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# System of Accounts for Water and Wastewater Utilities with 200 or More Connections

Water Supply Division

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TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



# **System of Accounts for Water and Wastewater Utilities with 200 or More Connections**

Prepared by  
Water Supply Division

RG-354  
December 2007



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# 1. Introduction

This guide provides accounting information for investor-owned water and wastewater utilities with 200 or more connections that are regulated by the Texas Commission on Environmental Quality (TCEQ). The main focus is on the TCEQ system of accounting.

## ***What Systems Does the TCEQ Recognize?***

The Utilities and Districts Section of the TCEQ, referred to as “us” in this publication, recognizes the following two systems of accounting:

- The TCEQ system of accounts detailed in this publication.
- The *Uniform System of Accounts*, published by the National Association of Regulatory Utility Commissions (NARUC). You may purchase a copy of this system of accounts from NARUC, P.O. Box 684, Washington, DC 20044-0684 (phone 202-898-2200). You may also order online at the NARUC web site, <[www.naruc.org](http://www.naruc.org)>.

## ***Who Should Use the NARUC Accounting System?***

Utilities that have complex stock issues **must** use the NARUC system of accounts. These are examples of complex stock issues:

- Issues in which the cash value of the consideration received differs from the par or stated value of any stock.
- Issues of common stock subscribed.
- Issues of preferred stock.

## ***Who Should Use the TCEQ Accounting System?***

The TCEQ-approved system of accounts described in this publication is intended for use by water or wastewater utility personnel who have some knowledge of double-entry bookkeeping and general accounting principals and use a general ledger system, preferably computerized. This publication is not intended to teach you basic accounting principles.

## ***What Is the Purpose of the TCEQ System?***

The TCEQ system is provided for the following purposes:

- to make it easier for you to complete a Rate/Tariff Change Application (see Chapter 4, “Using These Accounts to Complete a Rate/Tariff Change Application”);

- to promote uniformity of accounting within the regulated water and wastewater industry in Texas; and
- to meet the unique accounting needs of Texas water and sewer utilities.

## ***How to Use the TCEQ System***

When you use this system of accounts to set up your general ledger system, you may omit sewer or water service accounts if you do not provide such service. You may also renumber the accounts if your computerized general ledger system has a different numbering system. However, if you operate an investor-owner utility, you must be able to provide us with accounting information according to the system of accounts described in this publication on our request.

To find a list of account names and numbers, see Chapter 2, “Summary of Accounts.” There you will also find the recommended service life for depreciable assets in the list of balance sheet accounts, followed by a list of income statement accounts.

For a description of the items to include in each of these accounts, see Chapter 3, “Account Definitions.” It includes the definitions of balance sheet accounts, as well as the definitions of income statement accounts.

## ***How to Contact Us***

If you have questions about these definitions or need other assistance, contact us in the following ways:

- **By phone:** 512/239-4691 and ask to speak to an engineer or an accountant
- **By mail:** Utilities and Districts Section, MC- 153  
TCEQ  
P.O. Box 13087  
Austin, TX 78711-3087
- **By fax:** 512/239-6972
- **By e-mail:** [utildist@tceq.state.tx.us](mailto:utildist@tceq.state.tx.us)
- **Web:** <[www.tceq.state.tx.us/goto/contact/ud/](http://www.tceq.state.tx.us/goto/contact/ud/)>

## 2. Summary of Accounts

### Balance Sheet Accounts

#### *Assets and Other Debits*

##### Utility Plant<sup>1</sup>

- 101 Utility plant in service—Water
  - 301 Organization (5 years)
  - 303 Land and land rights (not applicable)
  - 304 Masonry or metal structures (30 years)
  - 305 Wood structures (20 years)
  - 307 Wells (30 years)
  - 308 Well access roads (50 years)
  - 309 Well pumps 5 hp or less (5 years)
  - 310 Well pumps greater than 5 hp (10 years)
  - 313 Booster pumps 5 hp or less (10 years)
  - 314 Booster pumps greater than 5 hp (30 years)
  - 315 Hypochlorinators (5 years)
  - 316 Gas chlorinators (20 years)
  - 318 Other chemical feeding equipment (20 year/variable)
  - 320 Pressure tanks (30 years)
  - 321 Elevated storage tanks (50 years)
  - 322 Ground storage tanks (50 years)
  - 325 Distribution system (50 years)
  - 327 Service lines and taps (20 years)
  - 328 Meters (10 years)
  - 333 Fire hydrants (50 years)
  - 334 Fences (15 years)
- 105 Other plant and miscellaneous equipment—Water
  - 339 Furniture and fixtures (10 years)
  - 340 Computers and software (5 years)
  - 341 Transportation equipment/vehicles (5 years)
  - 342 Shop tools (5 years)
  - 343 Laboratory equipment (10 years)
  - 344 Heavy equipment (15 years)
  - 349 Miscellaneous equipment (variable)
- 107 Accumulated depreciation/amortization—Water
- 110 Utility plant in service—Wastewater
  - 351 Organization (5 years)
  - 353 Land and land rights (not applicable)
  - 354 Masonry or metal structures (30 years)
  - 355 Wood structures (20 years)
  - 357 Plant access road (50 years)
  - 360 Collection sewers—Force (50 years)
  - 361 Collection sewers—Gravity (50 years)
  - 363 Flow-measuring devices (10 years)
  - 364 Receiving wells/manholes (25 years)
  - 365 Lift station pumps 5 hp or less (5 years)
  - 366 Lift station pumps greater than 5 hp (10 years)
  - 367 Treatment process pumps 5 hp or less (5 years)
  - 368 Treatment process pumps greater than 5 hp (10 years)
  - 369 Effluent/outfall pumps (25 years)
  - 371 Treatment and disposal equipment (25 years)
  - 372 Chlorination/dechlorination/ammonia equipment (20 years)
  - 373 UV disinfection equipment (5 years)
  - 374 Ozone disinfection equipment (5 years)
  - 380 Outfall sewer lines (50 years)
  - 389 Plant sewers (50 years)

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<sup>1</sup>For depreciable assets, use time given in parentheses as the depreciation period for rate determination. This does not have to match the depreciation period used for tax purposes.

