve.

893 Maintenance of meters and house regulators.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of meters and house regulators, the book cost of which is includible in accounts 381, Meters, and 383, House Regulators. (See operating expense instruction 2.)

ITEMS

1. Inspecting and testing meters and house regulators on customers' premises or in shops in connection with repairs.
2. Cleaning, repairing, and painting meters, house regulators, and accessories and equipment.
3. Repairing testing equipment.
4. Rebuilding and overhauling meters without changing their rated capacities.
5. Resealing house regulators with mercury, replacing diaphragms, springs and other defective or worn parts.
6. Replacing or adding any item not constituting a retirement unit.

894 Maintenance of other equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of street lighting equipment and all other distribution system equipment not provided for elsewhere, the book cost of which is includible in accounts 386, Other Property on Customers' Premises, and 387, Other Equipment. (See operating expense instruction 2.)

901 Supervision.

This account shall include the cost of labor and expenses incurred in the general direction and supervision of customer accounting and collecting activities. Direct supervision of a specific activity shall be charged to account 902, Meter Reading Expenses, or account 903, Customer Records and Collection Expenses, as appropriate. (See operating expense instruction 1.)

902 Meter reading expenses.

This account shall include the cost of labor, materials used and expenses incurred in reading customer meters, and determining consumption when performed by employees engaged in reading meters.

ITEMS

Labor:
1. Addressing forms for obtaining meter readings by mail.
2. Changing and collecting meter charts used for billing purposes.
3. Inspecting time clocks, checking seals, etc., when performed by meter readers and the work represents a minor activity incidental to regular meter reading routine.
4. Meter reading—small consumption, and obtaining load information for billing purposes. (Exclude and charge to account 878, Meter and House Regulator Expenses, or to account 903, Customer Records and Collection Expenses, as applicable, the cost of obtaining meter readings, first and final, if incidental to the operation of removing or resetting, sealing or locking, and disconnecting, or reconnecting meters.)
5. Measuring gas—large consumption, including reading meters, changing charts, calculating charts, estimating lost meter registrations, determining specific gravity, etc., for billing purposes.
6. Computing consumption from meter reader's book or from reports by mail when done by employees engaged in reading meters.
7. Collecting from prepayment meters when incidental to meter reading.
8. Maintaining record of customers' keys.
9. Computing estimated or average consumption when performed by employees engaged in reading meters.

Materials and expenses:
10. Badges, lamps, and uniforms.
11. Demand charts, meter books and binders and forms for recording readings, but not the cost of preparation.
12. Postage and supplies used in obtaining meter readings by mail.
13. Transportation, meals and incidental expenses.

903 Customer records and collection expenses.

This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

Items

Labor:
1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.
15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting services because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and expenses:
21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

NOTE: The cost of work on meter history and meter location records is chargeable to account 878, Meter and House Regulator Expenses.

904 Uncollectible accounts.

This account shall be charged with amounts sufficient to provide for losses from uncollectible utility revenues. Concurrent credits shall be made to account 144, Accumulated Provision for Uncollectible Accounts—Credit. Losses from uncollectible accounts shall be charged to account 144.

905 Miscellaneous customer accounts expenses.

This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.

ITEMS

Labor:
1. General clerical and stenographic work.
2. Miscellaneous labor.

Materials and expenses:
3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

907 Supervision.

This account shall include the cost of labor and expenses incurred in the general direction and supervision of customer service activities, the object of which is to encourage safe, efficient and economical use of the utility's service. Direct supervision of a specific activity within customer service and

informational expense classification shall be charged to the account wherein the costs of such activity are included. (See operating expense instruction 1.)

908 Customer assistance expenses.

This account shall include the cost of labor, materials used, and expenses incurred in providing instructions or assistance to customers, the object of which is to promote safe, efficient and economical use of the utility's service.

ITEMS

Labor:

1. Direct supervision of department.
2. Processing customer inquiries relating to the proper use of gas equipment, the replacement of such equipment and information related to such equipment.
3. Advice directed to customers as to how they may achieve the most efficient and safest use of gas equipment.
4. Demonstrations, exhibits, lectures, and other programs designed to instruct customers in the safe, economical or efficient use of gas service, and/or oriented toward conservation of energy.
5. Engineering and technical advice to customers, the object of which is to promote safe, efficient and economical use of the utility's service.

Materials and expenses:

6. Supplies and expenses pertaining to demonstrations, exhibits, lectures, and other programs.
7. Loss in value on equipment and appliances used for customer assistance programs.
8. Office supplies and expenses.
9. Transportation, meals, and incidental expenses.

NOTE: Do not include in this account expenses that are provided for elsewhere, such as accounts 416, Costs and Expenses of Merchandising, Jobbing and Contract Work, 879, Customer Installations Expenses, and 912, Demonstrating and Selling Expenses.

909 Informational and instructional advertising expenses.

This account shall include the cost of labor, materials used and expenses incurred in activities which primarily convey information as to what the utility urges or suggests customers should do in utilizing gas service to protect health and safety, to encourage environmental protection, to utilize their gas equipment safely and economically, or to conserve natural gas.

ITEMS

Labor:

1. Direct supervision of informational activities.
2. Preparing informational materials for newspapers, periodicals, billboards, etc., and preparing and conducting informational motion pictures, radio and television programs.
3. Preparing informational booklets, bulletins, etc., used in direct mailings.
4. Preparing informational window and other displays.
5. Employing agencies, selecting media and conducting negotiations in connection with the placement and subject matter of information programs.

Materials and expenses:

6. Use of newspapers, periodicals, billboards, radio, etc., for informational purposes.
7. Postage on direct mailings to customers exclusive of postage related to billings.
8. Printing of informational booklets, dodgers, bulletins, etc.
9. Supplies and expenses in preparing informational materials by the utility.
10. Office supplies and expenses.

NOTE A: Exclude from this account and charge to account 930.2, Miscellaneous General Expenses, the cost of publication of stockholder reports, dividend notices, bond redemption notices, financial statements, and other notices of a general corporate character. Exclude also all expenses of a promotional, institutional, goodwill or political nature, which are includible in such accounts as 913, Advertising Expenses, 930.1, General Advertising Expenses, and 426.4, Expenditures for Certain Civic, Political and Related Activities.

NOTE B: Entries relating to informational advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies of the advertising message shall be readily available.

910 Miscellaneous customer service and informational expenses.

This account shall include the cost of labor, materials used and expenses incurred in connection with customer service and informational activities which are not includible in other customer information expense accounts.

ITEMS

Labor:

1. General clerical and stenographic work not assigned to specific customer service and information programs.
2. Miscellaneous labor.

Materials and expenses:

3. Communication service.
4. Printing, postage and office supplies expenses.

911 Supervision.

This account shall include the cost of labor and expenses incurred in the general direction and supervision of sales activities, except merchandising. Direct supervision of a specific activity, such as demonstrating, selling, or advertising shall be charged to the account wherein the costs of such activity are included. (See operating expense instruction 1.)

912 Demonstrating and selling expenses.

This account shall include the cost of labor, materials used and expenses incurred in promotional, demonstrating, and selling activities, except by merchandising, the object of which is to promote or retain the use of utility services by present and prospective customers.

ITEMS

Labor:

1. Demonstrating uses of utility services.
2. Conducting cooking schools, preparing recipes, and related home service activities.
3. Exhibitions, displays, lectures, and other programs designed to promote use of utility services.
4. Experimental and development work in connection with new and improved appliances and equipment, prior to general public acceptance.
5. Solicitation of new customers or of additional business from old customers, including commissions paid employees.
6. Engineering and technical advice to present or prospective customers in connection with promoting or retaining the use of utility services.
7. Special customer canvasses when their primary purpose is the retention of business or the promotion of new business.

Materials and expenses:

8. Supplies and expenses pertaining to demonstration, and experimental and development activities.
9. Booth and temporary space rental.
10. Loss in value on equipment and appliances used for demonstration purposes.
11. Transportation, meals, and incidental expenses.

913 Advertising expenses.

This account shall include the cost of labor, materials used and expenses incurred in advertising designed to promote or retain the use of utility service, except advertising the sale of merchandise by the utility.

ITEMS

Labor:

1. Direct supervision of department.
2. Preparing advertising material for newspapers, periodicals, billboards, etc., and preparing and conducting motion pictures, radio and television programs.
3. Preparing booklets, bulletins, etc., used in direct mail advertising.
4. Preparing window and other displays.
5. Clerical and stenographic work.
6. Investigating advertising agencies and media and conducting negotiations in connection with the placement and subject matter of sales advertising.

Materials and expenses:

7. Advertising in newspapers, periodicals, billboards, radio, etc., for sales promotion purposes, but not including institutional or goodwill advertising includible in account 930.1, General Advertising Expenses.
8. Materials and services given as prizes or otherwise in connection with canning, or cooking contests, bazaars, etc., in order to publicize and promote the use of utility services.
9. Fees and expenses of advertising agencies and commercial artists.
10. Novelties for general distribution.
11. Postage on direct mail advertising.
12. Premiums distributed generally, such as recipe books, etc., when not offered as inducement to purchase appliances.
13. Printing booklets, dodgers, bulletins, etc.
14. Supplies and expenses in preparing advertising material.
15. Office supplies and expenses.

