(1) All land, conversion structures, and equipment employed at a primary source of supply (i.e., generating station, or point of receipt in the case of purchased power) to change the voltage or frequency of electricity for the purpose of its more efficient or convenient transmission;

(2) All land, structures, lines, switching and conversion stations, high tension apparatus, and their control and protective equipment between a generating or receiving point and the entrance to a distribution center or wholesale point; and

(3) All lines and equipment whose primary purpose is to augment, integrate or tie together the sources of power supply

B. *Distribution system* means all land, structures, conversion equipment, lines, line transformers, and other facilities employed between the primary source of supply (i.e., generating station, or point of receipt in the case of purchased power) and of delivery to customers, which are not includible in transmission system, as defined in paragraph A, whether or not such land, structures, and facilities are operated as part of a transmission system or as part of a distribution system.

NOTE: Stations which change electricity from transmission to distribution voltage shall be classified as distribution stations.

C. Where poles or towers support both transmission and distribution conductors, the poles, towers, anchors, guys, and rights of way shall be classified as transmission system. The conductors, crossarms, braces, grounds, tiewire, insulators, etc., shall be classified as transmission or distribution facilities, according to the purpose for which used.

D. Where underground conduit contains both transmission and distribution conductors, the underground conduit and right of way shall be classified as distribution system. The conductors shall be classified as transmission or distribution facilities according to the purpose for which used.

E. Land (other than rights of way) and structures used jointly for transmission and distribution purposes shall be classified as transmission or distribution according to the major use thereof.

15. *Hydraulic production plant (Major Utilities)*.

For the purpose of this system of accounts hydraulic production plant means all land and land rights, structures and improvements used in connection with hydraulic power generation, reservoirs dams and waterways, water wheels, turbines, generators, accessory electric equipment, miscellaneous powerplant equipment, roads, railroads, and bridges, and structures and improvements used in connection with fish and wildlife, and recreation.

16. *Nuclear Fuel Records Required (Major Utilities)*.

Each utility shall keep all the necessary records to support the entries to the various nuclear fuel plant accounts classified under ''Assets and Other Debits,'' Utility Plant 120.1 through 120.6, inclusive, account 518, Nuclear Fuel Expense and account 157, Nuclear Materials Held for Sale. These records shall be so kept as to readily furnish the basis of the computation of the net nuclear fuel costs.

Operating Expense Instructions

1. *Supervision and Engineering (Major Utilities)*.

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

ITEMS

Labor

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

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

Expenses

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

2. *Maintenance.*

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

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

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

ITEMS

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

3. *Rents.*

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

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

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

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

4. *Training Costs.*

When it is necessary that employees be trained to specifically operate or maintain plant facilities that are being constructed, the related costs shall be accounted for as a current operating

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

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.

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).

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.

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.

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.

Balance Sheet Accounts

101 Electric plant in service (Major only).

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

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

101.1 Property under capital leases.

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

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

C. Records shall be maintained with respect to each capital lease reflecting: (1) name of lessor, (2) basic details of lease, (3) terminal date, (4) original