- 111 Other plant and miscellaneous equipment —Wastewater
  - 390 Furniture and fixtures (10 years)
  - 391 Computers and software (5 years)
  - 392 Transportation equipment/vehicles (5 years)
  - 393 Shop tools (5 years)
  - 394 Laboratory equipment (10 years)
  - 395 Heavy equipment (15 years)
  - 399 Miscellaneous equipment (various)
- 112 Accumulated depreciation/amortization—Wastewater
- 125 Construction work in progress—Water
- 126 Construction work in progress—Wastewater
- 130 Property held for future use
- 131 Accumulated depreciation—Property held for future use
- 135 Utility plant acquisition adjustments—Water
- 136 Accumulated amortization—Acquisition adjustments— Water
- 137 Utility plant acquisition adjustments—Wastewater
- 138 Accumulated amortization—Acquisition adjustments— Wastewater

### **Other Property and Investments**

- 140 Nonutility property
- 141 Accumulated depreciation—Nonutility property
- 150 Utility investments
- 155 Other investments

### **Current and Accrued Assets**

- 160 Cash
- 162 Customer accounts receivable
- 163 Allowance for uncollectibles
- 165 Receivables from associated companies
- 167 Materials and supplies inventory
- 174 Miscellaneous current and accrued assets
- 186 Prepayments and miscellaneous deferred debits
  - 01 Deferred rate case expense
  - 10 Other deferred debits
- 190 Accumulated deferred income taxes

### ***Equity Capital and Liabilities***

#### **Equity Capital**

- 201 Stock
- 211 Other paid-in capital
- 215 Retained earnings
- 218 Proprietary capital

#### **Liabilities**

##### *Long-Term Debt*

- 224 Notes payable—Noncurrent

##### *Current and Accrued Liabilities*

- 225 Notes payable—Current
- 231 Accounts payable
- 233 Payables to associated companies
- 235 Customer deposits
- 236 Accrued taxes payable
- 237 Accrued interest
- 271 Contributions in aid of construction (CIAC)
- 272 Accumulated amortization of CIAC
- 282 Accumulated deferred income taxes

## **Income Statement Accounts**

### ***Utility Operating Income***

#### **Revenues**

- 400 Water service
- 401 Wastewater service
- 405 Surcharge revenues—Water
- 406 Surcharge revenues—Wastewater
- 408 Tap fees—Water
- 409 Tap fees—Wastewater
- 410 Other fees

#### **Expenses**

- 601 Salaries—Water
- 602 Salaries—Wastewater
- 611 Contract services—Water
- 612 Contract services—Wastewater
- 621 Employee benefits—Water
- 622 Employee benefits—Wastewater
- 625 Purchased water
- 626 Purchased wastewater treatment
- 630 Chemicals—Water
- 631 Chemicals—Wastewater
- 635 Utilities—Water
- 636 Utilities—Wastewater
- 640 Repairs and maintenance—Water
- 641 Repairs and maintenance—Wastewater
- 650 Rental of equipment—Water
- 651 Rental of equipment—Wastewater
- 655 Transportation expenses—Water
- 656 Transportation expenses—Wastewater
- 657 Office expense—Water
  - 01 Office rent
  - 02 Telecommunications
  - 03 Office supplies
  - 04 Office power
  - 10 Other office expense
- 658 Office expense—Wastewater
  - 01 Office rent
  - 02 Telecommunications
  - 03 Office supplies
  - 04 Office power
  - 10 Other office expense
- 659 Other professional services—Water
  - 01 Tax and other accounting
  - 02 Recurring legal expenses
  - 03 Recurring engineering expenses
- 660 Other professional services—Wastewater
  - 01 Tax and other accounting
  - 02 Recurring legal expenses
  - 03 Recurring engineering expenses
- 663 Insurance expense—Water
  - 01 Vehicle
  - 02 Liability
  - 03 Plant and equipment loss
- 664 Insurance expense—Wastewater
  - 01 Vehicle
  - 02 Liability
  - 03 Plant and equipment loss
- 666 Rate case expense—Water
- 667 Rate case expense—Wastewater

- 670 Other regulatory expense—Water
  - 01 Testing
  - 03 Inspections
  - 04 Operator training
  - 05 Licenses/permits
- 671 Other regulatory expense—Wastewater
  - 01 Testing
  - 03 Inspections
  - 04 Operator training
  - 05 Licenses/permits
- 675 Miscellaneous expense—Water
  - 01 Seminars
  - 02 Bad debt expense
  - 05 Other
- 676 Miscellaneous expense—Wastewater
  - 01 Seminars
  - 02 Bad debt expense
  - 05 Other
- 700 Taxes other than income—Water
  - 01 Payroll taxes—Social Security/unemployment
  - 02 Franchise taxes
  - 03 Property taxes
- 701 Taxes other than income—Wastewater
  - 01 Payroll taxes—Social Security/unemployment
  - 02 Franchise taxes
  - 03 Property taxes
- 710 Depreciation and amortization expense—Water
- 711 Depreciation and amortization expense—Wastewater
- 720 Gain/loss on sale/abandonment of utility assets
- 740 Income tax expense
  - 01 Federal income taxes
  - 02 Provision for deferred income taxes

***Other Income and Deductions***

- 800 Interest income
- 836 Amortization of utility plant acquisition adjustments—Water
- 838 Amortization of utility plant acquisition adjustments— Wastewater
- 850 Miscellaneous nonutility expenses
- 855 Taxes applicable to other income and deductions
- 875 Dividends paid
- 900 Interest expense

# 3. Account Definitions

## ***Balance Sheet Accounts***

### **Assets and Other Debits**

#### **Utility Plant**

- 101 Utility plant in service—Water.** This is the control account for Plant Subaccounts 301 through 334 for water. Include only the original cost of utility plant owned and used by the utility in providing water service.
- 101-301 *Organization (5 years).* Fees paid to federal or state governments for the privilege of incorporation and expenditures incident to organizing the corporation, partnership, or other enterprise. Examples include:
- cost of certificates authorizing an enterprise to engage in the public utility business
  - fees and expenses for incorporation, consolidations, or mergers
  - office expenses incident to organizing the utility, stock, and minute books
  - corporate seal
- 101-303 *Land and land rights (not applicable).* Original cost of land, rights-of-way, and easements used in water operations.
- 101-304 *Masonry or metal structures (30 years).* The cost in place of masonry or metal structures and improvements used in connection with obtaining water (source of supply); pumping; water treatment, transmission, and distribution; and general plant such as yard paving, pump houses and storage sheds, grading and clearing, landscaping, sidewalks, paving of roadways, and buildings.
- 101-305 *Wood structures (20 years).* Same as masonry or metal except structure is made of wood.
- 101-307 *Wells (30 years).* Cost installed of wells and springs used as a source of water supply, such as clearing and grading of land; collecting pipes; landscaping; springs and appurtenances; and wells, casings, and appurtenances.
- 101-308 *Well access roads (50 years).* Cost of original grading, clearing, pavement, and gravel for road used specifically for well access. Expenditures for occasional maintenance should be included in “Contract services—Water (Account 611)” and “Materials and supplies” (Account 640), as appropriate, if recurring, or “Prepayments and miscellaneous deferred expenses” (Account 186-10), if infrequently occurring.

