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CHAPTER I--FEDERAL ENERGY REGULATORY COMMISSION,
DEPARTMENT OF ENERGY

Income Accounts

Ordinary Items

CREDIT

600 Operating revenues.

This account shall include the total revenues included in the operating revenue accounts for the calendar year.

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620 Income (net) from noncarrier property.

(a) This account shall include all noncarrier revenues and expenses from property carried in account 34, Noncarrier Property.

(b) All expenses related to noncarrier property, such as operation and maintenance expenses, depreciation, taxes (except Federal income taxes) and similar expenses, are includible herein.

630 Interest and dividend income.

(a) This account shall include interest accruing to the carrier on securities of others, loans, notes and advances, deposits, and all other interest bearing assets. Also include the amount of amortized premium or discount related to such assets.

(b) This account shall also include the amount of dividends declared on stocks of others owned by the carrier.

(c) Income shall not be included in this account unless receipt thereof is reasonably assured.

640 Miscellaneous income.

(a) This account shall include income not provided for elsewhere creditable to income accounts for the current year, such as unclaimed wages written off, profit on sales of land and noncarrier, property, profit on sales of investment securities, profit from company bonds reacquired, and decreases in the valuation allowance (contained within account 11) for the marketable equity securities included in current assets.

(b) Gains from extinguishment of debt shall be aggregated and, if material, credited to account 680, Extraordinary Items, upon approval by the Commission.

[32 FR 20241, Dec. 20, 1967, as amended at 40 FR 53248, Nov. 17, 1975; 42 FR 33298, June 30, 1977. Redesignated by Order 119, 46 FR 9044, Jan. 28, 1981]

645 Unusual or infrequent items (credit).

Included in this account shall be material items unusual in nature or infrequent in occurrence, but not both, accounted for in the current year in accordance with the text of instruction 1-6, upon approval by the Commission.

[40 FR 53248, Nov. 17, 1975. Redesignated by Order 119, 46 FR 9044, Jan. 28, 1981]

DEBIT

610 Operating expenses.

This account shall include the total expenses included in the operating expense accounts for the calendar year.

650 Interest expense.

This account shall include interest expense on all classes of debt except interest pertaining to construction of property. This account shall also include the amortization of long-term debt premium and discount. Charges for interest on carrier debt obligations previously issued and now held by or for the carrier shall not be recorded in this

account.

660 Miscellaneous income charges.

(a) This account shall include income charges not provided for elsewhere chargeable to income accounts for the current year, such as amortization of debt expense, losses on sale or disposition of land and noncarrier property, losses on sales or reductions in value of investment securities (including increases in the valuation allowance within account 11 for the marketable equity securities included in current assets), bad debts, losses on company bonds reacquired, taxes (other than Federal income taxes) on investment securities, trust management expenses, amortization of intangibles which are not restricted to a fixed term, and the difference between the premium and the added cash surrender value of life insurance on officers and employees when the carrier is beneficiary.

(b) Losses from extinguishment of debt shall be aggregated and, if material, charged to account 680, Extraordinary Items, upon approval by the Commission.

[32 FR 20241, Dec. 20, 1967, as amended at 37 FR 17714, Aug. 31, 1972; 40 FR 53248, Nov. 17, 1975; 42 FR 33298, June 30, 1977. Redesignated by Order 119, 46 FR 9044, Jan. 28, 1981]

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665 Unusual or infrequent items (debit).

Included in this account shall be material items unusual in nature or infrequent in occurrence, but not both, accounted for in the current year in accordance with the text of instruction 1-6, upon approval by the Commission.

[40 FR 53248, Nov. 17, 1975. Redesignated by Order 119, 46 FR 9044, Jan. 28, 1981]

670 Income taxes on income from continuing operations.

(a) This account shall be debited with the monthly accruals for all income taxes which are estimated to be payable and which are applicable to ordinary income (see instruction 1-12). See the texts of account 695, Income Taxes on Extraordinary Items, account 710, Other Credits to

Retained Income, and account 720, Other Debits to Retained Income, for recording other income tax consequences.

