

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.

B. The cost of specially provided foundations not intended to outlast the machinery or apparatus for which provided, and the cost of angle irons, castings, etc., installed at the base of an item of equipment, shall be charged to the same account as the cost of the machinery, apparatus, or equipment.

C. Minor buildings and structures, such as valve towers, patrolmen's towers, telephone stations, etc., which are used directly in connection with or form a part of a reservoir, dam, waterway, etc., shall be considered a part of the facility in connection with which constructed or operated and the cost thereof accounted for accordingly.

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. Where the structure of a dam forms also the foundation of a building, such foundation shall be considered a part of the dam.

F. 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.

G. 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.

H. 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, test borings.
16. Fences and fence curbs (not including protective fences isolating items of equipment, which should 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 item listed herein.
21. Grading and clearing when directly occasioned by the building of a structure.
22. Intrasite communication system, poles, pole fixtures, wires and cables.
23. Landscaping, lawns, shrubbery, etc.
24. Leases, voiding upon purchase, to secure possession of structures.
25. Leased property, expenditures on.
26. Lighting fixtures and outside lighting systems.
27. Mailchutes when part of a building.
28. Marquee, permanently attached to building.
29. Painting, first cost.
30. Permanent paving, concrete, brick, flagstone, asphalt, etc., within the property lines.
31. Partitions, including movable.
32. Permits and privileges.
33. Platforms, railings and gratings when constructed as a part of a structure.
34. Power boards for services to a building.
35. Refrigerating systems for general use.

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

NOTE.—Structures and Improvement 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 utility 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.

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, \$50 or less) or short life, unless the correctness of the accounting therefor as utility 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 pumping, transmission and 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 utility plant account.

10. Additions and Retirements of Utility Plant.

A. For the purpose of avoiding undue refinement in accounting for additions to and retirements and replacements of utility plant, all property shall be considered as consisting of (1) retirement units and (2) minor items of property. Each utility shall use such list of retirement units as is in use by it at the effective date hereof or as may be pre-

scribed by the Commission, with the option, however, of using smaller units, provided the utility's practice in this respect is consistent.

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

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

(2) When a retirement unit is retired from utility plant, with or without replacement, the book cost thereof shall be credited to the utility 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 utility 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 utility plant account in which it is included; and, in the event the minor item is a part of a 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, 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 utility plant account.

D. The book cost of the utility plant retired shall be the amount at which such property is included in the utility 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. 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 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 included in account 411.6, Gains from Disposition of Utility Plant or account 411.7, Losses from Disposition of Utility Plant, when such property is included in accounts 101 - 104. If at the time of sale such property is classified in account 105, Property Held for Future Use, or account 121, Nonutility Property; but had previously been classified in the aforementioned utility plant accounts, gains or losses on its sale shall be charged or credited to account 411.6 or 411.7, as appropriate, otherwise to account 421.1, Gain on Disposition of Property or account 421.2, Loss on Disposition of Property, unless otherwise authorized by the Commission. If the land is not used in utility service but is retained by the utility, the book cost shall be charged to account 105, Property Held for Future Use, or account 121, Nonutility Property, as appropriate.

NOTE.—Significant gains or losses on sale of property, as determined by the Commission, shall be transferred to account 256, Deferred Gains from Disposition of Property, or account 187, Deferred Losses from Disposition of Property; and amortized to accounts 411.6, Gains from Disposition of Utility Plant, 411.7, Losses from Disposition of Utility Plant, 421.1, Gain on Disposition of Property or 421.2, Loss on Disposition of Property, as appropriate.

F. The book cost less net salvage of depreciable utility plant retired shall be charged in its entirety to account 111, Accumulated Provision for Depreciation of Utility 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 111, Accumulated Provision for Depreciation of Utility Plant in Service.

G. The accounting for the retirement of amounts included in account 302, Franchises and Consents, and account 303, Miscellaneous Intangible Plant, and the items 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 114, Accumulated Provision for Amortization of Utility Plant in Service, account 404, Amortization of Limited-Term Utility Plant and account 405, Amortization of Other Utility Plant.

11. Work Order and Property Record System Required.

A. Each utility shall record all construction and retirements of utility plant by means of work orders or job orders. Separate work orders may be opened for additions to and retirements of utility 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 utility plant, the total cost thereof, the source or sources of costs, and the utility 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 the cost of the various retirement units or other appropriate record units included therein.

12. Transfers of Property.

When property is transferred from one account for utility plant to another, from one utility department to another, such as from water to gas, from one operating division or area to another, to or from accounts 101, Utility Plant in Service Classified, 104, Utility Plant Leased to Others, 105, Property 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 provision for depreciation or amortization shall be transferred in accordance with the segregation of such accounts.