- 101-309 *Well pumps 5 hp or less (5 years)*. Original cost of 5-horsepower or less well pumps and labor costs to install, such as control panels, electrical controls associated with pumps, and pump piping.
- 101-310 *Well pumps greater than 5 hp (10 years)*. Original cost of greater than 5-horsepower pumps and labor to install, such as control panels, electrical controls associated with pumps, and pump piping.
- 101-313 *Booster pumps 5 hp or less (10 years)*. Original cost of booster pumps of 5 horsepower or less and labor to install, such as control panels, electrical controls associated with pumps, and pump piping.
- 101-314 *Booster pumps greater than 5 hp (30 years)*. Original cost of booster pumps greater than 5 horsepower and labor to install, such as control panels, electrical controls associated with pumps, and pump piping.
- 101-315 *Hypochlorinators (5 years)*. Original cost of hypochlorinators and cost of labor to install.
- 101-316 *Gas chlorinators (20 years)*. Original cost of gas chlorinators and cost of labor to install.
- 101-318 *Other chemical feeding equipment (20 years/variable)*. Original cost of other chemical feed equipment and cost of labor to install.
- 101-320 *Pressure tanks (30 years)*. Original cost of installed tanks, including parts and labor, excavation, and land preparation costs associated directly with installation.
- 101-321 *Elevated storage tanks (50 years)*. Original cost of installed tanks, including parts and labor, excavation, and land preparation costs associated directly with installation.
- 101-322 *Ground storage tanks (50 years)*. Original cost of installation of the tank, including parts and labor, excavation, and land preparation costs associated with installing the tank.
- 101-325 *Distribution system (50 years)*. Distribution main piping, installation, valves, fittings, shutoffs, etc.
- 101-327 *Service lines and taps (20 years)*. Cost including installation of service lines from the distribution main to the customer's tap; and taps, including corporation stops or tees, gate valves, and boxes.
- 101-328 *Meters (10 years)*. Meters and labor to install the meters, meter boxes, yokes, and stops.
- 101-333 *Fire hydrants (50 years)*. Lines connecting the hydrant to the distribution main, excavation cost of hydrants, and fittings, including barrel and shoe.

- 101-334 *Fences (15 years)*. Original cost of fencing plus labor to install.
- 105 Other plant and miscellaneous equipment—Water.** This account is the control account for Plant Subaccounts 339 through 350 for water. Include only the original cost of utility plant that is necessary and is used by the utility to provide water service.
- 105-339 *Furniture and fixtures (10 years)*. Tables, chairs, shelving, file cabinets, and other office equipment used for conducting utility business.
- 105-340 *Computers and software (5 years)*. Expenses for computers and items associated with computers, such as disk drives, monitors, printers, graphics and other cards, keyboards, modems, and software.
- 105-341 *Transportation equipment/vehicles (5 years)*. Original cost of vehicle less trade-in value of old vehicles used for utility business. Includes, for example, automobiles, trucks, bicycles, electrical vehicles, motorcycles, tractors, and trailers.
- 105-342 *Shop tools (5 years)*. Air compressors, anvils, auto repair shop equipment, battery-charging equipment, belts, shafts and counter shafts, drill presses, electric equipment, engines, foundations and settings specially constructed for and not expected to outlast the equipment for which provided, gasoline pumps, oil pumps, gas storage tanks, greasing tools and equipment, hoists, ladders, lathes, machine tools, motors, pipe threading and cutting tools, riveters, vises, welding apparatus, and workbenches. Depending on the size of the utility, tools may be capitalized if material to the rates being requested, or expensed if immaterial. Unless the utility size changes substantially, consistency in capitalization policy must be maintained.
- 105-343 *Laboratory equipment (10 years)*. Autoclaves, barometers, cameras, centrifuge, distilling apparatus, furnaces, microscopes, ovens, pitometers, rain gauges, refrigerators, scales, sterilizers, stopwatches, testing machines, thermometers, and voltmeters.
- 105-344 *Heavy equipment (15 years)*. Backfilling machines, boring machines, bulldozers, cranes, joists, diggers, engines, pile drivers, pipe-cleaning machines, tractors, trenchers, and other generally self-propelled equipment or equipment mounted on movable equipment. Include only the percentage of equipment used and required for providing water service. Percentages used for other businesses or not necessary to providing water service must be included in “Nonutility property” (Account 140).

- 105-349 *Miscellaneous equipment (variable)*. First aid equipment, kitchen equipment, recreation equipment, ice machines, and signs necessary for providing water service.
- 107 Accumulated depreciation/amortization—Water.** Include credits for amounts charged to “Depreciation and amortization expense—Water” (Account 710) for depreciation and amortization of property necessary to provide utility service, amortization of losses on sales, abandonments, or retirement of property related to water operations, and amounts equal to those concurrently charged to “Accumulated amortization of CIAC” (Account 272).
- 110 Utility plant in service—Wastewater.** This is the control account for Plant Subaccounts 351 through 385 for wastewater. Include only the original cost of utility plant owned and used by the utility in providing wastewater service.
- 110-351 *Organization (5 years)*. Fees paid to federal or state governments for the privilege of incorporation and expenditures incident to organizing the corporation, partnership, or other enterprise. Examples include:
- cost of certificates authorizing an enterprise to engage in the public utility business
  - fees and expenses for incorporation, consolidations, or mergers
  - office expenses incident to organizing the utility, stock, and minute books
  - corporate seal
- 110-353 *Land and land rights (not applicable)*. Original cost of land, rights-of-way, and easements used in wastewater operations.
- 110-354 *Masonry or metal structures (30 years)*. The cost in place of masonry or metal structures and improvements used in connection with providing sewer service; wastewater pumping, transmission, and treatment; and general plant such as yard paving, storage sheds, grading and clearing, landscaping, sidewalks, paving of roadways, and buildings.
- 110-355 *Wood structures (20 years)*. Same as masonry or metal, except structure is made of wood.
- 110-357 *Plant access road (50 years)*. Cost of original grading, clearing, pavement, and gravel for road used specifically for plant access. Expenditures for occasional maintenance should be included in “Contract services— Wastewater” (Account 612) and “Repairs and maintenance—Wastewater” (Account 641) if recurring; or included in “Prepayments and miscellaneous deferred debits” (Account 186-10) and amortized, if infrequently occurring.
- 110-360 *Collection sewers—Force (50 years)*. The original cost of sewers used to lift sewage from a low elevation to a higher



equipment for motors and pumps, oiling systems, cooling systems, condensers, and other foundations, frames, and hoist units, including labor to install.

- 110-369 *Effluent/outfall pumps (25 years)*. Original cost of pumps used to dispose of treated effluent into discharge areas or streams, including motors, engines, settings, shafting, and valves, etc.
- 110-371 *Treatment and disposal equipment (25 years)*. Original cost of apparatus, equipment, and other facilities used for treatment of sewage and disposal of sewage wastes, such as aeration chambers and trickling filters. Include package treatment plants, oxidation ponds, and sludge treatment facilities such as filtration or dewatering equipment, sedimentation equipment, and septic tanks.
- 110-372 *Chlorination/dechlorination/ammonia equipment (20 years)*. Original cost of apparatus used for chemical chlorine or ammonia treatment and dechlorination of wastewater.
- 110-373 *UV disinfection equipment (5 years)*. Original cost of equipment used for UV disinfection of wastewater.
- 110-374 *Ozone disinfection equipment (5 years)*. Original cost of equipment used for ozone disinfection for wastewater.
- 110-380 *Outfall sewer lines (50 years)*. Original installed cost of lines that carry treated effluent from the treatment plant to the point of discharge.
- 110-389 *Plant sewers (50 years)*. Original installed cost of plant yard piping and appurtenances and facilities required to dispose of treatment plant liquid effluent into the outfall sewer line, unit-to-unit sections of yard piping, valves, vaults, pipe tunnels, or galleries.
- 111 Other plant and miscellaneous equipment—Wastewater.**  
This account is the control account for Plant Subaccounts 390 through 399 for wastewater. Include only the original cost of utility plant used by the utility and necessary for providing wastewater service.
- 111-390 *Furniture and fixtures (10 years)*. Tables, chairs, shelving, file cabinets, and other office furniture used for conducting utility business.
- 111-391 *Computers and software (5 years)*. Expenses associated with computers, such as disk drives, monitors, printers, graphics cards and other cards, keyboards, modems, and software.
- 111-392 *Transportation equipment/vehicles (5 years)*. Original cost of vehicle less trade-in value of old vehicles used for utility business, such as automobiles, trucks, bicycles, electrical vehicles, motorcycles, tractors, and trailers.

