

220 CMR 52.00: UNIFORM SYSTEM OF ACCOUNTS FOR WATER COMPANIES

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DEPARTMENT OF PUBLIC UTILITIES

July 12, 1923.

To the Officers of the Water Companies of the Commonwealth of Massachusetts.

In the matter of the books, accounts and returns to be made and kept by the water companies of this Commonwealth, and pursuant to the provisions of M.G.L. 164, § 81 and also M.G.L. c. 165, § 2. it is -

ORDERED, That on and after July 1, 1923, the books, accounts and returns of the

water companies shall be made and kept in the form prescribed in the Classification of accounts prepared by the Department and adopted by the Commission July 11, 1923.

By Order of the Commission,
ANDREW A. HIGHLANDS,
Secretary.

UNIFORM CLASSIFICATION OF ACCOUNTS FOR WATER COMPANIES

GENERAL INSTRUCTIONS

Water companies shall, on and after July 1, 1923, keep their books and accounts in accordance with the definitions and instructions herein set forth. The prescribed accounts shall show fully all necessary facts pertaining to the entries made therein, with identifying references to the records, contracts, payrolls or other original books or memoranda upon which the same are founded. All books of account, payrolls, records, contracts, vouchers and original books and memoranda relating to the financial affairs of the company must be so filed as to be readily accessible for examination by representatives of the Department.

All the accounts (other than purely statistical accounts) defined in this classification must be kept by the double entry method.

All companies must keep a Balance Sheet, Plant Investment, Income, Operating Revenue, Operating Expense and Profit and Loss accounts as provided in this system of accounts (so far as applicable to the business).

In the case of each company there may be found certain accounts in the classification not necessary in recording its operations or applicable to its business, and these it will not be required to keep.

In the event that the text of the classification is not self-explanatory, the accounting officers of the water companies are requested to submit all questions of doubtful interpretation to the Department for consideration and decision.

BALANCE SHEET

SCHEDULE OF BALANCE SHEET ACCOUNTS BALANCE SHEET STATEMENT

ASSET ACCOUNTS

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101-113	Plant Investment
114-119	General Equipment

201	Unfinished Construction
202	Miscellaneous Physical Property
203	Other Investments

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204	Cash
205	Special Deposits
206	Notes Receivable
207	Accounts Receivable
208	Interest and Dividends Receivable
209	Materials and Supplies
210	Other Current Assets

Reserve Funds:

211	Sinking Funds
212	Insurance and Other Funds

Prepaid Accounts:

213	Prepaid Insurance
214	Prepaid Interest
215	Other Prepayments

Unadjusted Debits:

216	Unamortized Debt Discount and Expense
217	Property Abandoned
218	Other Unadjusted Debits

LIABILITY ACCOUNTS

Capital Stock:

301	Common Stock
302	Preferred Stock
303	Employees' Stock

Premium on Capital Stock:

304	Premium on Capital Stock
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Bonds and Coupon Notes:

305	Bonds
306	Coupon Notes

Current Liabilities:

307	Notes Payable
308	Accounts Payable
309	Consumers' Deposits

310	Matured Interest Unpaid
311	Dividends Declared
312	Other Current Liabilities

Accrued Liabilities:

313	Tax Liability
314	Interest Accrued
315	Other Accrued Liabilities

Unadjusted Credits:

316	Premium on Bonds
317	Other Unadjusted Credits

Reserves:

318	Insurance and Casualty Reserve
319	Depreciation Reserve
320	Other Reserves

Appropriated Surplus:

321	Sinking Fund Reserves
322	Miscellaneous Fund Reserves

Profit and Loss:

400	Profit and Loss - Balance
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101-113. Plant Investment

This account shall include the ledger balances representing the accounting company's investment in plant devoted to water operations.

114-119. General Equipment

This account shall include the ledger balances representing the accounting company's investment in general equipment devoted to water operations.

201. Unfinished Construction

This account shall include the ledger balances representing the amounts expended for plant and equipment in process of construction under authorization of work orders but not yet ready for service.

Expenditures charged to this account shall be distributed in accordance with the classification provided for permanent entries in the plant accounts, and each of said accounts containing charges for jobs in progress shall be further subdivided so as to show separately for each job or project the amount carried therein pertaining to such job. When the work is completed on any job, the cost of which has been charged to

any of the primary accounts under this head, this account shall be credited with the amount so charged in respect of such job and, concurrently a like amount (or such portion thereof as is chargeable to plant investment account) shall be charged to the corresponding permanent account. In making such transfer to the permanent classification it is required that the identity of the expenditure with the property be fully preserved so that the records will show the total cost of each job or project.

Note. - If any project is abandoned, credit this account with the amount expended thereon and charge same to account No. 417, "Other Deductions from Surplus."

202. Miscellaneous Physical Property

This account shall include the ledger balances representing the accounting company's investment of a permanent nature in property other than that devoted to the operation of the company's plant as a water company.

This includes such items as investments in lands, buildings, or other properties which are not a part of the company's water plant or facilities incident thereto; also property acquired and held in anticipation of future use, and property abandoned for operating purposes but still held.

