



Grand Rapids Public Utilities Commission  
Grand Rapids, Minnesota

Based on the statement of work dated October 17, 2023, and per the request of the Grand Rapids Public Utility Business Services Manager, we have conducted an assessment of the accounting and financial reporting requirements of the Federal Energy Regulatory Commission (FERC) and how it impacts the Grand Rapids Public Utilities Commission (the Commission), what aspects of FERC accounting the Commission is utilizing, and what differences in financial reporting would arise from the Commission fully implementing FERC accounting and financial reporting requirements versus GAAP/GASB accounting and financial reporting requirements. Specifically, we identified the following objectives:

- A) What accounting policies differ between regular GAAP/GASB accounting and FERC accounting and is the Commission fully using all FERC policies or only utilizing certain FERC policies.
- B) What would the yearly impact be if water meters and transformers were not depreciated until placed into service, as currently depreciation is started upon purchase, as per the Commission's understanding of FERC accounting.
- C) What items does the FERC chart of accounts require or clearly define that the Commission may want to consider including in their chart of accounts in case they ever need to complete or comply with FERC reporting or accounting requirements.
- D) Does it appear necessary to utilize FERC accounting for purposes of obtaining meaningful rate comparisons and rate studies.

With the above objectives in mind, CLA has prepared the following summary to be utilized by the Grand Rapids Public Utilities Commission.

## **Analysis of FERC Accounting and Financial Reporting Regulations Versus GASB**

### ***Background of FERC and FERC Accounting***

The Federal Energy Regulatory Commission (FERC) is an independent agency of the United States government that regulates the interstate transmission of electricity and natural gas and the transportation of oil by pipeline in interstate commerce. FERC also regulates hydropower projects and natural gas terminals. The Energy Policy Act of 2005 gave FERC some additional responsibilities, such as reviewing certain mergers and acquisitions and corporate transactions by electricity companies, approving the siting and abandonment of interstate natural gas pipelines and storage facilities, monitoring and investigating energy markets, etc. Entities within FERC jurisdiction include those that engage in the above-mentioned activities and are subject to the Federal Power Act. Entities and activities that are *not within* FERC's jurisdiction include electricity and natural gas sales to consumers, the regulation of activities of municipal power systems and most rural electric cooperatives, the issuance of state water quality certificates, and other more localized utility operations. These are often regulated by State Public Utility Commissions.

In Minnesota, the Minnesota Public Utilities Commission regulates certain safety and services issue of municipal utilities, but much of the operational regulation, such as rate setting, fees, budgeting, etc., is done through the local council or commission. The MNPUC would typically only get involved in a municipal utility to address specific questions, issues, or concerns brought to its attention. This might result in the MNPUC reviewing the matter and issuing a formal statement or judgment based on applicable Minnesota laws.

As part of regulating activities and entities under its jurisdiction, FERC has established a Uniform System of Accounts (USofA) and corresponding accounting rules and regulations which these entities must follow (henceforth referred to collectively as FERC accounting). FERC accounting was established to ensure consistency and comparability as well as to assist entities in preparing various forms and filings which are required to be submitted to FERC. Some state commissions, such as Wisconsin, have developed their own Uniform System of Accounts and other regulations that mirror or mimic that of FERC while others, including Minnesota, do not require municipal utilities to use a prescribed chart of accounts or complete FERC reporting forms. As such, the Commission is not required to utilize a specific chart of accounts, nor does it need to be able to readily compile data to prepare forms based on the FERC (or other) chart of accounts. The Commission does prepare two annual report that are submitted to governing bodies. The first, Form EIA-861S, is completed and submitted to the US Energy Information Administration, an agency of the U.S. Federal Statistical System which is responsible for collecting, analyzing, and disseminating energy information to promote sound policymaking, efficient markets, and public understanding of energy. This is an informational census survey, utilized for assisting in decision making at this level, not a regulatory report for analyzing or reviewing the entities providing the submissions. The second form, the Electric Utility Rule 7610 Report, is completed and submitted to the MN Department of Commerce, Energy and Utilities Division, and is an informational report used to identify emerging trends based on supply and demand, conservation and public health and safety factors, and to determine the level of statewide and service area needs. This, too, is an informational report to assist the state in policy making and is not a regulatory report intended to assess the Commission.