NOTE A: The cost of advertisements which set forth the value or advantages of utility service without reference to specific appliances, or, if reference is made to appliances, invites the reader to purchase appliances from his dealer, or refer to appliances not carried for sale by the utility, shall be considered sales promotion advertising and charged to this account. However, advertisements which are limited to specific makes o appliances sold by the utility and prices terms, etc., thereof, without referring to th value or advantages of utility service, shal be considered as merchandise advertisin and the cost shall be charged to Costs an

Expenses of Merchandising, Jobbing and Contract Work, accounts 416.

NOTE B: Advertisements which substantially mention or refer to the value or advantages of utility service, together with specific reference to makes of appliances sold by the utility and the price, terms, etc., thereof, and designed for the joint purpose of increasing the use of utility service and the sales of appliances, shall be considered as a combination advertisement and the costs shall be distributed between this account and account 416 on the basis of space, time, or other proportional factors.

NOTE C: Exclude from this account and charge to account 930.2, Miscellaneous General Expenses, the cost of publication of stockholder reports, dividend notices, bond redemption notices, financial statements, and other notices of a general corporate character. Exclude also all institutional or goodwill advertising. (See account 930.1, General Advertising Expenses.)

914–915 [Reserved]

916 Miscellaneous sales expenses.

This account shall include the cost of labor, materials used and expenses incurred in connection with sales activities, except merchandising, which are not includible in other sales expense accounts.

ITEMS

Labor:

1. General clerical and stenographic work not assigned to specific functions.
2. Special analysis of customer accounts and other statistical work for sales purposes not a part of the regular customer accounting and billing routine.
3. Miscellaneous labor.

Materials and expenses:

4. Communication service.
5. Printing, postage, and office supplies and expenses applicable to sales activities, except those chargeable to account 913, Advertising Expenses.

920 Administrative and general salaries.

A. This account shall include the compensation (salaries, bonuses, and other consideration for services, but not including directors' fees) of officers, executives, and other employees of the utility properly chargeable to utility operations and not chargeable directly to a particular operating function.

B. This account may be subdivided in accordance with a classification appropriate to the departmental or other functional organization of the utility.

921 Office supplies and expenses.

A. This account shall include office supplies and expenses incurred in connection with the general administration of the utility's operations which are assignable to specific administrative or general departments and are not specifically provided for in other accounts. This includes the expenses of the various administrative and general departments, the salaries and wages of which are includible in account 920.

B. This account may be subdivided in accordance with a classification appropriate to the departmental or other functional organization of the utility.

NOTE: Office expenses which are clearly applicable to any group of operating expenses other than the administrative and general group shall be included in the appropriate account in such group. Further, general expenses which apply to the utility as a whole rather than to a particular administrative function shall be included in account 930.2, Miscellaneous General Expenses.

ITEMS

1. Automobile service, including charges through clearing account.
2. Bank messenger and service charges.
3. Books, periodicals, bulletins and subscriptions to newspapers, newsletters, tax services, etc.
4. Building service expenses for customer accounts, sales, and administrative and general purposes.
5. Communication service expenses.
6. Cost of individual items of office equipment used by general departments which are of small value or short life.
7. Membership fees and dues in trade, technical, and professional associations paid by a utility for employees. (Company memberships are includible in account 930.2.)
8. Office supplies and expenses.
9. Payment of court costs, witness fees, and other expenses of legal department.
10. Postage, printing and stationery.
11. Meals, traveling and incidental expenses.

922 Administrative expenses transferred—Credit.

This account shall be credited with administrative expenses recorded in accounts 920 and 921 which are transferred to construction costs or to nonutility accounts. (See gas plant instruction 4.)

923 Outside services employed.

A. This account shall include the fees and expenses of professional consultants and others for general services which are not applicable to a particular operating function or to other accounts. It shall include also the pay and expenses of persons engaged for a special or temporary administrative or general purpose in circumstances where the person so engaged is not considered as an employee of the utility.

B. This account shall be so maintained as to permit ready summarization according to the nature of service and the person furnishing the same.

ITEMS

1. Fees, pay and expenses of accountants and auditors, actuaries, appraisers, attorneys, engineering consultants, management consultants, negotiators, public relations counsel, tax consultants, etc.
2. Supervision fees and expenses paid under contracts for general management services.

NOTE: Do not include inspection and brokerage fees and commissions chargeable to other accounts or fees and expenses in connection with security issues which are includible in the expenses of issuing securities.

924 Property insurance.

A. This account shall include the cost of insurance or reserve accruals to protect the utility against losses and damages to owned or leased property used in its utility operations. It shall include also the cost of labor and related supplies and expenses incurred in property insurance activities.

B. 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 the appropriate account for accumulated provision for depreciation.

C. Records shall be kept so as to show the amount of coverage for each class of insurance carried, the property covered, and the applicable premiums. Any dividends distributed by mutual insurance companies shall be credited to the accounts to which the insurance premiums were charged.

ITEMS

1. Premiums payable to insurance companies for fire, storm, burglary, boiler explosion, lightning, fidelity, riot, and similar insurance.
2. Amounts credited to account 228.1, Accumulated Provision for Property Insurance; for similar protection.
3. Special costs incurred in procuring insurance.
4. Insurance inspection service.
5. Insurance counsel, brokerage fees, and expenses.

NOTE A: The cost of insurance or reserve accruals capitalized shall be charged to construction either directly or by transfer to construction work orders from this account.

NOTE B: The cost of insurance or reserve accruals for the following classes of property shall be charged as indicated.

(1) Materials and supplies and stores equipment, to account 163, Stores Expense Undistributed or appropriate materials account.

(2) Transportation and other general equipment to appropriate clearing accounts that may be maintained.

(3) Gas plant leased to others, to account 413, Expenses of Gas Plant Leased to Others.

(4) Nonutility property, to the appropriate nonutility income account.

(5) Merchandise and jobbing property, to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work.

NOTE C: The cost of labor and related supplies and expenses of administrative and general employees, who are only incidentally engaged in property insurance work, may be included in accounts 920 and 921, as appropriate.

925 Injuries and damages.

A. This account shall include the cost of insurance or reserve accruals to protect the utility against injuries and damages claims of employees or others, losses of such character not covered by insurance, and expenses incurred in settlement of injuries and damages claims. It shall also include the cost of labor and related supplies and expenses incurred in injuries and damages activities.

B. 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.

ITEMS

1. Premiums payable to insurance companies for protection against claims from injuries and damages by employees or others, such as public liability, property damages, casualty, employee liability, etc., and amounts credited to account 228.2, Accumulated Provision for Injuries and Damages; for similar protection.
2. Losses not covered by insurance or reserve accruals on account of injuries or deaths to employees or others and damages to the property of others.
3. Fees and expenses of claim investigators.
4. Payment of awards to claimants for court costs and attorneys' services.
5. Medical and hospital service and expenses for employees as the result of occupational injuries, or resulting from claims of others.
6. Compensation payments under workmen's compensation laws.
7. Compensation paid while incapacitated as the result of occupational injuries. (See Note A.)
8. Cost of safety, accident prevention and similar educational activities.

NOTE A: Payments to or in behalf of employees for accident or death benefits, hospital expenses, medical supplies or for salaries while incapacitated for service or on leave of absence beyond periods normally allowed, when not the result of occupational injuries, shall be charged to account 926, Employee Pensions and Benefits. (See also Note B of account 926.)

NOTE B: The cost of injuries and damages or reserve accruals capitalized shall be charged to construction directly or by transfer to construction work orders from this account.

NOTE C: Exclude herefrom the time and expenses of employees (except those engaged in injuries and damages activities) spent in attendance at safety and accident prevention educational meetings, if occurring during the regular work period.

NOTE D: The cost of labor and related supplies and expenses of administrative and general employees, who are only incidentally engaged in injuries and damages activities, may be included in accounts 920 and 921, as appropriate.

926 Employee pensions and benefits.

A. This account shall include pensions paid to or on behalf of retired employees, or accruals to provide for pensions, or payments for the purchase of annuities for this purpose, when the utility has definitely, by contract, committed itself to a pension plan under which the pension funds are irrevocably devoted to pension purposes, and payments for employee accident, sickness, hospital, and death benefits, or insurance therefor. Include, also, expenses incurred in medical, educational or recreational activities for the benefit of employees, and administrative expenses in connection with employee pensions and benefits.

B. The utility shall maintain a complete record of accruals or payments for pensions and be prepared to furnish full information to the Commission of the plan under which it has created or proposes to create a pension fund and a copy of the declaration of trust or resolution under which the pension plan is established.