- 111-393 *Shop tools (5 years)*. Air compressors, anvils, auto repair shop equipment, battery-charging equipment, belts, shafts, counter shafts, drill presses, electric equipment, engines, foundations and settings specially constructed for and not expected to outlast the equipment for which provided, gasoline pumps, oil pumps, gas storage tanks, greasing tools and equipment, hoists, ladders, lathes, machine tools, motors, pipe threading and cutting tools, riveters, vises, welding apparatus, and workbenches. Depending on the size of the utility, tools may be capitalized if material to the rates being requested, or expensed if immaterial. Unless the utility size changes substantially, consistency in capitalization policy must be maintained.
- 111-394 *Laboratory equipment (10 years)*. Autoclaves, barometers, cameras, centrifuge, distilling apparatus, furnaces, microscopes, ovens, pitometers, rain gauges, refrigerators, scales, sterilizers, stopwatches, testing machines, thermometers, and voltmeters.
- 111-395 *Heavy equipment (15 years)*. Backfilling machines, boring machines, bulldozers, cranes, joists, diggers, engines, pile drivers, pipe-cleaning machines, tractors, trenchers, and other generally self-propelled equipment or equipment mounted on movable equipment. Include only the percentage of equipment used and required for providing water service. Percentages used for other businesses or not necessary to providing water service must be included in “Nonutility property” (Account 140).
- 111-399 *Miscellaneous equipment (various)*. First-aid equipment, kitchen equipment, recreation equipment, ice machines, and signs necessary for providing water service.
- 112      Accumulated depreciation/amortization—Wastewater.** Include credits for amounts charged to “Depreciation and amortization expense—Water” (Account 710) for depreciation and amortization of property necessary to provide utility service, amortization of losses on sales, abandonments, retirement of property related to water operations, and amounts equal to those concurrently charged to “Accumulated amortization of CIAC” (Account 272).
- 125      Construction work in progress—Water.** The total of work-order balances for water utility plant in process of construction but not ready for service at the date of the balance sheet.
- 126      Construction work in progress—Wastewater.** The total of work-order balances for wastewater utility plant in process of construction but not ready for service at the date of the balance sheet.
- 130      Property held for future use.** Include the original cost of property owned and held for future use in utility service

under a definite plan for such use. Include property acquired and never used to provide utility service, but held for such service in future under a definite plan, and property previously used to provide utility service that is retired from such service but held pending its reuse to provide utility service in the future under a definite plan. Keep property included in this account classified according to the subaccounts under “Utility plant in service” (Account 101).

- 131 Accumulated depreciation/amortization—Property held for future use.** Credit this account with amounts charged to “Miscellaneous nonutility expenses” (Account 850) for depreciation on property in Account 130, “Property held for future use.”
- 135 Utility plant acquisition adjustments—Water.** The difference between the cost of water utility assets to the accounting utility of utility plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or other means, and 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 depreciation, accumulated amortization, and CIAC with respect to such property.
- 136 Accumulated amortization—Acquisition adjustments—Water.** Credit or debit with amounts that are includable in “Amortization of utility plant acquisition adjustments—Water” (Account 836) or “Miscellaneous nonutility expenses” (Account 850) for the purpose of extinguishing amounts in “Utility plant acquisition adjustments—Water” (Account 135).
- 137 Utility plant acquisition adjustments—Wastewater.** The difference between the cost of wastewater utility assets to the accounting utility of utility plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or other means, and 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 depreciation, accumulated amortization, and CIAC with respect to such property.
- 138 Accumulated amortization—Acquisition adjustments—Wastewater.** Credit or debit with amounts that are includable in “Amortization of utility plant acquisition adjustments—Wastewater” (Account 838) or “Miscellaneous nonutility expenses” (Account 850) for the purpose of extinguishing amounts in “Utility plant acquisition adjustments—Wastewater” (Account 137).

### Other Property and Investments

- 140 Nonutility property.** The book cost of land, structures, equipment, or other tangible or intangible property owned by the utility but not used to provide utility service and not properly includable in “Property held for future use” (Account 130). Subdivide this account to show the amount of property used in operations that are nonutility in character but nevertheless constitute a distinct operating activity of the company (such as plant merchandising and repair, where such activity is not classed as utility) and the amount of miscellaneous property not used in operations.
- 141 Accumulated depreciation/amortization—Nonutility plant property.** The accumulated depreciation and amortization applicable to property other than utility plant.
- 150 Utility investments.** Book cost of investments in securities issued or assumed for the purpose of ensuring adequate water service (source of water supply).
- 155 Other investments.** Book cost of investments in securities issued or assumed by nonassociated companies, investment advances to such companies, and any investments not accounted for elsewhere.

### Current and Accrued Assets

- 160 Cash.** Cash on hand; petty cash in the bank accessible by withdrawal, checking services, or other means; cash reserves; and temporary cash investments.
- 162 Customer accounts receivable.** All amounts due from customers for utility service. Do not include amounts due from associated companies; instead, use Account 165 for these amounts.
- 163 Allowance for uncollectibles.** Credit this account with amounts provided for losses on accounts receivable that may become uncollectible and also with collections on accounts previously charged hereto. Make concurrent charges to “Bad debt expense” (Account 676-02) for amounts applicable to utility operations.
- 165 Receivables from associated companies.** Receivables from associated companies—such as notes, drafts, acceptance, or other similar evidences of indebtedness—payable on demand or within a time not exceeding one year from date of issue or creation.
- 167 Materials and supplies inventory.** Fuel on hand; materials purchased primarily for use in the utility business for construction, operations, and maintenance; invoice price of materials less discounts; and freight, switching, or other transportation charges when practicable to include as part of the cost of such materials.