203. Other Investments

This account shall include the ledger value of the accounting company's investment advances to other companies and to individuals, and of its investment in securities issued or assumed by such companies when such securities are not held in special deposits or in special funds; also miscellaneous investments not provided for elsewhere.

This account shall be subdivided as follows:

- (a) Stocks.
- (b) Bonds.
- (c) Notes.
- (d) Advances.
- (e) Miscellaneous.

204. Cash

This account shall include current funds in the hands of financial officers and agents, and deposits in banks or with trust companies available for use on demand.

Note. - Funds deposited for the purpose of paying declared dividends or bond interest coupons shall be included in account No. 205, "Special Deposits."

205. Special Deposits

This account shall include the moneys in the hands of fiscal agents which have been deposited for specific purposes. This will include amounts deposited on account of declared dividends or matured interest on bonds, and other deposits of a special nature not provided for elsewhere.

This account shall also include amounts realized from the sale of mortgaged property which are held by trustees until such property is replaced.

206. Notes Receivable

This account shall include the book value of all collectible obligations in the form of loans and notes receivable, or other similar evidences of money receivable.

207. Accounts Receivable

This account shall include all amounts owing to the accounting company by consumers, and also any accounts or claims upon which responsibility is acknowledged or which are sufficiently secured to be considered good, and all judgments against solvent concerns where the judgments are not appealable or suspended through appeal. Negotiable instruments will not be included in this account.

208. Interest and Dividends Receivable

This account shall include the amount of interest accrued to the date of the balance sheet on funded and unfunded securities owned, loans, open accounts, mortgages and deposits; dividends declared on stock owned, and dividends accrued on stocks when contracts require that the dividends be paid at stated times.

Appropriate sub-accounts may be raised to show the amount of various classes of income receivable.

Note A. - No amount representing interest or dividends receivable shall be included in this account unless its payment is reasonably assured by past experience, by contract, or otherwise.

Note B. - No dividends or other returns on securities issued or assumed by the accounting company shall be included in this account.

209. Materials and Supplies

This account shall include the cost of materials and supplies purchased regardless of whether the same are intended to be consumed in construction or in operation, or later to be sold, including such charges for freight and express as can readily be allocated. Delayed charges, or charges of a trivial nature, covering the cost of transportation on small items, may be included in operating expense account, No. 610-7, "Transportation Expenses." Cash discounts resulting from the prompt payment of invoices shall be credited to the accounts affected, either direct or through the

invoices charged to materials and supplies. This account shall also include the cost of all water appliances which are held for sale or to be loaned or leased.

Tools purchased in advance of the immediate requirements of the company shall, unless charged directly to operating expense or construction accounts, be charged to this account. Inventories of materials and supplies should be taken periodically, and any shortages or overages disclosed by such inventories shall be credited or debited to this account, and debited or credited to account No. 610-8, "Inventory Adjustments," in case they cannot be assigned to specific accounts.

When any tangible property is dismantled it shall be treated as retired; the original cost of such property shall be credited to the plant investment account in which it is carried, and the salvage value, based upon fair prices for the particular kinds and grades of material, shall be charged to this account.

Material and supplies taken from stock in excess of the amount actually required, shall, when returned to stock, be charged to Materials and Supplies at the same price at which the account was originally credited, or at the average price of such material if the cost of materials and supplies is kept on an average basis.

210. Other Current Assets

This account shall include all current assets of the company which are not included under any of the foregoing accounts.

211. Sinking Funds

This account shall include the amount of cash, the cost or book value of live securities of other companies, and other assets which are held by trustees of sinking and other funds for the purpose of redeeming outstanding obligations; also the par value of live securities issued or assumed by the accounting company and held in such funds.

This account shall also include all income derived from such investments, the amount of which shall concurrently be credited to account No. 321, "Sinking Fund Reserves." A separate account shall be kept for each fund.

212. Insurance and Other Funds

This account shall include the amount of cash and the cost or ledger value of securities of other companies, and other assets in depreciation, insurance, employees' pensions, savings, relief, hospital and other funds which have been raised and specifically set aside or invested for specific purposes not provided for elsewhere; also the par value of securities issued or assumed by the accounting company and held in such funds. A separate account shall be provided for each fund.

213. Prepaid Insurance

When premiums on insurance policies are paid in advance of their accrual, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As such premiums accrue they shall be credited at regular accounting intervals to this account and charged to the appropriate expense account.

214. Prepaid Interest

When interest is paid in advance, or when the amount of the interest is deducted from the face of the note, the amount thus prepaid shall be charged to this account. As such interest accrues it shall be credited at regular accounting intervals to this account and charged to the appropriate interest account.

215. Other Prepayments

When prepayments are made for any purpose other than insurance, and interest, above provided for, such prepayments shall be charged to this account; and as the purpose of the prepayment is satisfied, proportionate amounts shall be credited at regular accounting intervals to this account and charged to the appropriate expense or income account.