C. There shall be credited to this account the portion of pensions and benefits expenses which is applicable to nonutility operations or which is charged to construction unless such amounts are distributed directly to the accounts involved and are not included herein in the first instance.

D. Records in support of this account shall be so kept that the total pensions expense, the total benefits expense, the administrative expenses included herein, and the amounts of pensions and benefits expenses transferred to construction or other accounts will be readily available.

ITEMS

1. Payment of pensions under a nonaccrual or nonfunded basis.
2. Accruals for or payments to pension funds or to insurance companies for pension purposes.
3. Group and life insurance premiums (credit dividends received).
4. Payments for medical and hospital services and expenses of employees when not the result of occupational injuries.
5. Payments for accident, sickness, hospital, and death benefits or insurance.
6. Payments to employees incapacitated for service or on leave of absence beyond periods normally allowed, when not the result of occupational injuries, or in excess of statutory awards.
7. Expenses in connection with educational and recreational activities for the benefit of employees.

NOTE A: The cost of labor and related supplies and expenses of administrative and general employees who are only incidentally engaged in employee pension and benefit activities, may be included in accounts 920 and 921, as appropriate.

NOTE B: Salaries paid to employees during periods of nonoccupational sickness may be charged to the appropriate labor account rather than to employee benefits.

927 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, utility service furnished without charge under provisions of franchises.

B. When no direct outlay is involved, concurrent credit for such charges shall be made to account 929, Duplicate Charges—Cr.

C. The account shall be maintained so as to readily reflect the amounts of cash outlays, utility service supplied without charge, and other items furnished without charge.

NOTE A: Franchise taxes shall not be charged to this account but to account 408.1, Taxes Other Than Income Taxes, Utility Operating Income.

NOTE B: Any amount paid as initial consideration for a franchise running for more than one year shall be charged to account 302, Franchises and Consents.

928 Regulatory commission expenses.

A. This account shall include all expenses (except pay of regular employees only incidentally engaged in such work) properly includible in utility 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 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 186, Miscellaneous Deferred Debits, and amortized by charges to this account.

C. The utility shall be prepared to show 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. Office supplies and 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.
3. All application fees except those involving construction certificate applications which have been approved. (See Gas Plant Instruction 16.)

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 181, Unamortized Debt Expense, or account 214, Capital Stock Expense.

929 Duplicate charges—Credit.

This account shall include concurrent credits for charges which may be made to operating expenses or to other accounts for the use of utility service from its own supply. Include, also, offsetting credits for any other charges made to operating expenses for which there is no direct money outlay.

930.1 General advertising expenses.

This account shall include the cost of labor, materials used, and expenses incurred in advertising and related activities, the cost of which by their content and purpose are not provided for elsewhere.

ITEMS

Labor:

1. Supervision.

2. Preparing advertising material for newspapers, periodicals, billboards, etc., and preparing or conducting motion pictures, radio and television programs.
3. Preparing booklets, bulletins, etc., used in direct mail advertising.
4. Preparing window and other displays.
5. Clerical and stenographic work.
6. Investigating and employing advertising agencies, selecting media and conducting negotiations in connection with the placement and subject matter of advertising.

Materials and expenses:

7. Advertising in newspapers, periodicals, billboards, radio, etc.
8. Advertising matter such as posters, bulletins, booklets and related items.
9. Fees and expenses of advertising agencies and commercial artists.
10. Postage and direct mail advertising.
11. Printing of booklets, dodgers, bulletins, etc.
12. Supplies and expenses in preparing advertising materials.
13. Office supplies and expenses.

NOTE A: Properly includible in this account is the cost of advertising activities on a local or national basis of a goodwill or institutional nature, which is primarily designed to improve the image of the utility or the industry, including advertisements which inform the public concerning matters affecting the company's operations, such as, the cost of providing service, the company's efforts to improve the quality of service, the company's efforts to improve and protect the environment, etc. Entries relating to advertising included in this account shall contain or refer to supporting documents which identify the specific advertising message. If references are used, copies of the advertising message shall be readily available.

NOTE B: Exclude from this account and include in account 426.4. Expenditures for Certain Civic, Political and Related Activities, expenses for advertising activities, which are designed to solicit public support or the support of public officials in matters of a political nature.

930.2 Miscellaneous general expenses.

This account shall include the cost of labor and expenses incurred in connection with the general management of the utility not provided for elsewhere.

ITEMS

Labor:

1. Miscellaneous labor not elsewhere provided for:

Expenses:

2. Industry Association dues for company memberships.
3. Contributions for conventions and meetings of the industry.
4. Research, development, and demonstration expenses not charged to other operation and maintenance expense accounts on a functional basis.
5. Communication service not chargeable to other accounts.
6. Trustee, registrar, and transfer agent fees and expenses.
7. Stockholders meeting expenses.
8. Dividend and other financial notices.
9. Printing and mailing dividend checks.
10. Directors' fees and expenses.
11. Publishing and distributing annual reports to stockholders.
12. Public notices of financial, operating, and other data required by regulatory statutes, not including, however, notices required in connection with security issues or acquisitions of property.

931 Rents.

This account shall include rents properly includible in utility operating expenses for the property of others used, occupied, or operated in connection with the customer accounts, customer service and informational, sales, and general and administrative functions of the utility. (See operating expense instruction 3.)

932 Maintenance of general plant.

A. This account shall include the cost assignable to customer accounts, sales and administrative and general functions of labor, materials used and expenses incurred in the maintenance of property, the book cost of which is includible in account 390, Structures and Improvements, account 391, Office Furniture and Equipment, account 397, Communication Equipment, and account 398, Miscellaneous Equipment. (See operating expense instruction 2.)

B. Maintenance expenses on office furniture and equipment used elsewhere than in general, commercial and sales offices shall be charged to the following accounts:

Manufactured Gas Production, accounts 708, 742
Natural Gas Production and Gathering, account 769
Natural Gas Production Extraction, account 791
Underground Storage, account 837
Local Storage, account 846.2
Transmission Expenses, account 867
Distribution Expenses, account 894
Merchandising and Jobbing, account 416
Garage, Shops, etc.—appropriate clearing account, if used.

NOTE: Maintenance of plant included in other general plant equipment accounts shall be included herein unless charged to clearing accounts or to a particular functional maintenance expense indicated by the use of the equipment.

PART 204 [RESERVED]

NOTE: For the Uniform System of Accounts for Natural Gas Companies subject to the Natural Gas Act, see part 201 of this subchapter. (Order 390, 49 FR 32526, Aug. 14, 1984; 50 FR 5745, Feb. 12, 1985)

PART 225—PRESERVATION OF RECORDS OF NATURAL GAS COMPANIES

Sec.
225.1 Promulgation.
225.2 General instructions.
225.3 Schedule of records and periods of retention.

AUTHORITY: 15 U.S.C. 717–717w, 3301–3432; 16 U.S.C. 792–828c; 42 U.S.C. 7101–7352; E.O. 12009, 3 CFR 1978 Comp. p. 142.

§ 225.1 Promulgation.

This part is prescribed and promulgated as the regulations governing the preservation of records by natural gas companies subject to the jurisdiction of the Commission, to the extent and in the manner set forth therein.

[Order 617, 65 FR 48160, Aug. 7, 2000]

§ 225.2 General instructions.

(a) *Scope of this part.* (1) The regulations in this part must apply to all books of account and other records prepared by or on behalf of the natural gas company. See item 40 of the schedule for those records that come into possession of the natural gas company in connection with the acquisition of property, such as purchases, consolidation, merger, etc.

(2) The regulations in this part should not be construed as excusing compliance with other lawful requirements of any other governmental body, Federal or State, prescribing other record keeping requirements, or for preservation of records for periods longer than those prescribed in this part.

(3) To the extent that any Commission regulations may provide for a different retention period, the records should be retained for the longer of the retention periods.

(4) Records other than those listed in the schedule may be destroyed at the option of the natural gas company: *Provided, however,* That records which are used in lieu of those listed shall be preserved for the periods prescribed for the records used for substantially similar purposes. And, *provided further,* That retention of records pertaining to added services, functions, plant, etc., the establishment of which cannot be presently foreseen, shall conform to the principles embodied herein.

(5) Notwithstanding the provisions of the Records Retention Schedule, the Commission may, upon the request of the company, authorize a shorter period of retention for any record listed therein upon a showing by the company that preservation of such record for a longer period is not necessary or appropriate in the public interest or for the protection of investors or consumers.

(b) *Designation of supervisory official.* Each natural gas company subject to the regulations in this part shall designate one or more persons with official responsibility to supervise the natural gas company's program for preservation and the authorized destruction of its records.

(c) *Protection and storage of record* The natural gas company shall provide reasonable protection for records subject to the regulations in this part from damage by fires, floods, and other hazards and, in the selection of storage spaces, safeguard the records from unnecessary exposure to deteriorating from excessive humidity, dryness, or lack of proper ventilation.