FERC accounting also includes various rules and regulations, which are built into the definitions for each of its accounts included in the USofA. As the Commission is not subject to FERC regulations, it is also not required to follow this accounting guidance. *As a municipal utility in Minnesota, the Commission's audited financial statements must be prepared in accordance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) pronouncements.* FERC accounting was designed around Financial Accounting Standards Board (FASB) pronouncements, which are utilized by, among others, for-profit entities and contain many key differences from GASB standards. FERC also publishes guidance and answers to inquiries regarding the implementation of new FASB standards and how to incorporate them into the FERC USofA, but does not do so for new GASB standards, further implying it was created with for-profit entities in mind. *As such, the utilization of FERC accounting is difficult and largely impractical for governmental entities.* Some of the key differences between FERC accounting and GAAP accounting which utilizes GASB pronouncements are summarized below, starting with terminology variances and then application variances.

### **Terminology Variances**

FERC accounting utilizes many terms that are part of FASB pronouncements but would not be correct to include in financial statements prepared utilizing GASB. These terms are specifically

listed out in the FERC rules and regulations and are also incorporated into the detailed descriptions of many of the accounts included in the USofA. Some of these terms include, but are not limited to the following:

**Capital Lease** – With the implementation of GASB 87, capital lease is no longer a term utilized under GASB. Leases are considered short-term or long-term.

**Operating Lease** – With the implementation of GASB 87, operating lease is no longer a term utilized under GASB. Leases are considered short-term or long-term.

**Unamortized Debt Expense** – N/A under GASB.

**Common Stock** – N/A under GASB.

**Preferred Stock** – N/A under GASB.

**Capital Stock** – N/A under GASB.

**Reacquired Bonds** – N/A under GASB.

**Retained Earnings** – The term net position is utilized under GASB.

**Dividends Declared** – N/A under GASB.

In addition to FERC accounting utilizing terms that are not compatible with GASB accounting, GASB includes terminology and financial statement classifications that are not included in the FERC USofA. These include, but are not limited to:

**Deferred Outflows of Resources**

**Deferred Inflows of Resources**

**Due From Other Governments**

**Due to Other Governments**

**Unearned Revenue**

**OPEB (Other Postemployment Benefits)**

**Net Investment in Capital Assets**

**Unrestricted Net Position**

**Net Position**

**Intergovernmental Revenue**

**Interfund Transfers**

### ***Application Variances***

FERC accounting also discusses the use of the various terms embedded within their USofA and the implementation of related accounting practices. Significant variances in the policies and practical application of FERC accounting versus GASB include, but may not be limited to the following:

**Leases** – The criteria FERC uses for classifying leases is almost identical to the previous GASB criteria, which has since been superseded by GASB Statement No, 87. FERC continues to classify leases as either operating or capital, and capital leases are based on the same four criteria which were previously utilized by GASB. As such, if the Commission had a ten-year lease which did not meet any of these criteria (asset transferring ownership, a bargain purchase option, present value of minimum lease payments equaling or exceeding 90% of the asset fair value, or the lease term equal to or greater than 75% of the economic life of the lease asset), it would be classified as an operating lease utilizing FERC accounting, but would then need to be classified, and properly accounted for, as a long-term lease under GASB.

**Unamortized Debt Expense** – This term and the treatment of expenses related to the issuance of various debt instruments would not be appropriate under GASB. FERC accounting requires that expenses related to the issuance or assumption of various debt securities be capitalized in an unamortized debt expense account and be amortized over the life of the respective issuance. This is similar to how GASB previously treated these costs, but GASB Statement No. 65, effective in fiscal year 2013, changed this to require the expense of these costs, other than any portion related to prepaid insurance, in the period in which they were incurred. As such, under FERC accounting the Commission would need to track and amortize these costs and then ensure they were all properly expensed when preparing financial information under GASB.