216. Unamortized Debt Discount and Expense

When bonds, securities and other evidences of indebtedness are disposed of for a consideration whose cash value is less than the sum of the par value of the securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of such sum of the par value and accrued interest over the cash value of the consideration shall be charged to this account. To this account shall also be charged all expense connected with the issue and sale of evidences of debt, such as fees for drafting mortgages and trust deeds, fees and taxes for recording mortgages and trust deeds, cost of engraving and printing bonds and certificates of indebtedness, fees paid trustees provided for in mortgages and trust deeds, fees and commissions paid under-writers and brokers for marketing such evidences of debt, and other like expense. At or before the close of each fiscal period thereafter a proportion of such discount and expense based upon the life of the security to maturity shall be credited to this account and charged to account No. 578, "Amortization of Discount." Such discount and expense may, if desired, be amortized more rapidly through charges of all or any part of it, either at the time of issue or later, to account No. 416, "Discount on Bonds Extinguished through Surplus."

217. Property Abandoned

This account is intended as a suspense account in which may be carried property

abandoned directly in connection with improvements, the amount of which is too large to be included in the utility's accounts for a single year. It is to be used only after permission has been granted by the Department. The utility, in its application to the Department, shall give the full particulars concerning the property retired, the amount to be amortized, and the period over which, in its judgment, the amount of such charge should be distributed.

For each item remaining at the close of the year in this account the utility shall indicate in its annual report to the Department, with respect to each item of property abandoned, the period over which the balance relating to the item will be distributed, the date of the abandonment of the property and the total amount originally charged to operating expenses or depreciation reserve, and the amount charged during the year.

218. Other Unadjusted Debits

This account shall include all debits not elsewhere provided for and the proper final disposition of which is uncertain. This will include all such matters as expense of preliminary surveys, plans, investigations, etc., made for determining the feasibility of projects under contemplation. Should any such project later be carried to completion, such amount shall be credited to this account and charged to the proper plant investment account; should it be abandoned such amount shall be charged to account No. 417, "Other Deductions from Surplus."

When the proper disposition of any matter charged to this account is determined it shall be credited to this account and charged to the appropriate account.

No items of expense which would in any way affect the income of the company for any year shall be charged to this account without first obtaining the permission of the Department.

301. Common Stock

Shares which have no preference in the distribution of dividends.

302. Preferred Stock

Shares having preference in the distribution of dividends.

303. Employees' Stock

Shares issued under the provision of M.G.L. c. 158, § 26.

304. Premium on Capital Stock

When any company reacquires by purchase or otherwise, any of its capital stock

that has been sold at a premium, the amount of the premium upon the shares so reacquired shall be debited to this account and concurrently credited to Profit and Loss account No. 418, "Appropriations of Surplus for Construction".

305. Bonds

This account shall include the total par value of unmatured bonds issued by the accounting company and not retired or canceled; also the total par value of unmatured bonds of other companies, the payment of which has been assumed by the accounting company.

Note. - Subaccounts should be kept for each class of bonds issued. No two issues of bonds shall be considered as of the same class unless agreeing in (1) mortgage or other lien or security therefor; (2) rate of interest; (3) interest dates; and (4) date of maturity, except that any parts of a bond issue agreeing in the first three characteristics but maturing serially may be treated as of the same class.

306. Coupon Notes

This account shall include all notes payable having interest coupons attached, whether issued by accounting company or assumed.

307. Notes Payable

This account shall include all promissory notes payable, other than coupon notes, whether issued by accounting company or assumed.

308. Accounts Payable

This account shall include the amount of audited vouchers or accounts and audited payrolls unpaid on the date of the balance sheet; also balances representing unclaimed wages and outstanding pay, and time or discharge checks issued in payment of wages, and all other unpaid vouchered items.

309. Consumers' Deposits

Credit to this account, as such deposits are made, all cash deposited with the company as security for the payment of bills. Deposits refunded should be charged to this account and credited to cash. Deposits applicable to uncollectible or worthless bills should, at the close of the fiscal year (or earlier, at the option of the accounting company), be credited to the account of the consumer involved and debited to this account.

310. Matured Interest Unpaid

This account shall include the amount of interest due and unpaid on loans, funded debt or other obligations of the accounting company, whether such interest remains unpaid because it has not been called for, or for other reasons.

311. Dividends Declared

When any dividend is declared it should be credited to this account and here remain until it is paid, when it should be charged to this account and credited to cash, or other suitable account.

Dividends should not appear as a liability of the company unless they have actually been declared by vote of the Board of Directors.

312. Other Current Liabilities

This account shall include items of current liabilities not provided for elsewhere.

313. Tax Liability

This account shall be credited at the close of each accounting period with the amount of taxes accrued during the period, and a corresponding charge shall be made to the appropriate Taxes account. Credits to the account Tax Liability will necessarily be based upon estimate until the amount of tax levied for the tax period is known; such estimates shall be based upon the best data available, and as soon as the amount of tax for the period is known, the amount involved shall be adjusted to conform. When any tax is paid it shall be charged to this account. If the taxes paid are in excess of the taxes accrued the amount of the excess shall be shown in red.

314. Interest Accrued

This account shall include all interest accrued, but not due, upon the funded and unfunded indebtedness of the company. Separate subaccounts shall be maintained for each item of indebtedness.

When interest matures without being paid it shall be charged to this account and credited to account No. 310, "Matured Interest Unpaid."