(d) *Record storage media.* Each natural gas company has the flexibility to select its own storage media subject to the following conditions.

(1) The storage media must have a life expectancy at least equal to the applicable record retention period provided in § 225.3 unless there is a quality transfer from one media to another with no loss of data.

(2) Each natural gas company is required to implement internal contr

CERTIFICATION OF
MATERIALS INCORPORATED BY REFERENCE
IN RULES FILED WITH THE DEPARTMENT OF STATE

Pursuant to Rule 1S-1.005, Florida Administrative Code, I do hereby certify that the attached are true and correct copies of the following materials incorporated by reference in Rule 25-7.015. Under the provisions of subparagraph 120.54(3)(e)(6), F.S., the attached materials take effect 20 days from the date filed with the Department of State, or a later date as specified in the rule.

18 CFR Ch. 1, Subchapter F, Part 225

Blanca S. Bayó

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

_____
Number of Pages Certified

(S E A L)

MKS

1 of 4 DOCUMENTS

LEXIS PUBLISHING'S CODE OF FEDERAL REGULATIONS
Copyright (c) 2003, LEXIS Publishing

*** THIS SECTION IS CURRENT THROUGH THE DECEMBER 3, 2003 ISSUE OF ***
*** THE FEDERAL REGISTER ***
Except for those sections affected by 68 FR 66534, Nov. 26, 2003

TITLE 18 -- CONSERVATION OF POWER AND WATER RESOURCES

CHAPTER I -- FEDERAL ENERGY REGULATORY COMMISSION, DEPARTMENT OF ENERGY

SUBCHAPTER F -- ACCOUNTS, NATURAL GAS ACT

PART 225 -- PRESERVATION OF RECORDS OF NATURAL GAS COMPANIES

18 CFR 225.1

§ 225.1 Promulgation.

This part is prescribed and promulgated as the regulations governing the preservation of records by natural gas companies subject to the jurisdiction of the Commission, to the extent and in the manner set forth therein.

38 words

2 of 4 DOCUMENTS

LEXIS PUBLISHING'S CODE OF FEDERAL REGULATIONS
Copyright (c) 2003, LEXIS Publishing

*** THIS SECTION IS CURRENT THROUGH THE DECEMBER 3, 2003 ISSUE OF ***
*** THE FEDERAL REGISTER ***
Except for those sections affected by 68 FR 66534, Nov. 26, 2003

TITLE 18 -- CONSERVATION OF POWER AND WATER RESOURCES

CHAPTER I -- FEDERAL ENERGY REGULATORY COMMISSION, DEPARTMENT OF ENERGY

SUBCHAPTER F -- ACCOUNTS, NATURAL GAS ACT

PART 225 -- PRESERVATION OF RECORDS OF NATURAL GAS COMPANIES

18 CFR 225.2

§ 225.2 General instructions.

(a) Scope of this part. (1) The regulations in this part must apply to all books of account and other records prepared by or on behalf of the natural gas company. See item 40 of the schedule for those records that come into possession of the natural gas company in connection with the acquisition of property, such as purchases, consolidation, merger, etc.

(2) The regulations in this part should not be construed as excusing compliance with other lawful requirements of any other governmental body, Federal or State, prescribing other record keeping requirements, or for preservation of records for periods longer than those prescribed in this part.

(3) To the extent that any Commission regulations may provide for a different retention period, the records should be retained for the longer of the retention periods.

(4) Records other than those listed in the schedule may be destroyed at the option of the natural gas company: Provided, however, That records which are used in lieu of those listed shall be preserved for the periods prescribed for the records used for substantially similar purposes. And, provided further, That retention of records pertaining to added services, functions, plant, etc., the establishment of which cannot be presently foreseen, shall conform to the principles embodied herein.

(5) Notwithstanding the provisions of the Records Retention Schedule, the Commission may, upon the request of the company, authorize a shorter period of retention for any record listed therein upon a showing by the company that preservation of such record for a longer period is not necessary or appropriate in the public interest or for the protection of investors or consumers.

(b) Designation of supervisory official. Each natural gas company subject to the regulations in this part shall designate one or more persons with official responsibility to supervise the natural gas company's program for preservation and the authorized destruction of its records.

(c) Protection and storage of records. The natural gas company shall provide reasonable protection for records subject to the regulations in this part from damage by fires, floods, and other hazards and, in the selection of storage spaces, safeguard the records from unnecessary exposure to deterioration from excessive humidity, dryness, or lack of proper ventilation.

(d) Record storage media. Each natural gas company has the flexibility to select its own storage media subject to the following conditions.

(1) The storage media must have a life expectancy at least equal to the applicable record retention period provided in § 225.3 unless there is a quality transfer from one media to another with no loss of data.

(2) Each natural gas company is required to implement internal control procedures that assure the reliability of and ready access to data stored on machine readable media. Internal control procedures must be documented by a responsible supervisory official.

(3) Each transfer of data from one media to another must be verified for accuracy and documented. Software and hardware required to produce readable records must be retained for the same period the media format is used.

(e) Destruction of records. At the expiration of the records retention period, natural gas companies may use any appropriate method to destroy records.

(f) Premature destruction or loss of records. When records are destroyed or lost before the expiration of the prescribed period of retention, a certified statement listing, as far as may be determined, the records destroyed and describing the circumstances of accidental or other premature destruction or loss must be filed with the Commission within ninety (90) days from the date of discovery of the destruction.

(g) Schedule of records and periods of retention. (1) Records related to plant in service must be retained until the facilities are permanently removed from service, all removal and restoration activities are completed, and all costs are retired from the accounting records unless accounting adjustments resulting from reclassification and original costs studies have been approved by the regulatory commission having jurisdiction. If the plant is sold, the associated records or copies thereof, must be transferred to the new owners.

(2) Records related to additions, retirements, and betterments thereto must be retained until the Commission has determined the actual legitimate original cost of the facilities.

(h) Retention periods designated "Destroy at option". "Destroy at option" constitutes authorization for destruction of records at managements' discretion if it does not conflict with other legal retention requirements or usefulness of such records in satisfying pending regulatory actions or directives.

(i) Records of services performed by associated companies. The natural gas companies must assure the availability of records of services performed by associated or affiliated companies with supporting cost information for the periods indicated in § 225.3 as necessary to be able to readily furnish detailed information as to the nature of the transaction, the amounts involved, and the accounts used to record the transactions.

(j) Index of records. Natural gas companies must arrange, file, and index records so they may be readily identified and made available to Commission representatives.

(k) Rate case. Notwithstanding the minimum retention periods provided in these regulations, if a natural gas company intends to reflect costs in a current, pending, or future rate case, or if a natural gas company has abandoned or retired a plant subsequent to the test period of its last rate case, it must retain all relevant records.

(l) Pending complaint litigation or governmental proceeding. Notwithstanding the minimum requirements, if a natural gas company is involved in pending litigation, complaint procedures, proceedings remanded by the court, or governmental proceedings, it must retain all relevant records.

(m) Life or mortality study data. Life or mortality study data for depreciation purposes must be retained for 25 years or for 10 years after plant is retired whichever is longer.

1038 words

3 of 4 DOCUMENTS

LEXIS PUBLISHING'S CODE OF FEDERAL REGULATIONS
Copyright (c) 2003, LEXIS Publishing

*** THIS SECTION IS CURRENT THROUGH THE DECEMBER 3, 2003 ISSUE OF ***
*** THE FEDERAL REGISTER ***
Except for those sections affected by 68 FR 66534, Nov. 26, 2003

TITLE 18 -- CONSERVATION OF POWER AND WATER RESOURCES

CHAPTER I -- FEDERAL ENERGY REGULATORY COMMISSION, DEPARTMENT OF ENERGY

SUBCHAPTER F -- ACCOUNTS, NATURAL GAS ACT

PART 225 -- PRESERVATION OF RECORDS OF NATURAL GAS COMPANIES

18 CFR 225.3

THERE ARE MULTIPLE VERSIONS OF THIS DOCUMENT.

§ 225.3 Schedule of records and periods of retention. [Effective until Jan. 1, 2001.]

[PUBLISHER'S NOTE: This section was revised at *65 FR 48148, 48161,* Aug. 7, 2000, effective Jan. 1, 2001. For the convenience of the user, the section has been set out twice. The version effective until Jan. 1, 2001, immediately follows this note. For the version effective Jan. 1, 2001, see the version following this section, also numbered § 225.3.]