**Gains and Losses on Debt Defeasance with Existing Resources** – Under FERC accounting, when a long-term debt issuance is defeased using existing resources and not in connection with a refunding debt issuance, any gain or loss on the defeasance is to be deferred and amortized over the remaining life of the original debt issuance. This is in contrast to GASB standards, which state that any gains or losses in these situations should be recognized fully in the period of the defeasance. As such, if the Commission utilizes FERC accounting, it would need to track any variances between the two methods if this situation arises.

**Gains and Losses on Debt Refunding** – Under FERC accounting, any calculated gains or losses on debt refunding are to be amortized, similar to GASB requirements. However, FERC accounting allows the utility to elect to amortize any gains or losses either over the original life of the refunded debt or the remaining life of the new debt. This contradicts with GASB standards which required these gains and losses to be amortized over the shorter of the two. As such, if the Commission utilized FERC accounting, it would need to track any variances between the two methods if this situation arises.

**Gains and Losses From Disposition of Utility Plant** – FERC accounting requires utilities to separate the cost of land purchases for electric operations into two categories when the purchase requires the utility to acquire more land than needed for such purposes. The land is to be divided into land reported within the Electric Plant account and land recorded in the Electric Plant Held for Future Use account. If the land held for future use ends up being sold and not used for electric operations, any significant gains or losses are to be deferred and amortized over a five-year period. This treatment is inconsistent with GASB, which would require the gain or loss on a sale of land to be recognized in the fiscal year of the sale.

**Computer Software** – FERC accounting includes the capitalization of computer software as an intangible capital asset. While GASB Statement No. 96 addresses Subscription-Based Information Technology Arrangements, essentially leased computer software, and allows for the capitalization of certain types of these agreements as subscription assets, software costs in general are not capitalizable under GASB.

Currently, the Commission is utilizing GASB/GAAP accounting for all the above-mentioned scenarios, thus a conversion to FERC accounting would require recalculating and reanalyzing several areas, in addition to retaining the GASB-based accounting for reporting purposes. *One of the areas where the Commission indicates it is currently utilizing FERC accounting, is with regards to the treatment of meters and transformers purchased.* The Commission's practice is to begin depreciating these assets in the year they are purchased, regardless of when they were placed into service, rather than include them in a non-depreciable inventory account until

the time they are placed into service. The FERC USofA contains an inventory account for supplies and materials which are not yet used. This account notes that meters and transformers are not to be recorded in this account. Instead, it includes separate capital asset accounts for both meters and transformers, which specifically note that within these accounts the utility needs to separate between meters and transformers in service and those not yet in service. The depreciation expense accounts then go on to discuss that they are to include depreciation expense for assets in service. This language, along with no evidence to the contrary, would seem to indicate that assets not yet in service, though required to be accounted for in the same capital asset account in the FERC USofA, should not be depreciated.

### **Treatment of Water Meters and Transformers Not Yet in Service**

As noted above, the Commission's current practice is to begin depreciating meters and transformers upon purchase, rather than to hold them in an inventory account until placed in service. In 2022, the Commission had \$55,638 in equipment additions. If that entire amount were meters, with a conservative estimated useful life of 20 years, that would equate to \$2,782 in depreciation expense per year. It is likely that some of the meters purchased would be placed into service in the same year, but even if all meters are held for an average of five years prior to being placed into service (and assuming all of the equipment additions are meters), it would still only equate to about \$13,910 in total over the five-year span.

Applying the same conservative calculation to transformers, which would be included in infrastructure additions, one year of depreciation for the \$731,511 in additions in 2022 (assuming a 30-year useful life) would total \$24,384 and five years of depreciation would total \$121,919.

Both of the above calculations are for one year of additions, so if each year contained a similar amount of additions to meters and transformers, which are all held for an average of five years before being placed into service, this annual amount would end up totaling \$135,830 in additional expenses by immediately depreciating both meters and transformers. Due to the conservative assumptions utilized, the actual annual variance is likely much less. However, as noted in the last paragraph of the "Analysis of FERC Accounting and Financial Reporting Regulations Versus GASB" section of this report, it does *not* appear this approach is a prescribed practice under FERC accounting or GASB.