Payments to trustees (or other agents) of the holders of bonds or other securities, of the interest accrued thereon, which operate under the terms of the securities (or of mortgages supporting such securities) as a release of the paying company from further liability for such interest, shall be considered equivalent to payments of interest, made direct to bondholders, and such interest shall not be credited to Matured Interest Unpaid.

The interest accrued upon any judgment against the accounting company shall not be credited to this account, but to the account to which such judgment stands credited.

315. Other Accrued Liabilities

This account shall include all other liabilities accrued to the date of the balance sheet, but not due until after that date, which are not provided for in the foregoing accounts.

316. Premium on Bonds

When bonds or other evidences of indebtedness are disposed of for a consideration whose cash value is greater than the sum of the par value of such securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of the cash value of such consideration received over the sum of the par value of the securities or other evidences of indebtedness and the accrued interest should be credited to this account. At appropriate intervals thereafter a proportion of such premium, based upon the life of the security, may be charged to this account and credited to account No. 565, "Amortization of Premium on Bonds."

Utility companies have the option of deferring the extinguishment of such premiums until the maturity of the obligation represented.

317. Other Unadjusted Credits

This account shall include the amount of credit balances in suspense accounts that cannot be entirely cleared and disposed of until additional information is received.

318. Insurance and Casualty Reserve

This account shall include the net credit balances in the accounts to which are credited any specific appropriations of surplus and such amounts as are concurrently charged to operating expense account No. 610-4, "Insurance," to cover self-carried risks on fire, fidelity, boiler, casualty, burglar, and other self-carried insurance. To this account should be charged the proper proportions of losses realized on items protected by such self-carried insurance.

319. Depreciation Reserve

To this account shall be credited the amounts charged to operating expense or other accounts for the retirement of property no longer used or useful in the conduct of the company's business, and for losses in value due to wear and tear not covered by current repairs.

320. Other Reserves

This account shall include the net credit balances in the accounts representing reserves set aside for specific purposes, not elsewhere provided for.

321. Sinking Fund Reserves

This account shall include the unexpended balances in accounts to which are credited definite appropriations of surplus, whether held in general funds or specifically set aside in the hands of trustees for sinking and redemption funds. It shall also include income accretions to such funds retained therein.

322. Miscellaneous Fund Reserves

This account shall include the net balances in accounts to which are credited definite appropriations of surplus, whether held in general funds or specifically set aside in the hands of trustees and not provided for elsewhere. It shall also include income accretions to such funds retained therein.

324. Surplus Invested in Plant

This account shall include such appropriations of surplus as are definitely set aside for construction and for additions to and betterments of the company's plant and property, the cost of which is carried in the plant investment and equipment accounts or for the acquisition of property the cost of which is includible in balance sheet account No. 202, "Miscellaneous Physical Property".

This account shall also include any premiums received from the sale of capital stock when any of such stock is retired or reacquired by the company.

400. Profit and Loss -- Balance

This account shall include the balance at the close of the fiscal period as shown in the Profit and Loss account.

PLANT INVESTMENT ACCOUNTS

The plant investment accounts shall be reclassified in accordance with the accounts as prescribed by this classification of accounts.

In case the books do not reflect the present book value of the various items of property prescribed by the classification of accounts, an estimate of the value should be made.

It is intended that the books shall show the original cost of all additions made to

the property since the adoption of the classification of accounts and shall be carried at such value until such property is abandoned, sold, reconstructed or converted.

In case any property is abandoned, sold, reconstructed or converted, the original cost or book value of the property, less the salvage, shall be charged to "Depreciation Reserve" provided the reserve is sufficient to cover the value of the plant retired. If the balance in the reserve account is not sufficient to cover the cost of the plant retired, the amount not covered may be charged to Profit and Loss.

SCHEDULE OF PLANT INVESTMENT AND GENERAL EQUIPMENT ACCOUNTS

Intangible Property:

- 101 Organization
- 102 Miscellaneous Intangible Investment

Tangible Property:

- 103 Land
- 104 Structures
- 105 Pumping Plant Equipment
- 106 Miscellaneous Pumping Plant Equipment
- 107 Purification System
- 108 Transmission and Distribution Mains
- 109 Services
- 110 Consumers' Meters and Measuring Devices
- 111 Consumers' Meter and Measuring Device Installation
- 112 Hydrants
- 113 Fire Cisterns, Basins, Fountains and Troughs
- 113A Water Rights
- 113B Miscellaneous Expenditures

General Equipment:

- 114 Office Equipment
- 115 Shop Equipment
- 116 Stores Equipment
- 117 Transportation Equipment
- 118 Laboratory Equipment
- 119 Miscellaneous Equipment

101. Organization

This account shall include all fees paid to governments for the privilege of incorporation, and all office and other expenditures incident to organizing the company and putting it in readiness to do business. This covers the cost of preparing and distributing prospectuses; cost of soliciting subscriptions for stock (but not for loans or

for purchase of bonds or other evidences of indebtedness); cash fees paid to promoters and the actual cash value at the time of organization of securities paid to promoters for their services in organizing the enterprise; counsel fees; cost of preparing and issuing certificates of stock and cost of procuring certificates of necessity from State authorities, and other like costs. This account shall not include any discount on securities issued, or any costs incident to negotiating loans or selling bonds or other evidences of indebtedness. Any amount charged to this account should be amortized within a reasonable period.