TABLE OF CONTENTS

Corporate and General

1 Capital stock records. [Reserved]

2 Proxies and voting lists. [Reserved]

3 Reports to stockholders.

4 Debt security records. [Reserved]

5 Filings with and authorization by regulatory agencies. [Reserved]

6 Organizational documents:

7 Contracts and agreements.

8 Accountants' and auditors' reports.

Automatic Data Processing

9 Automatic data processing records.

General Accounting Records

10 General and subsidiary ledgers.

11 Journals.

12 Journal vouchers and entries.

13 Cash books.

14 Voucher register.

15 Vouchers.

16 Accounts receivable. [Reserved]

17 Records of securities owned. [Reserved]

18 Payroll records. [Reserved]

19 Assignments, attachments and garnishments. [Reserved]

Insurance

20 Insurance records.

21 Injuries and damages. [Reserved]

Operations and Maintenance

22 Production -- Gas.

23 Transmission and distribution -- Gas.

23.1 Underground storage of natural gas.

24 Customers service. [Reserved]

25 Records of auxiliary and other operations. [Reserved]

26 Maintenance work orders and job orders.

Personnel

27 Personnel records. [Reserved]

28 Employees benefit and pension records. [Reserved]

29 Instruction to employees and other. [Reserved]

Plant and Depreciation

30 Plant ledgers.

31 Construction work in progress.

32 Retirement work in progress.

33 Summary sheets.

34 Appraisals and valuations.

35 Maps. [Reserved]

36 Engineering records.

37 Contracts and other agreements relating to utility plant.

38 Reclassification of utility plant account records.

39 Accumulated depreciation and depletion of utility plant account records.

Purchases and stores

40 Procurements.

41 Material ledgers.

42 Materials and supplies received and issued.

43 Records of sale of scrap and materials and supplies.

44 Inventory of materials and supplies. [Reserved]

Revenue Accounting and Collecting

45 Customers service applications and contracts.

46 Rate schedules.

47 Customer guarantee deposits. [Reserved]

48 Meter reading sheets and records. [Reserved]

49 Maximum demand pressure temperature.

50 Miscellaneous billing data.

51 Revenue summaries.

52 Customers ledgers. [Reserved]

53 Merchandise sales. [Reserved]

54 Collection reports and records. [Reserved]

55 Customers' account adjustments. [Reserved]

56 Uncollectible accounts. [Reserved]

Tax

57 Tax records.

Treasury

58 Statement of funds and deposits.

59 Records of deposits with banks and others.

60 Records of receipts and disbursements.

Miscellaneous Records

61 Statistics.

62 Budgets and other forecasts.

63 Correspondence. [Reserved]

64 Records of predecessor and former associates.

65 Reports to Federal and State regulatory commissions.

66 Copies of advertisements.

SCHEDULE OF RECORDS AND PERIODS OF RETENTION
[See footnote at end of table_

Description	Retention period
CORPORATE AND GENERAL	
1. -- 2. [Reserved_	
3. Reports to stockholders: (a) Annual reports or statements to stockholders	Retain until receipt of FERC audit report or two years after auditor's exit conference, whichever occurs first.
4. -- 5. [Reserved_	
6. Organizational documents: (a) Minute books of stockholders', directors', and directors' committee meetings	50 years or termination of the corporation's existence, whichever occurs first.
(b) Titles, franchises, and licenses: (1) -- (4) [Reserved_	
(5) Copies of formal orders of regulatory commissions served upon the utility	6 years after final non-appealable order.
7. Contracts and agreements (except contracts provided for elsewhere): (a) Service contracts, such as for management, accounting and financial services	6 years after expiration or cancellation. See § 225.2(j).
(b) Contracts with other utilities or other persons for the purchase, sale or interchange of product, or for advance payments for gas	6 years after expiration or cancellation.
(c) -- (f) [Reserved_	
(g) Memoranda essential to clarifying or explaining provisions of contracts listed above	For the same periods as contracts to which they relate.
(h) Card or book records of contracts, leases, and agreements made, showing dates of expirations and of renewals, memoranda of receipts, and payments under such contracts, etc	Do.
8. Accountants' and auditors' reports: (a) Reports of examinations and audits by accountants and auditors not in the regular employ of the utility (such as reports of public accounting firms and regulatory commission accountants)	7 years after date of report or Commission audit, whichever comes last.
(b) Internal audit reports and work papers	Do.

automatic data processing

9. Automatic data processing records. (Retain original source data used as input for data processing and data processing report printouts for the applicable periods prescribed elsewhere in the schedule.):	
(a) [Reserved_	
(b) Program documentation and revisions thereto	Retain as long as it represents an active viable program or for periods prescribed for related output data, whichever is shorter.

general accounting records

10. General and subsidiary ledgers:	
(a)(1) General ledgers	50 years.
(2) Ledgers subsidiary or auxiliary to general ledgers except ledgers provided for elsewhere	Do.
(b)(1) Indexes to general ledgers	Do.
(2) Indexes to subsidiary ledgers except ledgers provided for elsewhere	Do.
(c) Trial balance sheets of general and subsidiary ledgers	2 years.
11. Journals: General and subsidiary	50 years.
12. Journal vouchers and journal entries including supporting detail:	
(a) Journal vouchers and journal entries	Do.
(b) Analyses, summarizations, distributions, and other computations which support journal vouchers and journal entries:	
(1) Charging plant accounts	6 years. See § 225.2(j).
(2) Charging all other accounts	6 years.
13. Cash books: (a) General and subsidiary or auxiliary books	10 years after close of fiscal year. See Subsection 12(a).
14. Voucher registers: (a) Voucher registers or similar records when used as a source document	6 years. See § 225.2(j).
15. Vouchers:	
(a) Paid and canceled vouchers (1 copy -- analysis sheets showing detailed distribution of charges on individual vouchers and other supporting papers)	Do.
(b) Original bills and invoices for materials, services, etc., paid by vouchers	Do.
(c) Paid checks and receipts for payments by voucher or otherwise	6 years.
(d) Authorization for the payment of specific vouchers	6 years. See § 225.2(j).
(e) Lists of unaudited bills (accounts payable), lists of vouchers transmitted and memoranda regarding changes in unaudited bills	Destroy at option.
(f) Voucher indexes	Do.
16. -- 19. [Reserved_	

insurance

20. Insurance records:	
(a) Records of insurance policies in force, showing coverage, premiums paid and expiration dates	Destroy at option after expiration of such policies.
(b) [Reserved_	
(c) Records of amounts recovered from insurance companies in connection with losses and of claims against insurance companies, including reports of losses and supporting papers	6 years. See § 225.2(j).
21. [Reserved_	

operations and maintenance

22. Production -- Gas:	
(a) [Reserved_	
(b) Gas generation and output logs with supporting data	6 years.
(c) -- (e) [Reserved_	
(f) Recording instrument charts such as pressure (static and/or differential), temperature specific gravity, heating value, etc	1 year, except where the basic chart information is transferred to another record, the charts need only be retained 6 months provided the record containing the basic data is retained one year
(g) Test of heating value at stations and outlying points	6 years.
(h) Records of gas produced, gas purchased, gas sent out and holder stock	Do.
(i) Analysis of gas produced and purchased including B.t.u. and sulphur content	Do.
(j) [Reserved_	
(k) Well records, including clearing, bailing, shooting, etc., records; rock pressure; open flow; production, gas analysts' reports, etc	1 year after field or relevant production area abandoned.
(l) -- (m) [Reserved_	
(n) Gas measuring records	1 year, except where the basic chart information is transferred to another record, the charts need only be retained 6 months provided the record containing the basic data is retained 1 year.
23. Transmission and distribution -- Gas: 1	
(a) Transmission line logs	3 years.
(b) Transmission and distribution department load dispatching operating logs	Do.
(c) -- (i) [Reserved_	
(j) Gas measuring records	1 year.
(k) Transmission line operating reports	3 years.
(l) Compressor operation and reports	Do.
(m) [Reserved_	
(n) Recording instrument charts such as pressure (static and differential), temperature, specific gravity, heating value, etc	1 year, except where the basic chart information is transferred to another record, the charts need only be retained 6 months provided the record containing the basic data is retained 1 year.
23.1 Underground storage of natural gas:	
(a) Well records, reports and logs which includes data relating to pressures, injected volumes, withdrawn volumes, core analysis, daily volumes of gas injected into and withdrawn from reservoir, and cushion and working gas volumes for each reservoir	1 year after reservoir, field, or relevant storage area is abandoned.
(b) Records containing information relating to reservior gas leakage, showing the total gas leakage and recycled gas	Do.
(c) [Reserved_	
(d) Records on back pressure tests field data	1 year or until superseded.
(e) Records on back pressure test results, gas analysis	Do.
24. -- 25. [Reserved]	
26. Maintenance work orders and job orders:	
(a) Authorizations for expenditures for maintenance work to be covered by work orders, including memoranda showing the estimates of costs to be incurred	6 years
(b) Work order sheets to which are posted in detail the entries for labor, material, and other charges in connection with maintenance, and other work pertaining to utility operations	Do.
(c) Summaries of expenditures on maintenance and job orders and clearances to operating and other accounts (exclusive of plant accounts)	Do.