### **Components of the FERC USofA for the Commission to Consider**

The FERC chart of accounts generally contains accounts which are only three digits long, with some containing one decimal for subcategories. Three-digit accounts are somewhat limiting and the Commission will likely have more data and/or subcategories it wants to track. In addition, per review of the USofA, there are few accounts which seem to translate directly to an account the Commission would likely have. As such, if the Commission wants to incorporate any component of the FERC USofA into its own chart of accounts, it seems most practical to add a string of three digits somewhere in the account structure that would contain the FERC account number that is closest to the nature of the account. Below is the general account numbering plan used in the FERC Uniform System of Accounts and a full account listing is included as an appendix to this letter.

- 100-199 Assets and other debits
- 200-200 Liabilities and other credits
- 300-399 Plant accounts
- 400-432, 434-435 Income accounts

433, 436-439 Retained earnings accounts  
440-459 Revenue accounts  
500-599 Production, transmission and distribution expenses  
900-949 Customer accounts, customer service and informational, sales, and  
General and administrative expenses

### **FERC Accounting as it Relates to Rate Setting and Rate Studies**

The last key question to consider with regards to whether utilizing FERC accounting is appropriate for the Commission is whether or not it would have an impact on the Commission's ability to meaningfully compare rates and financial results to other municipal utilities or its conduction of utility rate studies. Though we were unable to find definitive information on how many, if any, municipal utilities in Minnesota utilize FERC accounting, through our experience, inquiries, etc. we were unable to identify any which do fully utilize FERC accounting in its day-to-day accounting records. As such, GASB accounting practices would actually result in more meaningful comparisons to other municipal utilities in the state. In addition, we were unable to identify any concerns with GASB accounting as it relates to conducting rate studies, and many other municipal utilities in Minnesota regularly conduct rate studies without the use of FERC accounting.

### **Final Considerations**

Any decision impacting the record keeping and financial reporting of an entity should not be taken lightly, as inevitably there will be a transition process and a few pain points. Based on the information gathered and presented in this report, the decision to fully utilize FERC accounting practices or transition away from these methods and instead fully implement GAAP/GASB accounting rests with governance of the Commission and not with any regulatory or other body. No guidelines, rules, or laws were identified which would preclude the Commission from moving away from FERC accounting.

Any change to financial practices will require some time and effort. If the Commission were to choose to fully utilize FERC accounting, it appears this would require more changes than choosing to report solely utilizing GAAP/GASB. As is noted earlier in this report, there are several areas where the Commission is not utilizing FERC practices and would have to make several revisions. In moving away from FERC, there would be small financial implications related to the depreciation of meters and transformers. This change would not impact the balance sheet, as the equipment would be included in assets regardless, either as inventory or as a capital asset. The only difference would be that depreciation expense is taken sooner under current practices and would not align with the actual use of the asset. As the Commission plans to implement a new financial software in the near future, revamping the chart of accounts away from the FERC USofA will likely be a bigger change from an internal perspective, though new software usually comes with revisions and improvements to an entity's chart of accounts, regardless of any changes in accounting practices.

Ultimately, the Commission of GRPUC has the authority to decide how the entity will proceed. There may also be additional factors or circumstances that the Commission considers relevant to consider when making this decision, but we were unable to find any rules and regulations or compelling reasons why it would be either required or recommended for Grand Rapids Public Utility Commission to utilize and further implement FERC accounting.

This report is intended solely for the information and use of the Grand Rapids Public Utilities Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

The purpose of this report is solely to describe the information related to the objectives stated above Accordingly, this report is not suitable for any other purpose.

**CliftonLarsonAllen LLP**

A handwritten signature in cursive script that reads "Mary Reedy".