102. Miscellaneous Intangible Investment

This account shall include the cost (if the expenditure is approved by the Department) of any intangible property purchased by the accounting company which cannot be specifically assigned to some other account in this classification.

Note. - When any company reclassifies the book accounts representing its investment in plant prior to the effective date of this classification, and finds that there is an amount in excess of that which is properly chargeable to other prescribed accounts, this excess shall be charged to Miscellaneous Intangible Investment.

Any items charged to this or the preceding account shall be amortized by the accounting company as directed by the Department.

103. Land

This account shall include the cost to the utility of all lands used and useful in its water operation. Such a cost includes, when assumed or paid by the purchaser in its own behalf, cost of registration of title, cost of examination of title, conveyancer's and notary's fees; cost of obtaining consents and payments for abutting damages; also the first cost of acquiring leaseholds of land for rights of way with a life of more than one year, but not including the rents paid periodically in consideration of rights obtained under such leases.

This account also includes special assessments levied by public authorities on the basis of benefits for streets and other public improvements, such as new roads, new bridges, new sewers, new pavements, new curbing, etc., but not any taxes levied to provide for maintenance of such improvements.

The cost of buildings and other improvements should not be included in this account. If at the time of acquisition of an interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the accounting company to its water operations, and the contract of acquisition does not determine the price of such improvements, they should be appraised at their fair cash value for use in such operations, and such appraised value should be charged to the appropriate structures account, and excluded from this account. If such improvements are not

devoted to water operations but are devoted to other operations or held as investments, the cost (or appraised value if the cost is not determined in the contract of acquisition) should be charged to the appropriate investment account or capital account for other operation. If the improvements are removed or wrecked, the cost of removing or wrecking them should be charged and the salvage credited to the land account.

This account may be subdivided as follows, and so far as practicable records of the cost of land devoted to water operations should be kept in the detail indicated. Land used both for general office and departmental purposes may be classed as "Miscellaneous."

- A. Source of supply land.
- B. Pumping station land.
- C. Purification land.
- D. Storage land.
- E. Transmission and distribution lands and rights of way.
- F. General office lands.
- G. Miscellaneous land devoted to water operations.
 - 1. Stores department land.
 - 2. General shops land.
 - 3. Garage land, etc.

104. Structures

This account shall include all permanent buildings and structures to house, support, or safeguard persons or property with all appurtenant fixtures, improvements to land and other constructions.

Buildings shall include all fixtures attached to and forming a permanent part thereof, such as water pipes and fixtures, steam pipes and fixtures for heating and ventilating, gas pipes and fixtures for lighting, etc., electric wiring and fixtures for lighting, signaling, etc., cranes and hoists and the motive power for operating them. This account also includes the cost of excavations, brick or concrete chimneys and such piers and foundations for machinery and apparatus as are designated to be as permanent as the buildings and independent of their use in connection with any particular units of equipment. Charge also the cost of architect's plans and of superintendence of construction.

Improvements to land include roadways, fences, sidewalks, sewer systems, water systems, yard lighting system, grading, trestles, canals, bench marks, monuments, and any other permanent structures which are an improvement to the property.

This account may be subdivided as follows, and so far as practicable, records of the cost of the structure devoted to water operations should be kept in the detail

indicated. Structures used both for general offices and departmental purposes may be classed as "Miscellaneous."

- a. Source of water supply structures.
- b. Pumping station building and fixtures.
- c. Purification buildings and fixtures.
- d. Reservoirs and standpipes.
- e. Distribution structures.
- f. General office buildings and fixtures.
- g. Miscellaneous structures devoted to water operations.
 1. Store department structures.
 2. General shop structures.
 3. Garage structures, etc.

105. Pumping Plant Equipment

This account shall include the cost of all pumping equipment, including boilers and accessories, gas producers, also all pumping equipment whether driven by steam, electricity or other power, including pumps and prime movers and appurtenant equipment such as condensers, switchboards, motor generator sets, lubricating systems, belting and other accessory equipment.

Note. - Sub-accounts may be opened in case the company desires to show the cost of the various kinds of pumping equipment owned.

106. Miscellaneous Pumping Plant Equipment

This account shall include the cost of all pumping plant equipment not includible in any of the preceding accounts, such as cranes, hoists, machine tools, safety appliances and other miscellaneous pumping station equipment.

107. Purification System

This account shall include the cost of all apparatus and equipment used for purification of water. This includes settling basins, filter beds, mechanical filters, and all auxiliary apparatus for purifying water, together with protecting structures erected in connection therewith.

108. Transmission and Distribution Mains

This account shall include the cost of all transmission and distribution mains used for conveying water from the pumping station, impounding reservoir or other source of supply to the consumer; this includes the cost of all trenching for pipes, placing main pipes, special castings, materials for joints, shut offs, manholes, valves and the cost of filling trenches, and restoring the surface of the street to its former

condition as required by municipal authorities.