personnel

18 CFR 225.3

27. -- 29. [Reserved]

plant and depreciation

30. Plant ledgers:	
(a) Ledgers of utility plant accounts including land and other detailed ledgers showing the cost of utility plant by classes	50 years.
(b) Continuing plant inventory ledger, book or card records showing description, location, quantities, cost, etc., of physical units (or items) of utility plant owned	6 years after plant is retired, provided mortality data are retained.1
31. Construction work in progress ledgers, work orders, and supplemental records:	
(a) Construction work in progress ledgers	10 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 6 years after plant is retired.
(b) Work order sheets to which are posted in summary form or in detail the entries for labor, materials and other charges for utility plant additions and the entries closing the work orders to utility plant in service at completion	Do.
(c) Authorizations for expenditures for additions to utility plant, including memoranda showing the detailed estimates of cost and the bases therefor (including original and revised or subsequent authorizations)	10 years.
(d) Requisitions and registers of authorizations for utility plant expenditures	Do.
(e) Completion or performance reports showing comparison between authorized estimates and actual expenditures for utility plant additions	Do.
(f) Analysis or cost reports showing quantities of materials used, unit costs, number of man-hours, etc., in connection with completed construction project	10 years after clearance to the plant account, provided continuing property plant inventory records are maintained; otherwise 6 years after plant is retired.
(g) Records and reports pertaining to progress of construction work, the order in which jobs are to be completed, and similar records which do not form a basis of entries to the accounts	Destroy at option.
(h) Well-drilling logs and well-construction records	1 year after field or relevant production are abandoned.
32. Retirement work in progress ledgers, work orders, and supplemental records:	
(a) Work order sheets to which are posted the entries for removal costs, materials recovered, and credits to utility plant accounts for cost of plant retired	10 years after plant is retired.1
(b) Authorizations for retirement of utility plant, including memoranda showing the basis for determination of cost of plant to be retired and estimates of salvage and removal costs	10 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 6 years after plant is retired.5
(c) Registers of retirement work orders	10 years.
33. Summary sheets, distribution sheets, reports, statements, and papers directly supporting debits and credits to utility plant accounts not covered by construction or retirement work orders and their supporting records	10 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 6 years after plant is retired.
34. Appraisals and valuations: Appraisals and valuations made by the company of its properties or investments or of the properties or investments of any associated companies. (Includes all records essential thereto.)	3 years after disposition, termination of lease, or write-off of property or investment.
35. [Reserved]	
36. The original or reproductions of engineering records, drawings and other supporting data for proposed as constructed natural gas	

facilities:	
(a) Maps, diagrams, profiles, photographs, field survey notes, plot plan, detail drawings, records of engineering studies and similar records showing the location of proposed or as-constructed facilities:	
(1) If construction of facility results wholly, or in part	Retain until receipt of FERC audit report or two years after auditor's exit conference, whichever occurs first.
37. Contracts and other agreements relating to natural gas company records:	
(a) Contracts relating to acquisition or sale of plant	6 years after plant is retired.
(b) [Reserved]	
(c) The primary records of gas acreage owned, leased or optioned excluding deeds and leases but including such records as lease sheets, leasehold cards, and option agreements	6 years after rights to the gas acreage have expired or otherwise dissolved.
38. Records pertaining to reclassifications of utility plant accounts to conform to prescribed systems of accounts, including supporting papers showing the bases for such reclassifications	6 years. See § 225.2(j).
39. Records of accumulated provisions for depreciation and depletion of utility plant and supporting computation of expense:	
(a) Detailed records or analysis sheets segregating the accumulated depreciation according to functional classification of plant	25 years.
(b) Records reflecting the service life of property and the percentage of salvage and costs of removal for property retired from each account for depreciable utility plant	Do.1
purchases and stores	
40. Procurements:	
(a) Agreements entered into for the acquisition of goods or the performance of services. Includes all forms of agreements not specifically set forth in Subsection 7 such as, but not limited to: Letters of intent, exchange of correspondence, master agreements, term contracts, rental agreements and the various types of purchase orders:	
(1) For goods or services relating to plant construction	6 years. See § 225.2(j).
(2) For other goods or services	6 years.
(b) Supporting documents including accepted and unaccepted bids or proposals (summaries of unaccepted bids and proposals may be kept in lieu of originals) evidencing all relevant elements of the procurement	6 years. See § 225.2(j).
41. Material ledgers:	
(a) Ledger sheets of materials and supplies received, issued, and on hand	Retain until receipt of FERC audit report or two years after auditor's exit conference, whichever occurs first.
42. Materials and supplies received and issued:	
(a) -- (b) [Reserved]	
(c) Records showing the detailed distribution of materials and supplies issued during accounting periods	6 years. See § 225.2(j).
43. Records of sales of scrap and materials and supplies:	
(a) Authorizations for sale of scrap and materials and supplies	3 years.
(b) Contracts for sale of scrap and materials and supplies	Do.
44. [Reserved]	
revenue accounting and collecting	
45. Customers' service applications and contracts:	
(a) -- (g) [Reserved]	
(h) Contracts for extensions of service for which contributions are made by customers or others	Retain until receipt of FERC audit report or two years after auditor's exit conference, whichever occurs first.

18 CFR 225.3

46. Rate schedules:	
(a) General files of published rate sheets and schedules of utility service. (Including schedules suspended or superseded.)	Retain until receipt of FERC audit report or two years after auditor's exit conference, whichever occurs first.
47. -- 48. [Reserved	
49. Maximum demand, pressure, temperature, and specific gravity charts and demand meter record cards	1 year, except where the basic chart information is transferred to another record the charts need only be retained 6 months, provided the record containing the basic data is retained 1 year.
50. Miscellaneous billing data:	
(a) Billing department's copies of contracts with customers (in addition to contracts in general files)	Destroy at option.
51. Revenue summaries:	
(a) Summaries of monthly operating revenues according to classes of service for entire utility	6 years.
(b) Summaries of monthly operating revenues according to classes of service by towns, districts, or divisions (including summaries of forfeited discounts and penalties)	Do.
52. -- 56. [Reserved]	
tax	
57. Tax records:	
(a) Copies of returns and schedules filed with taxing authorities, supporting work papers, records of appeals, tax bills and receipts for payments. (See subsection 15(b) for vouchers evidencing disbursements):	
(1) Income tax returns	7 years after settlement.
(2) Property tax returns	2 years after settlement.
(3) Sales and use taxes	3 years.
(4) Other taxes	2 years after settlement.
(5) Agreements between associate companies as to allocation of consolidated income taxes	7 years after settlement.
(6) Schedule of allocation of consolidated Federal income taxes among associated companies	Do.
(b) Summaries of taxes paid	Destroy at option.
(c) Filings with taxing authorities to qualify employee benefit plans	7 years after settlement of Federal return or discontinuance of plan, whichever is later.
(d) Information returns and reports to taxing authorities	3 years, or for the period of any extensions granted for audit.
treasury	
58. Statements of funds and deposits:	
(a) Summaries and periodic statements of cash balances on hand and with depositories	Destroy at option.
(b) Statement of managers' and agents' cash balances on hand and with depositories	Do.
59. Records of deposits with banks and others:	
(a -- (b) [Reserved]	
(c) Statements from depositories showing the details of funds received, disbursed, transferred, and balances on deposit	Do.
(d) -- (e) [Reserved]	
(f) Check stubs, registers, or other records of checks issued	6 years.
60. Records of receipts and disbursements:	
(a) Daily or other periodic statements of receipts or disbursements of funds	Destroy at option after completion of annual audit by independent accountants.
(b) Records or periodic statements of outstanding vouchers, checks, drafts, etc. issued and not presented	Do.
(c) Reports of associates showing working fund transactions and summaries thereof	Do.

(d) Reports of revenue collections by field cashiers, pay stations, etc miscellaneous	Do.
61. Statistics:	
(a) Annual financial, operating and statistical reports regularly prepared in the course of business for internal administrative or operating purposes (and not used as the basis for entries to accounts of the companies concerned) to show the results of operations and the financial condition of the utility	10 years after date of report.
(b) Quarterly, monthly or other periodic financial, operating and other statistical reports as above	2 years after date of report.
62. Budgets and other forecasts: (Prepared for internal administrative or operating purposes) of estimated future income, receipts and expenditures in connection with financing, construction and operations and acquisitions or disposals of properties or investments by the company and its associate companies, including revisions of such estimates and memoranda showing reasons for revisions; also records showing comparison of actual income and receipts and expenditures with estimates	3 years.
63. [Reserved]	
64. Records of predecessors and former associates	Retain until the records of utility plant acquired have been integrated with the utility's plant records and the original cost of the acquired plant is adequately supported by cost details and until it is ascertained that such records are not necessary to fulfillment of any unsatisfied regulatory requirements, such as: (a) Approval and recording of accounting adjustments resulting from reclassification and original cost studies and acceptance of property acquisition journal entries, (b) establishment of continuing plant inventory records or accounting evidence of the cost of long-lived property in the absence of such continuing plant inventory records.
65. Reports to Federal and State regulatory commissions:	
(a) Annual financial, operating and statistical reports:	
(1) Federal agencies	Retain until receipt of FERC audit report or two years after auditor's exit conference, whichever occurs first.
(2) State Commissions	Retain as long as the active tariffs or rates are in effect.
(b) [Reserved]	
(c) Special or periodic reports on the following subjects:	
(1) Transactions with associated companies	6 years.
(2) Budgets of expenditures	3 years.
(3) [Reserved]	
(4) Employees and wages	5 years.
(5) Loans to officers and employees	3 years after fully paid.
(6) [Reserved]	
(7) Purchases and sales, utility properties	Ten years after the plant is retired.
(8) Plant changes -- units added and retired	Do.
(d) Records required to be retained under § 277.210 of this chapter, relating to the Natural Gas Policy Act of 1978	3 years.
66. Other miscellaneous records:	
(a) Copies of advertisements by the company in behalf of itself or any associate company in newspapers, magazines and other publications including records thereof. (Excluding advertising of product, appliances, employment opportunities, services, territory,	Do.

routine notices and invitations for bids for securities, all of which may be destroyed at option.)
fn1 See § 225.2, General instructions (n) -- Schedule of Notes (5).