13. Common Utility Plant.

A. If the utility is engaged in more than one utility service such as water, electric and gas, 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. Utility plant designated as common utility plant shall be classified according to the 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, rent, 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. Supply, Transmission and Distribution Mains.

A. All mains, pipes, aqueducts, canals or other facilities for carrying water shall be classified according to their primary functional use as follows:

Supply Mains

Transmission and Distribution Mains

Fire Mains

B. "Supply Main" means any main, pipe, aqueduct or canal the primary purpose of which is to convey water from one unit to another unit in the source of supply, water treatment or pumping plant and generally providing no service connections with customers.

C. "Transmission and Distribution Main" means any main the primary purpose of which is to convey water, requiring no further processing except incidental chlorination or pressure boosting, from a unit in the source of supply, water treatment or pumping plant to customers.

D. "Fire Main" means any main forming part of an integrated system used exclusively for fire protection purposes.

15. Multiple Use Plant.

Land, rights of way and structures used jointly for several functions, such as supply, and transmission and distribution purposes, shall be classified according to the major use thereof.

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 operations 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 department approval.
3. Preparing instructions for operations and maintenance activities.
4. Reviewing and analyzing of 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.
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.

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, Utility 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 utility 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 utility 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 pumping and distributing, 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 utility plant leased from others shall be accounted for as provided in utility plant instruction 6.

NOTE.—The aggregate of the rents included in the functional operating expense accounts shall be included in the income statement in account 401, Operation Expense. However, where the rents are significant in amount, the aggregate thereof shall be shown separately in the income statement.

BALANCE SHEET ACCOUNTS

ASSETS AND OTHER DEBITS

1. Utility Plant

Utility Plant (101-107)
Accumulated Provision for Depreciation and Amortization of Utility
Plant (111-116)
Utility Plant Acquisition Adjustments (117-118)
Other Utility Plant Adjustments (119)

2. Other Property and Investments

Nonutility Property (121)
Accumulated Provision for Depreciation and Amortization of Nonutility
Property (122)
Investment in Associated Companies (123)
Investment in Subsidiary Companies (123.1)
Other Investments (124)
Special Funds (125-128)

3. Current and Accrued Assets

Cash (131)
Special Deposits (132-134)
Working Funds (135)
Temporary Cash Investments (136)
Notes and Accounts Receivable (141-144)
Receivables from Associated Companies (145-146)
Materials and Supplies (151-163)
Prepayments (165)
Other Current and Accrued Assets (171-174)

4. Deferred Debits

Unamortized Debt Discount and Expense (181)
Extraordinary Property Losses (182)
Other Deferred Debits (183-186)
Deferred Losses from Disposition of Property (187)

W "A"-1

LIABILITIES AND OTHER CREDITS**5. Proprietary Capital**

Common Capital Stock (201-203)
Preferred Capital Stock (204-206)
Other Paid-In Capital (207-211)
Installments Received on Capital Stock (212)
Discount on Capital Stock (213)
Capital Stock Expense (214)
Appropriated Retained Earnings (215)
Unappropriated Retained Earnings (216)
Unappropriated Undistributed Subsidiary Earnings (216.1)
Reacquired Capital Stock (217)

6. Long-Term Debt

Bonds (221-222)
Advances from Associated Companies (223)
Other Long-Term Debt (224)

7. Current and Accrued Liabilities

Notes Payable (231)
Accounts Payable (232)
Payables to Associated Companies (233-234)
Customer Deposits (235)
Taxes Accrued (236)
Interest Accrued (237)
Other Current and Accrued Liabilities (238-242)

8. Deferred Credits

Unamortized Premium on Debt (251)
Customer Advances for Construction (252)
Other Deferred Credits (253)
Deferred Gains from Disposition of Property (256)

9. Operating Reserves

Property Insurance Reserve (261)
Injuries and Damages Reserve (262)
Pensions and Benefits Reserve (263)
Other Reserves (264-265)

10. Contributions in Aid of Construction

Contributions in Aid of Construction (271)

11. Accumulated Deferred Income Taxes

Accelerated Amortization (281)

Liberalized Depreciation (282)

Other (283)

BALANCE SHEET ACCOUNTS

1. UTILITY PLANT

101. Utility Plant in Service Classified.

A. This account shall include the original cost of utility plant, included in the plant accounts prescribed herein and in similar accounts for other utility departments, owned and used by the utility in its utility 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. Separate subaccounts shall be maintained hereunder for each utility department.

