

220 CMR 51.00: UNIFORM SYSTEM OF ACCOUNTS FOR ELECTRIC COMPANIES

Section

51.01: General

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51.01: General

- (1) Adoption of the Federal Energy Regulatory Commission's Uniform System of Accounts. The Massachusetts Department of Public Utilities adopts the Federal Energy Regulatory Commission's ("FERC") Uniform System of Accounts, Part 101 and the accompanying definitions, as published in 18 C.F.R., Part 101, revised as of April 1, 1981, with certain modifications. 220 CMR 51.02 summarizes the modifications. 220 CMR 51.03 addresses the specific changes by presenting the modified text which replaces or supplements the FERC text.
- (2) Amendments. Amendments to this system may be initiated by interested parties or by the Commission as they deem necessary.

51.02: Summary of Modifications to the FERC System

220 CMR 51.02 summarizes the major modifications to the FERC system. This summary is intended to present a general overview of the changes to the FERC system; it is not intended to be a comprehensive presentation of all the changes. The actual textual changes are presented in 220 CMR 51.03. In the event there is a conflict between 220 CMR 51.02 and 51.03, 51.03 shall prevail.

- (1) Changes to the Definition Section.
 - (a) The word "Commission" shall mean the Department of Public Utilities except in specific instances (which are cited in 220 CMR 51.03) where FERC is the appropriate agency.
 - (b) All references to the stated value of no par stocks are deleted since companies subject to M.G.L. c. 164, § 6, cannot issue no par stocks.
- (2) Changes to the General Instruction Section.
 - (a) The FERC classification of electric utilities shall not apply to utilities within the Department's jurisdiction. The Massachusetts system requires all Massachusetts electric utilities, with the exception of municipal lighting plants, to adopt this system of accounts.
 - (b) The following instruction relating to the combined gas and electric utilities has been added:

Combined gas and electric utilities will maintain their books for electric utility reporting purposes in accordance with this system. Gas

operations will continue to utilize the existing system applicable to gas utilities.

- (3) Changes to the Electric Plant Instructions Section.
- (a) The FERC methodology for determining the allowance for funds used during construction shall not apply to utilities within the Department's jurisdiction unless the Department issues a separate order specifying the adoption of this method.
- (b) The method for recording gains or losses on the disposition of utility property has been changed. The methodology is as follows:
1. If the property disposed of has ever been included in the company's Electric Plant in Service or Construction Work in Progress accounts, the difference between the amounts received from the disposition of the utility property and the agent's commissions, other costs incident to the disposition of the property and the book cost of the property shall be included in either Account 411.6, Gains from Disposition of Utility Plant, or 411.7, Losses from Disposition of Utility Plant.
 2. If the property disposed of has never been included in the company's Electric Plant in Service or Construction Work in Progress accounts, the difference between the amounts received from the disposition of utility property and the agent's commissions, other costs incident to the disposition of property and the book cost of the property shall be included in either Account 421.1, Gain on Disposition of Property, or 421.2, Loss on Disposition of Property.
- The wording of the accounts affected by this modification has been changed to correspond with the above methodology. The specific textual changes are presented in 220 CMR 51.03.
- (c) Electric Plant Acquisition Adjustment accounts may not be used without prior approval of the Department.
- (4) Changes to the Balance Sheet Accounts Section. Electric utilities must have Department approval before establishing Operating Reserve accounts.
- (5) Changes to the Operating Revenue Accounts Section. The Department will permit the continued use of Account 449, Miscellaneous Electric Sales, an account which does not exist in the FERC system.

51.03: Specific Changes to the FERC System

220 CMR 51.03 presents the specific modifications to the FERC Uniform System of Accounts in the order in which they appear in the text.

- (1) Changes to the Definition Section

- (a) Replace the FERC definition of "Commission" (No. 7) with the following:
"Commission" refers to the Department of Public Utilities except in the following instances:
1. "Commission" shall refer to FERC when referenced in the following definitions: 14. Licensee; 19. Nonproject property; 24. Project property.
 2. "Commission" shall refer to FERC in number 16 of the General Instructions section (Separate Accounts or Records for Each Licensed Project) and in number 215.1 of the Balance Sheet Accounts section (Appropriated Retained Earnings - Amortization Reserve, Federal).
- (b) Replace the FERC definition of "Public Utility" (No. 26) with the following:
"Public Utility" means all utilities subject to the jurisdiction of the Commission with the exception of municipal lighting plants.
This definition shall not be construed to contradict the definitions in M.G.L. c. 164, § 1.
- (c) Add the following definition:
"Operating unit or system" shall include all capital investment which has been accorded or is eligible for rate base treatment.

- (2) Changes to the General Instructions Section
Utility Classification. Replace the FERC Classification of Utilities (1A) with the following:

This system of accounts applies to all Massachusetts electric utilities, excluding municipal lighting plants. Combined gas and electric utilities will maintain their books for electric utility reporting purposes in accordance with this system. Gas operations will continue to utilize the existing system applicable to gas utilities.