4023 words

4 of 4 DOCUMENTS

LEXIS PUBLISHING'S CODE OF FEDERAL REGULATIONS
Copyright (c) 2003, LEXIS Publishing

*** THIS SECTION IS CURRENT THROUGH THE DECEMBER 3, 2003 ISSUE OF ***
*** THE FEDERAL REGISTER ***
Except for those sections affected by 68 FR 66534, Nov. 26, 2003

TITLE 18 -- CONSERVATION OF POWER AND WATER RESOURCES

CHAPTER I -- FEDERAL ENERGY REGULATORY COMMISSION, DEPARTMENT OF ENERGY

SUBCHAPTER F -- ACCOUNTS, NATURAL GAS ACT

PART 225 -- PRESERVATION OF RECORDS OF NATURAL GAS COMPANIES

18 CFR 225.3

§ 225.3 Schedule of records and periods of retention.

Information Technology Management

5. Automatic data processing records.

General Accounting Records

6. General and subsidiary ledgers.

7. Journals: General and subsidiary.

8. Journal vouchers and journal entries.

9. Cash books.

10. Voucher registers.

11. Vouchers.

Insurance

12. Insurance records.

Operations and Maintenance

13. Production-Gas.

14. Transmission and distribution-Gas.

14.1. Underground storage of natural gas.

15. Maintenance work orders and job orders.

18 CFR 225.3

Plant and Depreciation

16. Plant ledgers.

17. Construction work in progress ledgers.

18. Retirement work in progress ledgers.

19. Summary sheets.

20. Appraisals and valuations.

21. Engineering records.

22. Contracts relating to natural gas.

23. Reclassification of natural gas plant account records.

24. Accumulated depreciation and depletion of natural gas plant account records.

Purchase and Stores

25. Procurement.

26. Material ledgers.

27. Materials and supplies received and issued.

28. Records of sales of scrap and materials and supplies.

Revenue Accounting and Collection

29. Customers' service applications and contracts.

30. Rate schedules.

31. Maximum demand and demand meter record cards.

32. Miscellaneous billing data.

33. Revenue summaries.

Tax

34. Tax records.

Treasury

35. Statements of funds and deposits.

36. Records of deposits with banks and others.

37. Records of receipts and disbursements.

Miscellaneous

38. Statistics.

39. Budgets and other forecasts.

40. Records of predecessors companies.

41. Reports to Federal and State regulatory commissions.

42. Advertising.

Schedule of Records and Periods of Retention

Item No. and description	Retention period
Corporate and General	

1. Reports to stockholders: Annual reports or statements to stockholders	5 years.
2. Organizational documents:	
(a) Minute books of stockholders', directors', and directors' committee meetings	5 years or termination of the corporation's existence, whichever occurs first.
(b) Titles, franchises, and licenses: Copies of formal orders of regulatory commissions served upon the natural gas company	6 years after final non-appealable order.
3. Contracts including amendments and agreements (except contracts provided for elsewhere):	
(a) Service contracts, such as for management, accounting, and financial services	All contracts, related memoranda, and revisions should be retained for 4 years after expiration or until the conclusion of any contract disputes pertaining to such contracts, whichever is later.
(b) Contracts with others for transportation or for the purchase, sale or interchange of product	All contracts, related memoranda, and revisions should be retained for 4 years after expiration or until the conclusion of any contract disputes or governmental proceedings pertaining to such contracts, whichever is later.
(c) Memoranda essential to clarifying or explaining provisions of contracts listed above, including requests for discounts	For the same periods as contracts to which they relate.
(d) Card or book records of contracts, leases, and agreements made that show dates of expirations, renewals, memoranda of receipts, and payments under such contracts	For the same periods as contracts to which they relate.
4. Accountants' and auditors' reports:	
(a) Reports of examinations and audits by accountants and auditors not in the regular employ of the natural gas company (such as reports of public accounting firms and Commission accountants)	5 years after the date of the report.
(b) Internal audit reports and working papers	5 years after the date of the report.
Information Technology Management	
5. Automatic data processing records (retain original source data used as input for data	Retain as long as it represents an active viable program or for periods prescribed for related

processing and data processing report printouts for the applicable periods prescribed elsewhere in the schedule): Software program documentation and revisions thereto.	output data, whichever is shorter.
	General Accounting Records
6. General and subsidiary ledgers:	
(a) Ledgers:	
(1) General ledgers	10 years.
(2) Ledgers subsidiary or auxiliary to general ledgers except ledgers provided for elsewhere	10 years.
(b) Indexes:	
(1) Indexes to general ledgers	10 years.
(2) Indexes to subsidiary ledgers except ledgers provided for elsewhere	10 years.
(c) Trial balance sheets of general and subsidiary ledgers	2 years.
7. Journals: General and subsidiary	10 years.
8. Journal vouchers and journal entries including supporting detail:	
(a) Journal vouchers and journal entries	10 years.
(b) Analyses, summarizations, distributions, and other computations which support journal vouchers and journal entries:	
(1) Charging plant accounts	25 years. See § 225.2(g).
(2) Charging all other accounts	6 years.
9. Cash books: General and subsidiary or auxiliary books	5 years after close of fiscal year.
10. Voucher registers: Voucher registers or similar records when used as a source document	5 years. See § 225.2(g).
11. Vouchers:	
(a) Paid and canceled vouchers (1 copy-analysis sheets showing detailed distribution of charges on individual vouchers and other supporting papers)	5 years. See § 225.2(g).
(b) Original bills and invoices for materials, services, etc., paid by vouchers	5 years. See § 225.2(g).
(c) Paid checks and receipts for payments of specific vouchers	5 years.
(d) Authorization for the payment of specific vouchers	5 years. See § 225.2(g).
(e) Lists of unaudited bills	Destroy at option.

(accounts payable), list of vouchers transmitted, and memoranda regarding changes in audited bills	
(f) Voucher indexes	Destroy at option.
	Insurance
12. Insurance records:	
(a) Records of insurance policies in force, showing coverage, premiums paid, and expiration dates	Destroy at option after expiration.
(b) Records of amounts recovered from insurance companies in connection with losses and of claims against insurance companies, including reports of losses, and supporting papers	6 years. See § 225.2(g).
	Operations and Maintenance
13. Production--Gas:	
(a) Recording instrument charts such as pressure (static and/or differential), temperature, specific gravity, heating value, etc	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(b) Test of heating value at stations and outlying points	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(c) Records of gas produced, out, and holder stock	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(d) Analysis of (gas produced) B.T.U. and sulphur content	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(e) Well records, including clearing, bailing, shooting etc., records; rock pressure; open flow; production, gas analysts' reports etc	1 year after field or relevant production area abandoned
(f) Gas measuring records	If the measurement data have not been disputed or adjusted, destroy after 1 year.
14. Transmission and distribution--Gas:	
(a) Substation and transmission line log	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(b) System operator's daily logs and reports of operation	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(c) Gas measuring records	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(d) Transmission line operating	If the measurement data have not

reports	been disputed or adjusted, destroy after 1 year.
(e) Compression operation and reports	If the measurement data have not been disputed or adjusted, destroy after 1 year.
(f) Recording instrument charts such as pressure (static and/or differential), temperature, specific heating value, etc	If the measurement data have not been disputed or adjusted, destroy after 1 year.
14.1 Underground storage of natural gas:	
(a) Well records, reports, and logs which include data relating to pressures, injected volumes, withdrawn volumes, core analysis, daily volumes of gas injected into and withdrawn from reservoir, cushion, and working gas volumes for each reservoir	1 year after reservoir, field, or relevant storage area is abandoned.
(b) Records containing information relating to reservoir gas leakage, showing the total gas leakage, and recycled gas	1 year after reservoir, field, or relevant storage area is abandoned.
(c) Records on back pressure tests field data	1 year or until superseded.
(d) Records on back pressure test results, gas analysis	1 year or until superseded.
15. Maintenance work orders and job orders:	
(a) Authorizations for expenditures for maintenance work to be covered by work orders, including memoranda showing the estimates of costs to be incurred	5 years.
(b) Work order sheets to which are posted in detail the entries for labor, material, and other charges in connection with maintenance, and other work pertaining to natural gas company operations	5 years.
(c) Summaries of expenditures on maintenance and job orders and clearances to operating other accounts (exclusive of plant accounts)	5 years.
	Plant and Depreciation
16. Plant ledgers:	
(a) Ledgers of natural gas company's plant accounts including land and other detailed ledgers showing the cost of plant by class	25 years. See § 225.2(g).
(b) Continuing plant inventory ledger, book or card records	25 years. See § 225.2(g).