- 174**     **Miscellaneous current and accrued assets.** 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 in this account. Examples include accrued interest and dividends receivable, rents receivable, and utility revenues receivable.
- 186**     **Prepayments and miscellaneous deferred debits.**
- 186-01    *Deferred rate case expense.* Include deferred rate case expense (deferred debits associated with the cost of conducting rate cases before the TCEQ commissioners).
- 186-10    *Other deferred debits.* All debits not elsewhere provided for—such as miscellaneous work in progress; deferred losses on sale, abandonment, or retirement of property; net of income taxes; and unusual or extraordinary expenses not included in other accounts—that are in process of amortization and items for which the proper final disposition is uncertain. Include amounts representing prepayments of insurance, rents, interest, and miscellaneous items. As the term expires for which the prepayments are paid, credit this account with the same amount that is debited to the appropriate expense account. Keep documentation supporting the amount associated with each type of expense, including amortization period, amount remaining, annual amortization amount, and any other pertinent calculations and information. Subaccounts may be maintained.
- 190**     **Accumulated deferred income taxes.** Debit this account and credit “Provision for deferred income taxes” (Account 740-02) with an amount equal to the increase in income taxes payable for the year due to the inclusion in income for tax purposes of certain items that will not be fully reflected until subsequent years in the utility's determination of annual net income for general accounting purposes. Credit this account and debit “Provision for deferred income taxes” (Account 740-02), as appropriate, with the reduction in income taxes payable for the year due to prior payment of taxes as provided in the preceding paragraph because of timing differences for tax purposes of income items or deductions recognized from those recognized for general accounting purposes. These entries represent, in general, the effect on taxes payable in the current year of the smaller amount of book income recognized 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 accounting is being used. The utility must maintain all records related to entries in this account, including the calculation for each amount debited or credited.

## Equity Capital and Liabilities

### Equity Capital

- 201 Stock.** For each class of capital stock actually issued:
- the par value, if a par stock
  - the stated value, if a nonpar stock with a stated value
  - the cash value of the consideration received, if nonpar stock with a stated value
- Note:** You must use the NARUC system of accounts for your utility if any one of these statements is true:
- The actual cash value of the consideration received differs from the par or stated value of any stock.
  - The utility has common stock subscribed.
  - The utility has any other more complex stock issue, such as preferred stock.
- 211 Other paid-in capital.** Any other capital investment by stockholders. All other credits for paid-in capital that are not properly includable in “Stock” (Account 201).
- 215 Retained earnings.** This account applies to stock corporations only. Include the amount of retained earnings for the utility.
- 218 Proprietary capital.** This account applies to proprietorships and partnerships only. Include the investment of a sole proprietor or partners. Enter yearly net income or loss into this account. Charge or credit to this account any accounting adjustments not properly attributable to operations of the current period.

### Liabilities

#### *Long-Term Debt*

- 224 Notes payable—Noncurrent.** All long-term debt (debt payable more than one year in the future). Include receiver’s certificates, real estate mortgages, assessments for public improvements, notes, and unsecured certificates of indebtedness.

#### *Current and Accrued Liabilities*

- 225 Notes payable—Current.** 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 the date of issue.
- 231 Accounts payable.** Include all amounts payable by the utility within one year that are not provided for in other accounts. Charge this account for collections from customers for regulatory assessment payable to the TNRCC and for payroll taxes payable. The utility may keep subaccounts.

- 233 Payables to associated companies.** Payables to associated companies on notes, drafts, acceptances, or other similar evidences of indebtedness, payable on demand or within a time not exceeding one year from date of issue or creation.
- 235 Customer deposits.** Charge this account for cash collected from customers for security deposits.
- 236 Accrued taxes payable.** Taxes accrued during the current accounting period that correspond to debits made to the appropriate accounts (federal income tax, payroll tax, property tax, or franchise tax) for tax charges. You may use estimates when first making these entries, but, from time to time during the year, you must adjust the amount of the periodic credits to include the taxes applicable to each year as nearly as you can determine them. Show under “Prepayments and other deferred debits” (Account 186) any amount representing a prepayment of taxes applicable to a period subsequent to the date of the balance sheet. Keep records supporting each entry to this account so that it is possible to determine total amounts for each of these categories: each class of taxes, the amount accrued, the basis for the accrual, the accounts charged, and the amount paid.
- 237 Accrued interest.** Accrued but not matured interest on all liabilities of the utility, except interest added to the principal of the debt on which the interest was incurred.
- 271 Contributions in aid of construction (CIAC).** Any amount or item of money, services, or property received by a utility from any person or governmental agency, any portion of which is provided at no cost to the utility, that represents an addition or transfer to the capital of the utility and that is utilized to offset the acquisition, improvement, or construction costs of the utility’s property, facilities, or equipment used to provide utility services to the public. Include compensation received from governmental agencies and others for relocation of water mains or other plants. Keep records supporting the entries to this account so that the purpose of each donation; the conditions, if any, upon which it was made; and the amount of donations from states, municipalities, customers, and others are clear. These records must keep developer-contributed property separate from customer-contributed property.
- 272 Accumulated amortization of CIAC.** The amortization accumulated on Account 271, “Contributions in aid of construction.” Specifically, use changes to this account to amortize balances in Account 271 representing contributions of depreciable plant. Carry out this amortization over a period equal to the estimated service life of the related contributed asset. Record the concurrent credit for the amortization recorded in this account to Account 710, “Depreciation and amortization expense—Water,” and

Account 711, “Depreciation and amortization expense—Wastewater.”

- 282 Accumulated deferred income taxes.** Credit this account and debit “Provision for deferred income taxes” (Account 740-02) for the tax effects when 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.

## ***Income Statement Accounts***

### **Utility Operating Income**

#### **Revenues**

- 400 Water service.** Net billings for water supplied for residential, commercial, and industrial purposes. Subaccounts may be maintained as required by the utility management.
- 401 Wastewater service.** Net billings for wastewater service for residential, commercial, and industrial purposes. Subaccounts may be maintained as required by the utility management.
- 405 Surcharge revenues—Water.** Amounts billed and received for any surcharge revenues approved by the TCEQ.
- 406 Surcharge revenues—Wastewater.** Amounts billed and received for any surcharge revenues approved by the TCEQ.
- 408 Tap fees—Water.** All revenues received as water tap fees according to the utility’s tariff.
- 409 Tap fees—Wastewater.** All revenues received as wastewater tap fees according to the utility’s tariff.
- 410 Other fees.** Late fees, returned check fees, reconnect fees, transfer fees.

#### **Expenses**

- 601 Salaries—Water.** Salaries, bonuses, and other consideration for services paid or accrued to employees of the utility company for work related to water operation and maintenance of that utility. Salary compensation for services rendered for the management of the water utility. Salaries related to the installation of any item eligible to be capitalized should be capitalized along with the item being installed.
- 602 Salaries—Wastewater.** Salaries, bonuses, and other consideration for services paid or accrued to employees of the utility company for work related to wastewater operation and maintenance of that utility. Salary compensation for

services rendered for the management of the wastewater utility. Salaries related to installation of any item eligible to be capitalized should be capitalized along with the item being installed.