- (3) Changes to the Electric Plant Instructions Section
- (a) Allowance for funds used during construction. The following paragraph should immediately precede the FERC subsection 3(17) which describes the methodology for determining the allowance for funds used during construction:
The methodology for determining the allowance for funds used during construction described in 220 CMR 51.03(3)(b) will not apply to electric utilities under the Commission's jurisdiction unless the Commission issues a separate order specifying the adoption of this method.
- (b) Gains or losses on the disposition of property.
1. Replace subsection 5, Electric Plant Purchased or Sold, paragraph F, with the following paragraph:
When electric plant constituting an operating

unit or system is sold, conveyed or transferred to another by sale, merger, consolidation, or otherwise, the book cost of the property sold or transferred to another shall be credited to the appropriate utility plant accounts, including amounts carried in Account 114, Electric Plant Acquisition Adjustments, and the amounts (estimated if not known) carried with respect thereto in the accounts for accumulated provision for depreciation and amortization and in Account 252, Customer Advances for Construction, shall be charged to such accounts and contra entries made to Account 102, Electric Plant Purchased or Sold. Unless otherwise ordered by the Commission, the difference, if any, between (a) the net amount of debits and credits and (b) the consideration received for the property (less commissions and other expenses of making the sale) shall be included in Account 411.6, Gains from Disposition of Utility Plant, or Account 411.7, Losses from Disposition of Utility Plant, if the property has ever been included in the company's Electric Plant in Service or Construction Work in Progress; or in Account 421.1, Gain on Disposition of Property, or Account 421.2, Loss on Disposition of Property, if never included in the company's Electric Plant in Service or Construction Work in Progress.

Note: This does not preclude the utility from submitting the details of the transaction to the Commission and requesting approval for alternative accounting treatment when warranted by the circumstances.

2. Replace subsection 7, Land and Land Rights, paragraph E, with the following paragraph:

Any difference between the amount received from the sale of land or land rights, less agent's commissions and other costs incident to sale, and the book cost of such land or rights, shall be included in Account 411.6, Gains from Disposition of Utility Plant, or 411.7, Losses from Disposition of Utility Plant, if the property was ever included in Electric Plant in Service or Construction Work in Progress; otherwise to Account 421.1, Gain on Disposition of Property, or 421.2, Loss on Disposition of Property, if property was never included in Electric Plant in Service or Construction Work in Progress, as appropriate, unless a reserve therefor has been authorized and provided. Appropriate adjustments of the accounts shall be made with respect to any structures or improvements located on land sold.

Note: This does not preclude the utility from submitting the details of the transaction to the Commission and requesting approval for alternative accounting treatment when warranted by the circumstances.

3. Replace subsection 10, Additions and Retirements of Electric

Plant, paragraph E, with the following:

The book cost of land retired shall be credited to the appropriate land account. If the land is sold, the difference between the book cost (less any accumulated provision for depreciation or amortization therefor which has been authorized and provided) and the sale price of the land (less commissions and other expenses of making the sale) shall be recorded in Account 411.6, Gains from Disposition of Utility Plant, or Account 411.7, Losses from Disposition of Utility Plant, if the property was ever included in Electric Plant in Service or Construction Work in Progress; otherwise to Account 421.1, Gain on Disposition of Property, or 421.2, Loss on Disposition of Property, if the property was never included in Electric Plant in Service or Construction Work in Progress. If the land is not used in utility service but is retained by the utility, the book cost shall be charged to Account 105, Electric Plant Held for Future Use, or Account 121, Non-Utility Property, as appropriate.

Note: This does not preclude the utility from submitting the details of the transaction to the Commission and requesting approval for alternative accounting treatment when warranted by the circumstances.

- (c) Electric Plant Acquisition Adjustment Approval. The following paragraph should be inserted after paragraph 16, Nuclear Fuel Records Required:
 - 17. Electric Plant Acquisition Adjustment Accounts. Entries to Electric Plant Acquisition Adjustment accounts: Account 114, Electric Plant Acquisition Adjustment, and Account 115, Accumulated Provision for Amortization of Electric Plant Acquisition Adjustments, may not be made without prior approval of the Commission.

- (4) Changes to the Balance Sheet Accounts Section
 - (a) Account 105, Electric Plant Held For Future Use. Replace paragraph D of Account 105, Electric Plant Held for Future Use, with the following:
 - D. Gains or losses from the disposition of property previously recorded in this account shall be treated according to the Electric Plant Instructions.
 - (b) Operating Reserve Account Approval. The following paragraph should be inserted after the Operating Reserve subsection 9:
 - Utilities must have Commission approval before establishing any Operating Reserve accounts.

- (5) Changes to the Income Accounts.
 - (a) Replace the paragraph following Account 411.6, Gains from Disposition of Utility Plant, with:

This account shall be credited with the gain on sale, conveyance, exchange or transfer of utility or other property to another as described in the Electric Plant Instructions. Income taxes relating to gains recorded in this account shall be recorded in Account 409.1, Income Taxes, Utility Operating Income.

- (b) Replace the paragraph following Account 411.7, Losses from Disposition of Utility Plant, with:

This account shall be charged with the loss on the sale, conveyance, exchange or transfer of utility or other property to another as described in the Electric Plant Instructions. Income taxes relating to losses recorded in this account shall be recorded in Account 409.1, Income Taxes, Utility Operating Income.

- (c) Replace the paragraph following Account 421.1, Gain on Disposition of Property, with:

This account shall be credited with the gain on sale, conveyance, exchange or transfer of utility or other property to another as described in the Electric Plant Instructions. Income taxes on gains recorded in this account shall be recorded in Account 409.2, Income Taxes, Other Income and Deductions.

- (d) Replace the paragraph following Account 421.2, Loss on Disposition of Property, with the following paragraph:

This account shall be charged with the loss on sale, conveyance, exchange or transfer of utility property to another as described in the Electric Plant Instructions. The reduction in income taxes relating to losses recorded in this account shall be recorded in Account 409.2, Income Taxes, Other Income and Deductions.

- (6) Changes to the Operating Revenue Accounts Section. The following account should be inserted after Account 448, Interdepartmental Sales:

Account 449, Miscellaneous Electric Sales. This account shall include all revenues from sales of electric energy not properly includible in any other account and unbilled sales not recorded in any other account.

REGULATORY AUTHORITY

220 CMR 51.00: M.G.L. c. 164, § 81.