Mary Reedy, CPA, CGFM  
Principal

# Appendix

## Balance Sheet Chart of Accounts

### ASSETS AND OTHER DEBITS

1. Utility Plant
  - 101 Electric plant in service (Major only).
  - 101.1 Property under capital leases.
  - 102 Electric plant purchased or sold.
  - 103 Experimental electric plant unclassified (Major only).
  - 103.1 Electric plant in process of reclassification (Nonmajor only).
  - 104 Electric plant leased to others.
  - 105 Electric plant held for future use.
  - 106 Completed construction not classified—Electric (Major only).
  - 107 Construction work in progress—Electric.
  - 108 Accumulated provision for depreciation of electric utility plant (Major only).
  - 109 [Reserved]
  - 110 Accumulated provision for depreciation and amortization of electric utility plant (Nonmajor only).
  - 111 Accumulated provision for amortization of electric utility plant (Major only).
  - 112–113 [Reserved]
  - 114 Electric plant acquisition adjustments.
  - 115 Accumulated provision for amortization of electric plant acquisition adjustments (Major only).
  - 116 Other electric plant adjustments.
  - 118 Other utility plant.
  - 119 Accumulated provision for depreciation and amortization of other utility plant.
  - 120.1 Nuclear fuel in process of refinement, conversion, enrichment and fabrication (Major only).
  - 120.2 Nuclear fuel materials and assemblies—Stock account (Major only).
  - 120.3 Nuclear fuel assemblies in reactor (Major only).
  - 120.4 Spent nuclear fuel (Major only).
  - 120.5 Accumulated provision for amortization of nuclear fuel assemblies (Major only).
  - 120.6 Nuclear fuel under capital leases (Major only).
2. Other Property and Investments
  - 121 Nonutility property.
  - 122 Accumulated provision for depreciation and amortization of nonutility property.
  - 123 Investment in associated companies (Major only).
  - 123.1 Investment in subsidiary companies (Major only).
  - 124 Other investments.
  - 125 Sinking funds (Major only).
  - 126 Depreciation fund (Major only).
  - 127 Amortization fund—Federal (Major only).
  - 128 Other special funds (Major only).
  - 129 Special funds (Nonmajor only).
3. Current and Accrued Assets
  - 130 Cash and working funds (Nonmajor only).
  - 131 Cash (Major only).



- 132 Interest special deposits (Major only).
- 133 Dividend special deposits (Major only).
- 134 Other special deposits (Major only).
- 135 Working funds (Major only).
- 136 Temporary cash investments.
- 141 Notes receivable.
- 142 Customer accounts receivable.
- 143 Other accounts receivable.
- 144 Accumulated provision for uncollectible accounts—credit.
- 145 Notes receivable from associated companies.
- 146 Accounts receivable from associated companies.
- 151 Fuel stock (Major only).
- 152 Fuel stock expenses undistributed (Major only).
- 153 Residuals (Major only).
- 154 Plant materials and operating supplies.
- 155 Merchandise (Major only).
- 156 Other materials and supplies (Major only).
- 157 Nuclear materials held for sale (Major only).
- 158.1 Allowance inventory.
- 158.2 Allowances withheld.
- 163 Stores expense undistributed (Major only).
- 165 Prepayments.
- 171 Interest and dividends receivable (Major only).
- 172 Rents receivable (Major only).
- 173 Accrued utility revenues (Major only).
- 174 Miscellaneous current and accrued assets.
- 175 Derivative instrument assets.
- 176 Derivative instrument assets-Hedges.

#### 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 Preliminary survey and investigation charges (Major only).
- 184 Clearing accounts (Major only).
- 185 Temporary facilities (Major only).
- 186 Miscellaneous deferred debits.
- 187 Deferred losses from disposition of utility plant.
- 188 Research, development, and demonstration expenditures (Major only).
- 189 Unamortized loss on reacquired debt.
- 190 Accumulated deferred income taxes.

### LIABILITIES AND OTHER CREDITS

#### 5. Proprietary Capital

- 201 Common stock issued.
- 202 Common stock subscribed (Major only).
- 203 Common stock liability for conversion (Major only).
- 204 Preferred stock issued.
- 205 Preferred stock subscribed (Major only).