- 611 Contract services—Water.** Amounts paid for labor performed for normal plant operations of the water system, including monthly bookkeeping, customer service, billing, operator services, and management services not compensated through salaries. Include repairs and maintenance in Account 640, “Repairs and maintenance—Water.”
- 612 Contract services—Wastewater.** Amounts paid for labor performed for normal plant operations of the wastewater system, including monthly bookkeeping, customer service, billing, operator services, and management services not compensated through salaries. Include repairs and maintenance in Account 641, “Repairs and maintenance—Wastewater.”
- 621 Employee benefits—Water.** Payments for employee accident, sickness, hospital, and death benefits or insurance covering such events; pension plans; and reasonable and necessary recreational and educational activities.
- 622 Employee benefits—Wastewater.** Payments for employee accident, sickness, hospital, and death benefits or insurance covering such events; pension plans; and reasonable and necessary recreational and educational activities.
- 625 Purchased water.** Cost at the point of delivery of water purchased from another entity for resale.
- 626 Purchased wastewater treatment.** Cost at the point of delivery of wastewater treatment provided by another entity.
- 630 Chemicals—Water.** Cost of all chemicals purchased to improve water quality or for water treatment.
- 631 Chemicals—Wastewater.** Cost of all chemicals purchased for wastewater treatment.
- 635 Utilities—Water.** Cost of all electric power expense incurred by the utility for pumping water, such as electrical expense incurred to operate wells or pumps. Do not include power used to operate the office; put this in Account 657, “Office expense—Water.”
- 636 Utilities—Wastewater.** Cost of all electric power expense incurred by the utility for provision of wastewater service, such as electrical expense incurred to operate pumps. Do not include power used to operate the office; put this in Account 658, “Office expense—Wastewater.”
- 640 Repairs and maintenance—Water.** The cost of all labor, parts, and supplies used to make normal and routine repairs

to the utility system. Include sales tax. Do not record material items with a service life of more than one year; use the plant accounts for such expenditures. Under normal circumstances, we will follow the guidelines of NARUC as shown in Table 1 to determine whether the item is material.

**Table 1. NARUC Guidelines for Material Items**

|   |   |
|---|---|
| If your utility's revenue is in this range: | Then an item is usually not "material" if its cost does not exceed this amount: |
| Less than \$200,000                         | \$150   |
| \$200,000–999,999                           | \$400   |
| \$1,000,000 or more                         | \$750   |

Include appropriate repairs contracted to outside companies or persons. Capitalize all contract services provided for installation of any capitalizable item. You may include in this account an expense that does not recur annually if you can show through documented past records that the expense meets these two tests:

- The item does not materially extend the useful life of the plant and equipment.
- Including this item, the total repairs and maintenance expense for this year is typical of normal totals for previous years.

Remember, you should include atypical or infrequently occurring large expenditures under Account 186-10, "Other deferred debits," and amortize these expenses over a reasonable period.

**Example of Typical Repairs and Maintenance**

In 1998, Sahara Water Supply Company spent \$300 to repaint a clarifying basin for the first time. Including this item, Sahara spent \$500 on repairs and maintenance in 1998. This expense meets the first test—painting does not materially extend the basin's service life—but does it meet the second?

Sahara's total of \$500 in 1998 compares to these documented annual totals for the previous three years:

**Year:** 1995    1996    1997

**Total:** \$550    \$500    \$650

Based on this analysis, \$500 is typical of Sahara's annual total for repairs and maintenance. Sahara WSC may include this nonrecurring item under this account for 1998.

- 641 Repairs and maintenance—Wastewater.** See definition for Account 640, "Repairs and maintenance—Water."
- 650 Rental of equipment—Water.** Include rentals of large or small equipment used in repairing the system, such as backhoes.

- 651 Rental of equipment—Wastewater.** Include rentals of large or small equipment used in repairing the system, such as backhoes.
- 655 Transportation expenses—Water.** Recurring transportation costs such as gas, oil, and recurring repairs on vehicles. You should capitalize and depreciate the cost of the vehicle and any material repairs or additions that last more than one year or extend the useful life of the vehicle.
- 656 Transportation expenses—Wastewater.** Recurring transportation costs such as gas, oil, and recurring repairs on vehicles. You should capitalize and depreciate the cost of the vehicle and any material repairs or additions that last more than one year or extend the useful life of the vehicle.
- 657 Office expense—Water.**
- 657-01 *Office rent.* Expense of rental for maintaining an office required to provide utility service.
- 657-02 *Telecommunications.* Recurring cost of beepers, mobile phones, telephones, answering services, or other communication devices necessary to provide utility service. Capitalize the initial material investments in equipment.
- 657-03 *Office supplies.* Include expenses associated with running the utility's office, such as postage, copies, billing and computer supplies, and other expenses necessary to provide utility service.
- 657-04 *Office power.* Electric or gas utilities required to run the office necessary to provide utility service.
- 657-10 *Other office expense.* Expenses not includable in another subaccount necessary to provide utility service.
- 658 Office expense—Wastewater.** See definitions of corresponding subaccounts under Account 657, "Office expense—Water."
- 658-01 *Office rent.*
- 658-02 *Telecommunications.*
- 658-03 *Office supplies.*
- 658-04 *Office power.*
- 658-10 *Other office expense.*
- 659 Other professional services—Water.**
- 659-01 *Tax and other accounting.* Amounts paid to outside accounting companies to maintain or audit the books and records of the utility each year. Enter accounting expenses for rate relief filings in Account 666, "Rate case expense—Water," and Account 186-01, "Deferred rate case expense," as appropriate.

- 659-02 *Recurring legal expenses.* Expenses paid to outside legal firms to perform recurring, ongoing legal services required to provide normal water service. Enter legal expenses for rate relief filings in Account 666, “Rate case expense—Water,” and Account 186-01, “Deferred rate case expense,” as appropriate.
- 659-03 *Recurring engineering expenses.* Expenses paid to outside engineering firms to perform recurring, ongoing engineering services required to provide normal water service. Enter legal expenses for rate relief filings in Account 666, “Rate case expense—Water,” and Account 186-01, “Deferred rate case expense,” as appropriate.
- 660 Other professional services—Wastewater.**
- 660-01 *Tax and other accounting.* Amounts paid to outside accounting companies to maintain or audit the books and records of the utility each year. Enter accounting expenses for rate relief filings in Account 667, “Rate case expense—Wastewater,” and Account 186-01, “Deferred rate case expense,” as appropriate.
- 660-02 *Recurring legal expenses.* Expenses paid to outside legal firms to perform recurring, ongoing legal services required to provide normal wastewater service. Enter legal expenses for rate relief filings in Account 667, “Rate case expense—Wastewater,” and Account 186-01, “Deferred rate case expense,” as appropriate.
- 660-03 *Recurring engineering expenses.* Expenses paid to outside engineering firms to perform recurring, ongoing engineering services required to provide normal wastewater service. Enter legal expenses for rate relief filings in Account 667, “Rate case expense—Wastewater,” and Account 186-01, “Deferred rate case expense,” as appropriate.
- 663 Insurance expense—Water.** Include in the appropriate subaccount amounts paid for insurance to protect the utility assets from loss and necessary to provide water service.
- 663-01 *Vehicle.* The annual cost of insurance on vehicles used for utility purposes.
- 663-02 *Liability.* The annual cost of liability insurance carried by the utility.
- 663-03 *Plant and equipment loss.* The annual cost of insurance for loss of utility plant, property, and equipment.
- 664 Insurance expense—Wastewater.** Include in the appropriate subaccount amounts paid for insurance to protect the utility assets from loss and necessary to provide wastewater service.
- 664-01 *Vehicle.* The annual cost of insurance on vehicles used for utility purposes.