showing description, location, quantities, cost, etc., of physical units (or items) of natural gas plant owned	
17. Construction work in progress ledgers:	
(a) Construction work in progress ledgers	5 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(b) Work order sheets to which are posted in summary form or in detail the entries for labor, materials, and other charges for natural gas company's plant additions and the entries closing the work orders to plant in service at completion	5 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(c) Authorizations for expenditures for additions to natural gas company plant, including memoranda showing the detailed estimates of cost, and the bases therefor (including original and revised or subsequent authorizations)	5 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(d) Requisitions and registers of authorizations for natural gas company plant expenditures	5 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(e) Completion or performance reports showing comparison between authorized estimates and actual expenditures for natural gas company plant additions	5 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(f) Analysis or cost reports showing quantities of materials used, unit costs, number of man-hours etc., in connection with completed construction project	5 years after clearance to the plant account, provided continuing plant inventory records are maintained; otherwise 5 years after plant is retired.
(g) Records and reports pertaining to progress of construction work, the order in which jobs are to be completed, and similar records which do not form a basis of entries to the accounts	Destroy at option.
(h) Well-drilling logs and well construction records	1 year after field or well is abandoned.
18. Retirement work in progress ledgers, work orders, and supplemental records:	
(a) Work order sheets to which are posted the entries for removal costs, materials	5 years after plant is retired.

recovered, and credits to natural gas company plant accounts for cost of plant retirement	
(b) Authorizations for retirement of natural gas company plant, including memoranda showing the basis for determination of cost of plant to be retired, and estimates of salvage and removal costs	5 years after plant is retired.
(c) Registers of retirement work	5 years.
19. Summary sheets, distribution sheets, reports, statements, and papers directly supporting debits and credits to natural gas company plant accounts not covered by construction or retirement work orders and their supporting records	5 years.
20. Appraisals and valuations:	
(a) Appraisals and valuations made by the company of its properties or investments or of the properties or investments of any associated companies. Includes all records essential thereto	3 years after appraisal.
(b) Determinations of amounts by which properties or investments of the company or any of its associated companies will be either written up or written down as a result of:	
(1) Mergers or acquisitions	10 years after completion of transaction or as ordered by the Commission.
(2) Asset impairments	10 years after recognition of asset impairment.
(3) Other bases	10 years after the asset was written up or down.
21. The original or reproduction of engineering records, drawings, and other supporting data for proposed or as-constructed gas facilities: Maps, diagrams, profiles, photographs, field survey notes, plot plan, detail drawings, records of engineering studies, and similar records showing the location of proposed or as-constructed facilities	Retained until retired or abandoned.
22. Contracts relating to natural gas plant:	
(a) Contracts relating to acquisition or sale of plant	6 years after plant is retired or sold.
(b) The primary records of gas acreage owned, leased or optioned	6 years after plant is retired or sold.

excluding deeds and leases but including such records as lease sheets, leasehold cards, and option agreements	
23. Records pertaining to reclassification of natural gas plant accounts to conform to prescribed systems of accounts including supporting papers showing the bases for such reclassifications	6 years.
24. Records of accumulated provisions for depreciation and depletion of gas plant and supporting computation of expense:	
(a) Detailed records or analysis sheets segregating the accumulated depreciation according to functional classification of plant	25 years.
(b) Records reflecting the service life of property and the percentage of salvage and cost of removal for property retired from each account for depreciable natural gas plant	25 years.
Purchases and Stores	
25. Procurement:	
(a) Agreements entered into for the acquisition of goods or the performance of services. Includes all forms of agreements not specifically set forth in Subsection 7 such as but not limited to: Letters of intent, exchange of correspondence, master agreements, term contracts, rental agreements, and the various types of purchase orders:	
(1) For goods or services relating to plant construction	6 years. See § 225.2(g).
(2) For other goods or services	6 years.
(b) Supporting documents including accepted and unaccepted bids or proposals (summaries of unaccepted bids or proposals may be kept in lieu of originals) evidencing all relevant elements of the procurement	6 years. See § 225.2(g).
26. Material ledgers: Ledger sheets of materials and supplies received, issued, and on hand	6 years after the date records/ledgers were created.
27. Materials and supplies	6 years. See § 225.2(g).

received and issued: Records showing the detailed distribution of materials and supplies issued during accounting periods	
28. Records of sales of scrap and materials and supplies:	
(a) Authorization for sale of scrap and materials and supplies	3 years.
(b) Contracts for sale of scrap and materials and supplies	3 years.
Revenue Accounting and Collection	
29. Customers' service applications and contracts: Contracts, including amendments for extensions of service, for which contributions are made by customers and others	4 years after expiration.
30. Rate schedules: General files of published rate sheets and schedules of natural gas company service (including schedules suspended or superseded)	6 years after published rate sheets and schedules are superseded or no longer used to charge for services.
31. Maximum demand, pressure, temperature, and specific gravity charts and demand meter record card	If the measurement data have not been disputed or adjusted, destroy after 1 year.
32. Miscellaneous billing data: Billing department's copies of contracts with customers (other than contracts in general files)	Destroy at option.
33. Revenue summaries: Summaries of monthly operating revenues according to classes of service. Including summaries of forfeited discounts and penalties	5 years.
Tax	
34. Tax records:	
(a) Copies of tax returns and supporting schedules filed with taxing authorities, supporting working papers, records of appeals of tax bills, and receipts for payment. See Subsection 11(b) for vouchers evidencing disbursements:	
(1) Income tax returns	2 years after final tax liability is determined.
(2) Property tax returns	2 years after final tax liability is determined.
(3) Sales and other use taxes	2 years.
(4) Other taxes	2 years after final tax liability is determined.
(5) Agreements between associate	2 years after final tax liability

companies as to allocation of consolidated income taxes	is determined.
(6) Schedule of allocation of consolidated Federal income taxes among associate companies	2 years after final tax liability is determined.
(b) Filings with taxing authorities to qualify employee benefit plans	5 years after discontinuance of plan.
(c) Information returns and reports to taxing authorities	3 years after final tax liability is determined.
	Treasury
35. Statements of funds and deposits:	
(a) Statements of periodic deposits with fund administrators or trustees	Retain records for the most recent 3 years.
(b) Statements of periodic withdrawals from fund	Retain records for the most recent 3 years.
(c) Statements prepared by fund administrator or trustees of fund activity including:	Retain records until the fund is dissolved or terminated.
(1) Beginning of the year fund balance	
(2) Deposits with the fund;	
(3) Acquisition of investments held by the fund;	
(4) Disposition of investments held by the fund;	
(5) Disbursements from the fund, including party to whom disbursement was made; and,	
(6) End of year fund balance.	
36. Records of deposits with banks and others:	
(a) Statements from depositories showing the details of funds received, disbursed, transferred, and balances on deposit	Destroy at option after completion of audit by independent accountants.
(b) Check stubs, registers, or other records of checks issued	3 years.
37. Records of receipts and disbursements:	
(a) Daily or other periodic statements of fund receipts or disbursements	Destroy at option after completion of annual audit by independent accountants.
(b) Records or periodic statements of outstanding vouchers, checks, drafts, etc., issued and not presented	Destroy at option after completion of annual audit by independent accountants.
(c) Reports of associates showing working fund transactions and summaries thereof	Destroy at option after completion of annual audit by independent accountants.
(d) Reports of revenue collections by field cashiers, pay stations, etc	Destroy at option after completion of annual audit by independent accountants.

18 CFR 225.3

Miscellaneous

38. Statistics: Financial, operating, and statistical reports used for internal administrative or operating purposes	5 years.
39. Budgets and other forecasts (prepared for internal administrative or operating purposes) of estimated future income, receipts, and expenditures in connection with financing, construction and operations, including acquisitions and disposals of properties or investments	3 years.
40. Records of predecessor companies	Retain consistent with the requirements for the same types of records of the natural gas company.
41. Reports to Federal and State regulatory commissions including annual financial, operating, and statistical reports	5 years.
42. Advertising: Copies of advertisements by or for the company on behalf of itself or any associate company in newspapers, magazines, and other publications, including costs and other records relevant thereto (excluding advertising of appliances, employment opportunities, routine notices, and invitations for bids all of which may be destroyed at option)	2 years.

3569 words