- 206 Preferred stock liability for conversion (Major only).
  - 207 Premium on capital stock (Major only).
  - 208 Donations received from stockholders (Major only).
  - 209 Reduction in par or stated value of capital stock (Major only).
  - 210 Gain on resale or cancellation of reacquired capital stock (Major only).
  - 211 Miscellaneous paid-in capital.
  - 212 Installments received on capital stock.
  - 213 Discount on capital stock.
  - 214 Capital stock expense.
  - 215 Appropriated retained earnings.
  - 215.1 Appropriated retained earnings—Amortization reserve, Federal.
  - 216 Unappropriated retained earnings.
  - 216.1 Unappropriated undistributed subsidiary earnings (Major only).
  - 217 Reacquired capital stock.
  - 218 Noncorporate proprietorship (Nonmajor only).
  - 219 Accumulated other comprehensive income.
6. Long-Term Debt
- 221 Bonds.
  - 222 Reacquired bonds (Major only).
  - 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 lease—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.
  - 230 Asset retirement obligations.
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 (Major only).
  - 239 Matured long-term debt (Major only).
  - 240 Matured interest (Major only).
  - 241 Tax collections payable (Major only).
  - 242 Miscellaneous current and accrued liabilities.
  - 243 Obligations under capital leases—current.
  - 244 Derivatives instrument liabilities.
  - 245 Derivative instrument liabilities-Hedges.

9. Deferred Credits
  - 251 [Reserved]
  - 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.

### Electric Plant Chart of Accounts

1. Intangible Plant
  - 301 Organization.
  - 302 Franchises and consents.
  - 303 Miscellaneous intangible plant.
  
2. Production Plant
  - a. steam production
    - 310 Land and land rights.
    - 311 Structures and improvements.
    - 312 Boiler plant equipment.
    - 313 Engines and engine-driven generators.
    - 314 Turbogenerator units.
    - 315 Accessory electric equipment.
    - 316 Miscellaneous power plant equipment
    - 317 Asset retirement costs for steam production plant.
  - b. nuclear production
    - 320 Land and land rights (Major only).
    - 321 Structures and improvements (Major only).
    - 322 Reactor plant equipment (Major only).
    - 323 Turbogenerator units (Major only).
    - 324 Accessory electric equipment (Major only).
    - 325 Miscellaneous power plant equipment (Major only).
    - 326 Asset retirement costs for nuclear production plant (Major only).
  - c. hydraulic production
    - 330 Land and land rights.
    - 331 Structures and improvements.
    - 332 Reservoirs, dams, and waterways.
    - 333 Water wheels, turbines and generators.
    - 334 Accessory electric equipment.
    - 335 Miscellaneous power plant equipment.
    - 336 Roads, railroads and bridges.
    - 337 Asset retirement costs for hydraulic production plant.
  - d. other production
    - 340 Land and land rights.

- 341 Structures and improvements.
  - 342 Fuel holders, producers, and accessories.
  - 343 Prime movers.
  - 344 Generators.
  - 345 Accessory electric equipment.
  - 346 Miscellaneous power plant equipment.
  - 347 Asset retirement costs for other production plant.
3. Transmission Plant
- 350 Land and land rights.
  - 351 [Reserved]
  - 352 Structures and improvements.
  - 353 Station equipment.
  - 354 Towers and fixtures.
  - 355 Poles and fixtures.
  - 356 Overhead conductors and devices.
  - 357 Underground conduit.
  - 358 Underground conductors and devices.
  - 359 Roads and trails.
  - 359.1 Asset retirement costs for transmission plant.
4. Distribution Plant
- 360 Land and land rights.
  - 361 Structures and improvements.
  - 362 Station equipment.
  - 363 Storage battery equipment.
  - 364 Poles, towers and fixtures.
  - 365 Overhead conductors and devices
  - 366 Underground conduit.
  - 367 Underground conductors and devices
  - 368 Line transformers.
  - 369 Services.
  - 370 Meters.
  - 371 Installations on customers' premises
  - 372 Leased property on customers' premises.
  - 373 Street lighting and signal systems.
  - 374 Asset retirement costs for distribution plant.
5. Regional Transmission and Market Operation Plant
- 380 Land and land rights.
  - 381 Structures and improvements.
  - 382 Computer hardware.
  - 383 Computer software.
  - 384 Communication Equipment.
  - 385 Miscellaneous Regional Transmission and Market Operation Plant.
  - 386 Asset Retirement Costs for Regional Transmission and Market Operation Plant.
  - 387 [Reserved]
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.
- 399.1 Asset retirement costs for general plant