- 664-02 *Liability.* The annual cost of liability insurance carried by the utility.
- 664-03 *Plant and equipment loss.* The annual cost of insurance for loss of utility plant, property, and equipment.
- 666 Rate case expense—Water.** Include amortization of amounts in Account 186-01, “Deferred rate case expense,” the current year’s accounting, legal, or engineering expenses for rate relief filings. If subject to amortization, these current expenses may be transferred to Account 186-01.
- 667 Rate case expense—Wastewater.** Include amortization of amounts in Account 186-01, “Deferred rate case expense,” the current year’s accounting, legal, or engineering expenses for rate relief filings. If subject to amortization, these current expenses may be transferred to Account 186-01.
- 670 Other regulatory expense—Water.**
- 670-01 *Testing.* The cost of testing water incurred due to governmental regulation.
- 670-03 *Inspections.* The cost of inspecting water systems due to governmental regulation.
- 670-04 *Operator training.* The cost of operator training necessary due to governmental regulation.
- 670-05 *Licenses/permits.* The recurring cost of licenses and permits due to governmental regulation.
- 671 Other regulatory expense—Wastewater.**
- 671-01 *Testing.* The cost of testing effluent incurred due to governmental regulation.
- 671-03 *Inspections.* The cost of inspecting wastewater systems due to governmental regulation.
- 671-04 *Operator training.* The cost of operator training necessary due to governmental regulation.
- 671-05 *Licenses/permits.* The recurring cost of licenses and permits due to governmental regulation.
- 675 Miscellaneous expense—Water.**
- 675-01 *Seminars.* The cost of seminars attended to enhance water service or management functions other than costs includable under Account 670-04, “Other regulatory expense—Operator training—Water.”
- 675-02 *Bad debt expense.* Amounts providing for losses from uncollectible utility revenues.
- 675-05 *Other.* Advertising, dues, memberships, publications, and other miscellaneous or immaterial costs associated with providing service.

**676 Miscellaneous expense—Wastewater.**

676-01 *Seminars.* The cost of seminars attended to enhance sewer service or management functions other than costs includable under Account 671-04, “Other regulatory expense—Operator training—Wastewater.”

676-02 *Bad debt expense.* Amounts providing for losses from uncollectible utility revenues.

676-05 *Other.* Advertising, dues, memberships, publications, and other miscellaneous or immaterial costs associated with providing service.

**700 Taxes other than income—Water.**

700-01 *Payroll taxes—Social Security/unemployment.* All types of taxes related to payroll.

700-02 *Franchise taxes.* Franchise taxes related to the corporate organization of the utility.

700-03 *Property taxes.* Ad valorem taxes related to utility property.

**701 Taxes other than income—Wastewater.**

701-01 *Payroll taxes—Social Security/unemployment.* All types of taxes related to payroll.

701-02 *Franchise taxes.* Franchise taxes related to the corporate organization of the utility.

701-03 *Property taxes.* Ad valorem taxes related to utility property.

**710 Depreciation and amortization expense—Water.** Charge this account with depreciation and amortization credited to Accounts 107, 112, 131, 136, and 138, “Accumulated depreciation and amortization,” or debited to Account 272, “Accumulated amortization of CIAC.” Calculate depreciation on a straight-line remaining-life basis. Debit or credit to provide for the extinguishment of the amount in Account 135, “Utility plant acquisition adjustment.” Charge this account with:

- Amortization associated with utility plant and equipment that does not have a definite or terminable life and is not subject to depreciation expense. Keep records so that each item being amortized can be tracked.
- Amounts credited to extraordinary property losses when amortization of such expense is properly includable in operating expenses.
- Amortization of gains or losses on sales, retirements, or abandonments of utility assets as allowed by the TCEQ.

**711 Depreciation and amortization expense—Wastewater.**

Charge this account with depreciation and amortization credited to Accounts 107, 112, 131, 136, and 138, “Accumulated depreciation and amortization,” or debited to Account 272, “Accumulated amortization of CIAC.”

Calculate depreciation on a straight-line remaining-life basis. Debit or credit to provide for the extinguishment of the amount in Account 135, "Utility plant acquisition adjustment." Charge this account with:

- Amortization associated with utility plant and equipment that does not have a definite or terminable life and is not subject to depreciation expense. Keep records so that each item being amortized can be tracked.
- Amounts credited to extraordinary property losses when amortization of such expense is properly includable in operating expenses.
- Amortization of gains or losses on sales, retirements, or abandonments of utility assets as allowed by the TCEQ.

**720**     **Gain/loss on sale/abandonment of utility assets.** Charge this account with gains and losses from the sale, conveyance, exchange, or transfer of utility property. Maintain this account so that the transactions and details underlying each gain or loss will be readily identifiable.

**740**     **Income tax expense.**

740-01    *Federal income taxes.* Include the amount of income taxes paid or payable for the current year.

740-02    *Provision for deferred income taxes.* Include amounts recorded as income tax expense that are not yet required to be submitted to the appropriate governing agency because of accelerated tax depreciation allowed in excess of regulatory straight-line depreciation. Keep documentation on all calculations to support this account and the associated credit to Account 190, "Accumulated deferred income taxes."

## **Other Income and Deductions**

**800**     **Interest income.** Include interest income earned on utility assets.

**836**     **Amortization of utility plant acquisition adjustments—Water.** Amortization expense related to plant acquisition adjustments.

**838**     **Amortization of utility plant acquisition adjustments—Wastewater.** Amortization expense related to plant acquisition adjustments.

**850**     **Miscellaneous nonutility expenses.** Include all expenses that are not reasonable or necessary in providing utility service, or have been disallowed by the TCEQ, or are incurred for operation of plant and equipment not used and useful in providing utility service.

**855**     **Taxes applicable to other income and deductions.** Include all income and other taxes related to other income and deductions.

- 875**     **Dividends paid.** Include dividends paid to stockholders of the utility.
- 900**     **Interest expense.** Include interest expense incurred by the utility.

## 4. Using These Accounts to Complete a Rate/Tariff Change Application

The tables on the following pages show how to use this system of accounts to complete a Rate/Tariff Change Application. Each of these tables is a reproduction of one of the schedules from that application. To fill in each blank on your application, use the balance or total balances from the accounts indicated by number in that blank in these tables.

Your Rate/Tariff Change Application package includes the other schedules mentioned in these tables—that is, Schedules A-1 through A-4 and Schedule B-4.