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 utility plant instruction 6.)

102. Utility Plant Purchased or Sold.

A. This account shall be charged with the cost of utility 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 utility plant instruction 5.

B. Within six months from the date of acquisition or transfer 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. Utility Plant in Process of Reclassification.

A. This account shall include temporarily the balance of utility plant as of the effective date of the prior system of accounts, which has not yet been reclassified as of the effective date of this system of accounts. The detailed or primary accounts in support of this account employed prior to such date shall be continued pending reclassification into the

utility plant accounts herein prescribed (301-399), but shall not be used for additions, betterments, or new construction.

B. No charges other than as provided in paragraph A, above, shall be made to this account, but retirements of such unclassified utility plant shall be credited hereto and to the supporting (old) fixed capital accounts until the reclassification shall have been accomplished.

104. Utility Plant Leased to Others.

A. This account shall include the original cost of utility 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 prescribed for utility 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. Property Held for Future Use.

A. This account shall include the original cost of property owned and held for future use in utility service under a definite plan for such use. There shall be included herein property acquired but never used by the utility in utility service, but held for such service in the future under a definite plan, and property previously used by the utility in utility service, but retired from such service and held pending its reuse in the future, under a definite plan, in utility service.

B. The property included in this account shall be classified according to the detailed accounts prescribed for utility plant in service and the account shall be maintained in such detail as though the property were in service. Separate subaccounts shall be maintained hereunder for each utility department for which plant is held for future use.

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

106. Completed Construction Not Classified.

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 utility plant which has been completed and placed in service but which work orders have not been classified for transfer to the detailed utility plant accounts.

107. Construction Work in Progress.

A. This account shall include the total of the balances of work

orders for utility plant in process of construction but not ready for service at the date of the balance sheet.

B. Work orders shall be cleared from this account as soon as practicable after completion of the job. Further, if a project, such as pumping station or water treatment plant, 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 utility 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.

NOTE.—See also account 106, Completed Construction Not Classified.

111. Accumulated Provision for Depreciation of Utility Plant in Service.

A. This account shall be credited with the following:

(1) Amounts charged to account 403, Depreciation Expense, to account 416, Costs and Expenses of Merchandising, Jobbing, and Contract Work, or to clearing accounts for current depreciation expense.

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

(3) Amounts charged to account 182, Extraordinary Property Losses, when authorized by the Commission.

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

B. At the time of retirement of depreciable utility plant in service, 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 subdivisions 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 segregated according to the utility department to which applicable. The amount applicable to utility departments shall be further subdivided to show the amount for each functional group of plant accounts. For the water utility department the following functional classification shall be maintained: (1) Source of Supply, (2) Pumping Plant, (3) Water Treatment, (4) Transmission and Distribution, and (5) 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 accrual 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 utility plant account to another, or from or to nonutility property, the accounting shall be as provided in utility plant instruction 12.

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

112. Accumulated Provision for Depreciation of Utility Plant Leased to Others.

A. This account shall be credited with amounts charged to account 413, Expenses of Utility Plant Leased to Others, for currently accruing depreciation of property included in account 104, Utility Plant Leased to Others. Include, also, credits for depreciation applicable to plant acquired as operating units or systems, to plant donated to the utility or for losses transferred to account 182, Extraordinary Property Losses.

B. The requirements of account 111, Accumulated Provision for Depreciation of Utility Plant in Service, regarding retirements chargeable thereto and of subsidiary data to be maintained shall be applicable likewise to this account.

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

113. Accumulated Provision for Depreciation of Property Held for Future Use.

This account shall be credited with amounts charged to account 421, Miscellaneous Nonoperating Income, for depreciation expense on property included in account 105, Property Held for Future Use. Include, also, the balance of accumulated provision for depreciation or amortization on property which may be transferred to account 105, Property Held for Future Use, from other property accounts.

NOTE.—Normally, this account 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 utility 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.

114. Accumulated Provision for Amortization of Utility Plant in Service.

A. This account shall be credited with amounts charged to account 404, Amortization of Limited-Term Utility Plant, for the current amortization of limited-term utility investments. It shall be credited also with amounts which may be charged to account 405, Amortization of Other Utility Plant or to account 425, Miscellaneous Amortization, to amortize intangible or other utility plant which does not have a definite or terminable life and is not subject to charges for depreciation expense.

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 411.6, Gains from Disposition of Utility Plant, or account 411.7, Losses from Disposition of Utility Plant, as appropriate.

C. Records shall be maintained so as to show separately the balance applicable to each class of property which is being amortized.

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