109. Services

This account shall include the cost of corporation's property in services in or leading to the consumer's premises. This includes the cost of material in place, the cost of trenching for placing services, service pipes, service boxes, stop cocks, etc., and the cost of filling the trenches and restoring the surface to its proper condition.

110. Consumers' Meters and Measuring Devices

This account shall include the cost of all meters, measuring devices, weirs, etc., used or to be used in measuring or determining water delivered to consumers. This covers in addition to cost of meters to point of delivery on the accounting company's premises such incidentals as the cost of meter badges and their attachment to the meters, testing and storing new meters and the first set of meter fittings, connections and shelves.

Note A. - If it has been the policy of the company to charge the cost of installation of the output of the station, such cost shall be charged to the appropriate power plant equipment account.

Note B. - The cost of setting, removing, or resetting consumer's meters shall not be charged to this account.

111. Consumer's Meter and Measuring Device Installation

This account shall include the cost of the first setting of meters for determining the amount of water delivered upon the premises of consumers. When any meter service is permanently discontinued this account shall be credited with an amount representing the average installation cost of a consumer's meter.

Note A. - If it has been the policy of the company to charge the cost of installation of meters to operating expenses it may continue to do so in the future if it so desires notwithstanding the text of the foregoing account.

112. Hydrants

This account shall include the cost of water utility's property in all hydrants placed in the distribution system. This includes the cost of all materials in place, the cost of trenching for placing hydrants, hydrant connections, etc., and the cost of filling trenches and restoring the surface to its proper condition.

113. Fire Cisterns, Basins, Fountains and Troughs

This account shall include the cost of the utility's property in all fire cisterns, basins, fountains, and troughs; digging and trenching in connection therewith, and restoring the pavement to its original condition or that required by municipal ordinances.

113-A. Water Rights

This account shall include amounts actually paid for the right to take water perpetually from any source of supply.

Note. - Payments made periodically for the right to take water should not be charged to this account, but should be charged to Operating Expense account No. 602, "Water Purchased for Resale."

113-B. Miscellaneous Expenditures

This account shall include the cost to the water utility of all plant investment and equipment not chargeable to any of the foregoing accounts.

114. Office Equipment

The cost of all permanent equipment in offices, such as desks, chairs, tables, safes, filing cases, drafting-room equipment, typewriters, legal and technical books, mechanical office devices and all movable furniture, shall, unless charged directly to operating expense accounts, be charged to this account.

115. Shop Equipment

The cost of equipment especially provided for shops, including such shop equipment as machine tools, cranes, hoists, shaftings, belts, power apparatus for operating machinery and all miscellaneous shop equipment, shall, unless charged directly to operating expense accounts, be charged to this account.

116. Stores Equipment

The cost of all equipment of general stores structures, such as movable shelving and counters, carts, barrows, trucks and other apparatus and appliances used in handling materials and supplies including loading and unloading machinery, derricks, cranes, hoists, conveying apparatus and items of similar nature, shall, unless charged directly to operating expense accounts, be charged to this account.

117. Transportation Equipment

The cost of the transportation equipment used by the utility, such as motorcycles, automobiles, motor trucks, trailers, tractors, and other vehicles; battery

charging outfits, gasoline and oil storage tanks and pumps, and other garage equipment; horses, harnesses, drays and wagons shall, unless charged directly to operating expense accounts, be charged to this account; also equipment for shoeing horses, and equipment for harness repair shops, vehicle repair shop and auto repair shop, if this equipment is devoted exclusively to these purposes.

118. Laboratory Equipment

The cost of all testing apparatus and laboratory equipment not elsewhere provided for, shall, unless charged directly to operating expense accounts, be charged to this account.

119. Miscellaneous Equipment

The cost of all tools and implements not elsewhere provided for shall be charged to this account.

Note. - The cost of small portable tools and implements, shall be carried in account No. 209, "Materials and Supplies," until issued for use, when Materials and Supplies shall be credited and the appropriate work order or other account charged with the cost of the tools or implements so issued. The cost of maintaining tools and implements shall be charged to the expense of the department to which they are assigned.

INCOME

SCHEDULE OF INCOME ACCOUNTS

Operating Income:

500	Operating Revenues
600	Operating Expenses
	Net Operating Revenue
550	Uncollectible Operating Revenues
551	Taxes
	Net Operating Income

Non-Operating Incomes:

560	Merchandise and Jobbing Revenue
561	Rent from Appliances
562	Miscellaneous Rent Income
563	Interest and Dividend Income
564	Income from Sinking and Other Reserve Funds
565	Amortization of Premium on Bonds
566	Miscellaneous Non-operating Income
	Gross Income

Deductions from Gross Income:

- 566 Miscellaneous Non-operating Income
- 575 Miscellaneous Rents
- 576 Interest on Bonds and Coupon Notes
- 577 Miscellaneous Interest Deductions
- 578 Amortization of Discount
- 579 Miscellaneous Deductions from Income
- Income Balance Transferred to Profit and Loss

500. Operating Revenues

Under this head shall be shown the total revenues derived from water operations, as shown in accounts provided in the classification of water operating revenues, for the period covered by the income statement. (For primary operating revenue accounts see accounts Nos. 501-507 inclusive.)