# Schedule A: Income Statement

|  | 12 Months<br>Preceding the<br>Test Period | 12-Month Test<br>Period |
|--|---|-------------------------|
| <b>OPERATING REVENUES:</b>                                   |   |                         |
| From utility service or sales ..... a.                       | 400-406                                   |                         |
| From fees (tap, reconnect, and other)..... b.                | 408-410                                   |                         |
| TOTAL OPERATING REVENUES (a + b) ..... c.                    |   |                         |
| <b>OPERATIONS AND MAINTENANCE (O&amp;M):</b>                 |   |                         |
| Salaries and wages (Schedule A-1)..... d.                    | 601. 602                                  |                         |
| Contract labor (Schedule A-1)..... e.                        | 611. 612                                  |                         |
| Purchased water or sewer service ..... f.                    | 625. 626                                  |                         |
| Chemicals and treatment ..... g.                             | 630. 631                                  |                         |
| Utilities (electricity) ..... h.                             | 635. 636                                  |                         |
| Repairs, maintenance, and supplies (Schedule A-2)..... i.    | 640-656                                   |                         |
| Office expenses..... j.                                      | 657. 658                                  |                         |
| Accounting and legal fees (Schedule A-3) ..... k.            | 659. 660                                  |                         |
| Insurance..... l.  | 663. 664                                  |                         |
| Rate case expense..... m.                                    | 666. 667                                  |                         |
| Misc. expenses (Itemize on Schedule A-4)..... n.             | 621. 622. 670.                            |                         |
|  | 671. 675. 676                             |                         |
| SUBTOTAL, O&M (sum of d through n)..... o.                   |   |                         |
| Payroll taxes ..... p.                                       | 700. 701-01                               |                         |
| Property and other taxes ..... q.                            | 700. 701-02. -03                          |                         |
| Depreciation and amortization..... r.                        | 710. 711                                  |                         |
| Federal income taxes ..... s.                                | 740                                       |                         |
| NET OPERATING INCOME OR LOSS (c - o - p - q - r - s)..... t. |   |                         |
| <b>OTHER INCOME (PLEASE SPECIFY):</b> ..... u.               |   |                         |
| <b>OTHER EXPENSES:</b>                                       |   |                         |
| Interest expense on long- or short-term debt..... v.         | 900                                       |                         |
| Other expenses (non-utility operations) ..... w.             | 720. 800-875                              |                         |
| TOTAL OTHER EXPENSES (v + w) ..... x.                        |   |                         |
| <b>NET INCOME (t + u - x) ..... y.</b>                       |   |                         |

# Schedule B-1: Balance Sheet— Assets

|  | Date: _____,<br>(Beginning of<br>Test Year) | Date: _____,<br>(End of Test<br>Year) |
|--|---|---------------------------------------|
| <b>FIXED ASSETS</b>  |   |                                       |
| Utility plant (original cost when placed in service)..... a.               | 101,105,110,111                             | _____                                 |
| Less: Accumulated depreciation ..... b.                                    | 107,112                                     | _____                                 |
| TOTAL UTILITY PLANT ( <i>a - b</i> ) ..... c.                              | _____                                       | _____                                 |
| Non-utility plant/property held for future use ..... d.                    | 130,140                                     | _____                                 |
| Less: Accumulated depreciation ..... e.                                    | 131,141                                     | _____                                 |
| TOTAL NON-UTILITY PLANT ( <i>d - e</i> ) ..... f.                          | _____                                       | _____                                 |
| CONSTRUCTION WORK IN PROGRESS..... g.                                      | 125,126                                     | _____                                 |
| Plant acquisition adjustment (positive or negative) ..... h.               | 135,137                                     | _____                                 |
| Less: Accumulated amortization<br>of plant acquisition adjustment ..... i. | 136,138                                     | _____                                 |
| NET UNAMORTIZED PLANT ACQUISITION ADJUSTMENT ( <i>h - i</i> )... j.        | _____                                       | _____                                 |
| <b>CURRENT ASSETS</b>  |   |                                       |
| Cash in bank..... k.   | 160   | _____                                 |
| Petty cash..... l.   | 160   | _____                                 |
| Cash reserve account ..... m.  | 160   | _____                                 |
| Material and supplies (inventory) ..... n.                                 | 167   | _____                                 |
| Accounts receivable ..... o.   | 162   | _____                                 |
| Less: Allowance for uncollectibles..... p.                                 | 163   | _____                                 |
| Other: _____ ..... q.  | 165,174                                     | _____                                 |
| TOTAL CURRENT ASSETS ( <i>k through q</i> )..... r.                        | 150,155                                     | _____                                 |
| <b>DEFERRED ASSETS</b>   |   |                                       |
| Prepaid insurance ..... s.   | 186   | _____                                 |
| Other: _____ ..... t.  | 186,190                                     | _____                                 |
| TOTAL DEFERRED ASSETS ( <i>s + t</i> ) ..... u.                            | _____                                       | _____                                 |
| <b>TOTAL ASSETS</b> ( <i>c + f + g + j + r + u</i> )..... v.               | _____                                       | _____                                 |

# Schedule B-2: Balance Sheet— Liabilities and Capital

|   | Date: _____,<br>(Beginning of<br>Test Year) | Date: _____,<br>(End of Test<br>Year) |
|---|---|---------------------------------------|
| <b>CAPITAL</b>  |   |                                       |
| Ownership equity  |   |                                       |
| (sole proprietorships or partnerships only)..... a.               | 218   |                                       |
| Shareholders investments (Subchapter S) ..... b.                  | 218   |                                       |
| Members investments (Cooperative only)..... c.                    | 218   |                                       |
| Common stock (Corporations only)..... d.                          | 201   |                                       |
| Retained earnings ..... e.  | 215   |                                       |
| Other: _____ ..... f.   | 211   |                                       |
| <b>TOTAL CAPITAL (a through f) ..... g.</b>                       |   |                                       |
| <b>LONG-TERM LIABILITIES</b>                                      |   |                                       |
| Notes payable (Schedule B-4)                                      |   |                                       |
| _____ ..... h.  | 224   |                                       |
| _____ ..... i.  |   |                                       |
| <b>TOTAL LONG-TERM LIABILITIES (h + i) ..... j.</b>               |   |                                       |
| <b>CURRENT LIABILITIES</b>  |   |                                       |
| Accounts payable ..... k.   | 231   |                                       |
| Notes payable (mature in less than 1 year) ..... l.               | 225   |                                       |
| (Schedule B-4)  |   |                                       |
| Customer deposits ..... m.  | 235   |                                       |
| Taxes payable ..... n.  | 236   |                                       |
| Other current and accrued liabilities..... o.                     | 237, 233                                    |                                       |
| <b>TOTAL CURRENT LIABILITIES (k through o) ..... p.</b>           |   |                                       |
| <b>DEFERRED LIABILITIES</b>                                       |   |                                       |
| Accumulated deferred income taxes ..... q.                        | 282   |                                       |
| Accumulated deferred investment tax credits ..... r.              | 283   |                                       |
| Other: _____ ..... s.   | 290   |                                       |
| <b>TOTAL DEFERRED LIABILITIES (q through s)..... t.</b>           |   |                                       |
| <b>CONTRIBUTIONS IN AID OF CONSTRUCTION..... u.</b>               | <u>271 minus 272</u>                        |                                       |
| <b>TOTAL CAPITAL AND LIABILITIES (g + j + p + t + u) ..... v.</b> |   |                                       |
| (Should agree with Total Assets from Schedule B-1)                |   |                                       |