### Income Chart of Accounts

1. Utility Operating Income
  - 400 Operating revenues.
  - 401 Operation expense.
  - 402 Maintenance expense.
  - 403 Depreciation expense.
  - 404 Amortization of limited-term electric plant.
  - 405 Amortization of other electric plant.
  - 406 Amortization of electric plant acquisition adjustments.
  - 407 Amortization of property losses, unrecovered plant and regulatory study costs.
  - 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 Provisions 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.
  - 411.8 Gains from disposition of allowances.
  - 411.9 Losses from disposition of allowances.
  - 412 Revenues from electric plant leased to others.
  - 413 Expenses of electric plant leased to others.
  - 414 Other 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 (Major only).
  - 419 Interest and dividend income.
    - 419.1 Allowance for other funds used during construction.
  - 420 Investment tax credits.
  - 421 Miscellaneous nonoperating income.
    - 421.1 Gain on disposition of property.
      - 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 activities.
    - 426.5 Other deductions. Total other income deductions.
      - c. taxes applicable to other income and deductions
  - 408.2 Taxes other than income taxes, other income and deductions.
  - 409.2 Income tax, other income and deductions.
  - 409.3 Income taxes, extraordinary items.
  - 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.
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-Cr.
    - 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.
4. Extraordinary Items
- 434 Extraordinary income.
  - 435 Extraordinary deductions.

Operation and Maintenance Expense Chart of Accounts

- 1. Power Production Expenses
  - a. steam power generation
    - Operation*
    - 500 Operation supervision and engineering.
    - 501 Fuel.
    - 502 Steam expenses (Major only).
    - 503 Steam from other sources.
    - 504 Steam transferred—Credit.
    - 505 Electric expenses (Major only).
    - 506 Miscellaneous steam power expenses (Major only).
    - 507 Rents.

508 Operation supplies and expenses (Nonmajor only).

509 Allowances.

*Maintenance*

510 Maintenance supervision and engineering (Major only).

511 Maintenance of structures (Major only).

512 Maintenance of boiler plant (Major only).

513 Maintenance of electric plant (Major only).

514 Maintenance of miscellaneous steam plant (Major only).

515 Maintenance of steam production plant (Nonmajor only).

b. nuclear power generation

*Operation*

517 Operation supervision and engineering (Major only).

518 Nuclear fuel expense (Major only).

519 Coolants and water (Major only).

520 Steam expenses (Major only).

521 Steam from other sources (Major only).

522 Steam transferred—Credit. (Major only).

523 Electric expenses (Major only).

524 Miscellaneous nuclear power expenses (Major only).

525 Rents (Major only).

*Maintenance*

528 Maintenance supervision and engineering (Major only).

529 Maintenance of structures (Major only).

530 Maintenance of reactor plant equipment (Major only).

531 Maintenance of electric plant (Major only).

532 Maintenance of miscellaneous nuclear plant (Major only).

c. hydraulic power generation

*Operation*

535 Operation supervision and engineering.

536 Water for power.

537 Hydraulic expenses (Major only).

538 Electric expenses (Major only).

539 Miscellaneous hydraulic power generation expenses (Major only).

540 Rents.

540.1 Operation supplies and expenses (Nonmajor only).

*Maintenance*

541 Maintenance supervision and engineering (Major only).

542 Maintenance of structures (Major only).

543 Maintenance of reservoirs, dams and waterways (Major only).

544 Maintenance of electric plant (Major only).

545 Maintenance of miscellaneous hydraulic plant (Major only).

545.1 Maintenance of hydraulic production plant (Nonmajor only).

d. other power generation

*Operation*

546 Operation supervision and engineering.

547 Fuel.

548 Generation expenses (Major only).

549 Miscellaneous other power generation expenses (Major only).

550 Rents.

550.1 Operation supplies and expenses (Nonmajor only).

*Maintenance*

- 551 Maintenance supervision and engineering (Major only).
- 552 Maintenance of structures (Major only).
- 553 Maintenance of generating and electric plant (Major only).
- 554 Maintenance of miscellaneous other power generation plant (Major only).
- 554.1 Maintenance of other power production plant (Nonmajor only).
- e. other power supply expenses
- 555 Purchased power.
- 556 System control and load dispatching (Major only).
- 557 Other expenses.