600. Operating Expenses

Under this head shall be shown the total expenses of the water operations of the utility, as shown in the accounts provided in the classification of water operating expenses, for the period covered by the income statement. (For primary operating expense accounts see accounts Nos. 610-611 inclusive.)

550. Uncollectible Operating Revenues

This account shall include the amount of bills for water service which have proved impracticable of collection. This includes all uncollectible bills for amounts which have been treated as operating revenues, whether the bills were contracted during the period under consideration or during a previous period.

Operating Revenue accounts which have been written off and afterwards collected, shall upon collection be credited to this account.

In case the accounting company so desires, a reserve account may be created through charges to this account. This reserve account shall at the end of each fiscal period contain only a sufficient amount to offset the estimated amount of bills for water service then outstanding that are deemed impracticable of collection. Such reserve account shall be included in balance sheet account No. 320, "Other Reserves".

Note. - All uncollectible bills which have not been treated as operating revenue should be charged to the account which was originally credited.

551. Taxes

This account shall include the amount of taxes applicable to the water operations of the accounting company during the period for which the income account is stated, including the tax levied upon the gross operating revenue to cover the yearly expenses

of this Department.

The tax accounts shall be charged at regular accounting intervals and the "Tax Liability Account" concurrently credited with the period's proportion of taxes applicable to the operations covered by each amount. If the exact amounts of the annual taxes are not known, they shall be estimated and a due share of the estimated amounts shall be charged for each accounting period. From time to time during the year as the actual tax levies become known the periodic charges shall be adjusted so as to include as nearly as possible the total amount of the taxes in the period to which they apply.

560. Merchandise and Jobbing Revenue

This account shall include the revenue derived from the sale of water merchandise and appliances; also revenue for water jobbing and repair work chargeable to the customer.

Credit to this account the gross amounts received from or billed to the customer.

Charge to this account the cost of all merchandise sold, including advertising and incidental expenses in connection therewith, and the cost of all labor and materials used in connection with the work, the revenues from which are included in this account.

561. Rent from Water Appliances

This account shall include the revenues accrued from the renting to others of motors, meters and other water apparatus and appliances. To this account shall be charged the cost of all labor and material incident to the installation, removal, resetting and maintenance of such rented property.

562. Miscellaneous Rent Income

This account shall include such rents of property owned and controlled by the accounting utility as are not provided for elsewhere.

Charge to this account the cost of maintenance of the property rented, and all incidental expenses in connection therewith, including taxes.

Note. - If the expenses of the property leased cannot be separated from the expenses of property used in the company's operations, the rents shall be credited to revenue account No. 506, "Rent from Property Used in Operation."

563. Interest and Dividend Income

This account shall include the interest accruing to the accounting company upon the securities of other companies and upon securities of national, state and municipal governments. It shall also include interest on notes and other evidences of indebtedness, interest on bank balances and on open accounts and other analogous

items. Interest accrued shall not be credited to this account unless its payment is reasonably assured; in other cases, credits to this account shall be based upon the interest actually collected.

564. Income from Sinking and Other Reserve Funds

This account shall include the income accrued on cash, securities (other than securities issued or assured by the accounting company) and other assets held in sinking and other reserve funds.

The amount to be shown in the income statement is the net amount after deducting incidental expenses.

Note A. - When the income accruing on the cash or other assets held in sinking fund or other reserve fund is required to be retained therein, the amount of such income will be concurrently charged to account No. 413, "Surplus Applied to Sinking Fund and Other Reserves," and credited to the appropriate balance sheet reserve account.

Note B. - In case the Sinking Fund is held by a bank or trust company, the interest which accrues on the amount deposited shall be charged to "Sinking Fund" and credited to "Sinking Fund Reserve."

565. Amortization of Premium on Bonds

This account may include during each fiscal period such proportion of the premium on outstanding bonds as may be applicable to the period; or the utility may defer the extinguishment of such premium until the maturity of the obligation represented.

Note. - The amount credited to this account shall be concurrently charged to the account in which the premium is carried.

566. Miscellaneous Non-operating Income

This income shall include all items of income accruing to the accounting utility not provided for elsewhere.

575. Miscellaneous Rents

This account shall include interest accrued on unfunded debt, such as notes property held under lease or agreement and not provided for elsewhere.

576. Interest on Bonds and Coupon Notes

This account shall include the current accruals of interest on all classes of Bonds or Coupon Notes as defined in balance sheet accounts No. 305, "Bonds," and No. 306,

"Coupon Notes," issued or assumed by the accounting company. This account shall not include interest on securities of the accounting company held in its treasury or pledged as collateral.

577. Miscellaneous Interest Deductions

This account shall include interest accrued on unfunded debt, such as notes payable on demand or notes issued for a specified period, interest on matured securities and open accounts; and other analogous items, including discount on notes payable.