(b) Details pertaining to the tax consequences of other unusual and significant items, and also cases where tax consequences are disproportionate to related amounts included in income accounts, shall be submitted to the Commission for consideration and decision as to proper accounting.

(Interstate Commerce Act, 49 U.S.C. 20 (1976), Department of Energy Organization Act, 42 U.S.C. 7155, 7172(b), 7295(a) (Supp. I 1977); E. O. 12009, 42 FR 46267 (1977); Federal Energy Regulatory Commission, Order No. 1, 42 FR 55450 (1977))

[32 FR 20241, Dec. 20, 1967, as amended at 39 FR 33345, Sept. 17, 1974; 40 FR 53248, Nov. 17, 1975; 44 FR 72161, Dec. 13, 1979. Redesignated by Order 119, 46 FR 9044, Jan. 28, 1981]

671 Provision for deferred taxes.

(a) This account shall include the net tax effect of changes in material temporary timing differences (see definition 30 (e)) during the current accounting period, and the future tax benefits of loss carryforwards recognized in accordance with instruction 1-12(c).

(b) This account shall include credits for the amortization of the investment tax credit if the carrier elected to use the deferred method of accounting for the investment tax credit. (See instruction 1-12(d)).

[39 FR 33345, Sept. 17, 1974. Redesignated by Order 119, 46 FR 9044, Jan. 28, 1981]

DISCONTINUED OPERATIONS

675 Income (loss) from operations of discontinued segments.

This account shall include the results of operations of a segment of a business (see definition 32(a)), after giving effect to income tax consequences that has been or will be discontinued in accordance with the text of instruction 1-6, upon approval by the Commission.

[40 FR 53249, Nov. 17, 1975. Redesignated by Order 119, 46 FR 9044, Jan. 28, 1981]

676 Gain (loss) on disposal of discontinued segments.

This account shall include the gain or loss from the disposal of a segment of a business, after giving effect to income tax consequences, in accordance with the text of instruction 1-6, upon approval by the Commission.

[40 FR 53249, Nov. 17, 1975. Redesignated by Order 119, 46 FR 9044, Jan. 28, 1981]

EXTRAORDINARY ITEMS AND ACCOUNTING CHANGES

680 Extraordinary items (net).

(a) This account shall include extraordinary items accounted for during the current accounting year in accordance with the text of instruction 1-6, upon submission of a letter from the carrier's independent accountants, approving or otherwise commenting on the item and upon approval by the Commission.

(b) This account shall be maintained in a manner sufficient to identify the nature and gross amount of each debit and credit.

(c) Federal income tax consequences of charges and credits to this account shall be recorded in account 695, Income Taxes on Extraordinary Items, or account 696, Provision for Deferred Taxes--Extraordinary Items, as applicable.

[40 FR 53249, Nov. 17, 1975. Redesignated by Order 119, 46 FR 9044, Jan. 28, 1981]

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695 Income taxes on extraordinary items.

This account shall include the estimated income tax consequences (debit or credit) assignable to the aggregate of items of both taxable income and deductions from taxable income which for accounting purposes are classified extraordinary, and are recorded in account 680, Extraordinary Items (Net). The tax effect of any temporary differences caused by recognizing an item in the account provided for extraordinary items shall be included in account 696, Provision for Deferred Taxes--Extraordinary Items.

[40 FR 53249, Nov. 17, 1975. Redesignated by Order 119, 46 FR 9044, Jan. 28, 1981]

696 Provision for deferred taxes--extraordinary items.

This account shall include the deferred tax expense or benefit related to temporary differences applicable to items of revenue or expense included in account 680, Extraordinary Items (Net) (See instruction 1-12).

[40 FR 53249, Nov. 17, 1975. Redesignated by Order 119, 46 FR 9044, Jan. 28, 1981]

697 Cumulative effect of changes in accounting principles.

This account shall include the cumulative effect of changing to a new accounting principle, after giving effect to income tax consequences, in accordance with instruction 1-6, upon approval by the Commission.

[40 FR 53249, Nov. 17, 1975. Redesignated by Order 119, 46 FR 9044, Jan. 28, 1981]