2. Transmission Expenses

*Operation*

- 560 Operation supervision and engineering.
- 561.1 Load dispatch—Reliability.
- 561.2 Load dispatch—Monitor and operate transmission system.
- 561.3 Load dispatch—Transmission service and scheduling.
- 561.4 Scheduling, system control and dispatch services.
- 561.5 Reliability planning and standards development.
- 561.6 Transmission service studies.
- 561.7 Generation interconnection studies.
- 561.8 Reliability planning and standards development services.
- 562 Station expenses (Major only).
- 563 Overhead line expense (Major only).
- 564 Underground line expenses (Major only).
- 565 Transmission of electricity by others (Major only).
- 566 Miscellaneous transmission expenses (Major only).
- 567 Rents.
- 567.1 Operation supplies and expenses (Nonmajor only).

*Maintenance*

- 568 Maintenance supervision and engineering (Major only).
- 569 Maintenance of structures (Major only).
- 569.1 Maintenance of computer hardware.
- 569.2 Maintenance of computer software.
- 569.3 Maintenance of communication equipment.
- 569.4 Maintenance of miscellaneous regional transmission plant.
- 570 Maintenance of station equipment (Major only).
- 571 Maintenance of overhead lines (Major only).
- 572 Maintenance of underground lines (Major only).
- 573 Maintenance of miscellaneous transmission plant (Major only).
- 574 Maintenance of transmission plant (Nonmajor only).

3. Regional Market Expenses

*Operation*

- 575.1 Operation Supervision.
- 575.2 Day-ahead and real-time market administration.
- 575.3 Transmission rights market administration.
- 575.4 Capacity market administration.
- 575.5 Ancillary services market administration.
- 575.6 Market monitoring and compliance.



575.7 Market facilitation, monitoring and compliance services.

575.8 Rents.

*Maintenance*

576.1 Maintenance of structures and improvements.

576.2 Maintenance of computer hardware.

576.3 Maintenance of computer software.

576.4 Maintenance of communication equipment.

576.5 Maintenance of miscellaneous market operation plant.

4. Distribution Expenses

*Operation*

580 Operation supervision and engineering.

581 Load dispatching (Major only).

581.1 Line and station expenses (Nonmajor only).

582 Station expenses (Major only).

583 Overhead line expenses (Major only).

584 Underground line expenses (Major only).

585 Street lighting and signal system expenses.

586 Meter expenses.

587 Customer installations expenses.

588 Miscellaneous distribution expenses.

589 Rents.

*Maintenance*

590 Maintenance supervision and engineering (Major only).

591 Maintenance of structures (Major only).

592 Maintenance of station equipment (Major only).

592.1 Maintenance of structures and equipment (Nonmajor only).

593 Maintenance of overhead lines (Major only).

594 Maintenance of underground lines (Major only).

594.1 Maintenance of lines (Nonmajor only).

595 Maintenance of line transformers.

596 Maintenance of street lighting and signal systems.

597 Maintenance of meters.

598 Maintenance of miscellaneous distribution plant.

5. Customer Accounts Expenses

*Operation*

901 Supervision (Major only).

902 Meter reading expenses.

903 Customer records and collection expenses.

904 Uncollectible accounts.

905 Miscellaneous customer accounts expenses (Major only).

6. Customer Service and Informational Expenses

*Operation*

906 Customer service and informational expenses (Nonmajor only).

907 Supervision (Major only).

908 Customer assistance expenses (Major only).

909 Informational and instructional advertising expenses (Major only).

910 Miscellaneous customer service and informational expenses (Major only).

7. Sales Expenses

*Operation*

- 911 Supervision (Major only).
- 912 Demonstrating and selling expenses (Major only).
- 913 Advertising expenses (Major only).
- 916 Miscellaneous sales expenses (Major only).
- 917 Sales expenses (Nonmajor only).

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.
- 933 Transportation expenses (Nonmajor only).