578. Amortization of Discount

This account shall be charged at regular accounting intervals with that proportion of the unamortized discount and expense on outstanding bonds or coupon notes, which is applicable to the period. The proportion is to be determined according to a rule, the uniform application of which, during the interval between the issue and the date of maturity, will completely amortize or wipe out the discount at which such bonds were issued and the expense connected therewith. Such charges to this account shall not be greater nor less than the amount applicable to the period, so long as any portion of the discount and expense remains unextinguished. All or any portion of the discount and expense remaining at any time unextinguished may, at the option of the utility, be charged to account No. 416, "Discount on Bonds Extinguished through Surplus."

579. Miscellaneous Deductions from Income

This account shall include all items not provided for elsewhere and property chargeable to Income account. Such deductions should not include any appropriations or dispositions of income that rest solely in the discretion of the accounting company.

PROFIT AND LOSS

SCHEDULE OF PROFIT AND LOSS ACCOUNTS

Credits:

- 401 Credit Balance at Beginning of Fiscal Period
- 402 Credit Balance Transferred from Income Account
- 403 Miscellaneous Credits

Debits:

- 411 Debit Balance at Beginning of Fiscal Period
- 412 Debit Balance Transferred from Income Account
- 413 Surplus Applied to Sinking Fund and Other Reserves
- 414 Dividend Appropriations of Surplus
- 415 Appropriations of Surplus for Depreciation

- 416 Discount on Bonds Extinguished through Surplus
- 417 Other Deductions from Surplus

401. Credit Balance at Beginning of Fiscal Period

This account shall include the net credit balance in the Profit and Loss account at the beginning of the fiscal period.

402. Credit Balance Transferred from Income Account

This account shall include the net income for the fiscal period brought forward from the Income account. If the balance in the Income account is a loss it shall be shown in account No. 412, "Debit Balance Transferred from Income Account," and not in this account.

403. Miscellaneous Credits

This account shall include amounts, not provided for elsewhere, transferred from other accounts to surplus, and amounts representing increases of resources not properly assignable to the income accounts of the fiscal period for which the accounts are stated. Among the items includible in this account are the following:

Adjustments or cancellations of balance sheet accounts.

Profit derived from the sale of investment securities.

Credits resulting from adjustments required to bring to par, securities issued or assumed by the accounting company and re-acquired at a cost less than the par value.

Unreleased premium on bonds at maturity when the extinguishment of premium has been deferred until the maturity of the bonds instead of being extinguished through periodic credits to Income account.

Collection of old accounts (other than revenue accounts) previously written off.

Note. - Revenue accounts charged to account No. 550, "Uncollectible Operating Revenues," and later collected, shall upon collection be credited to the account which was originally charged when the amount in question was written off, and not to Profit and Loss.

411. Debit Balance at Beginning of Fiscal Period

This account shall include the net debit balance in the Profit and Loss account at the beginning of the fiscal period.

412. Debit Balance Transferred from Income Account

This account shall include the net loss for the fiscal period brought forward from the Income Account.

413. Surplus Applied to Sinking Fund and Other Reserves

This account shall include appropriations of surplus for sinking fund and other reserves; also allotments of surplus or payments of definite amounts from surplus into sinking fund and other reserves under terms of mortgages, deeds of trust, or other contracts that provide for such payments, and accretions to such funds representing interest or other returns on the assets carried therein.

Note. - The amounts charged to this account shall be concurrently credited to balance sheet account No. 321, "Sinking Fund Reserves," or account No. 322, "Miscellaneous Fund Reserves."

414. Dividend Appropriations of Surplus

This account shall include amounts declared payable as dividends on actually outstanding capital stock issued or assumed by the accounting company.

This account shall be subdivided so as to show separately the dividends on the various classes of capital stock.

Note. - This account shall not include charges for dividends on capital stock issued or assumed by the accounting company and owned by it, whether held in the treasury, in special deposits, or pledged as collateral.

415. Appropriations of Surplus for Depreciation

When the balance shown in balance sheet account No. 319, "Depreciation Reserve," is less than is necessary to provide for the retirement of property no longer used or useful in the conduct of the company's business, and for losses in value due to wear and tear not covered by current repairs, the company may charge this account and concurrently credit balance sheet account No. 319, "Depreciation Reserve," with such amounts as shall be deemed necessary to cover such deficiency.

416. Discount on Bonds Extinguished through Surplus

This account shall include appropriations made, at the option of the accounting utility, to reduce or extinguish the discount and expense on bonds carried in balance sheet account No. 216, "Unamortized Debt Discount and Expense." (See Income account No. 578, "Amortization of Discount.")

417. Other Deductions from Surplus

This account shall include amounts not provided for elsewhere chargeable to Surplus account from other accounts; amounts written off in consequence of adjustments, and payments not properly chargeable to the Income accounts of the fiscal period for which the accounts are stated. Among the items includible in this account are the following:

Adjustments or cancellations of balance sheet accounts.

Losses resulting from the sale of investment securities.

Losses resulting from the sale of property below the amount at which such property stands charged in the plant or other asset accounts.

Debits resulting from adjustments required to bring to par, securities issued or assumed by the accounting company and re-acquired at a cost exceeding the par value.

418. Appropriations of Surplus for Construction

This account shall include such appropriations of surplus as are definitely set aside for construction and for additions to and betterments of the company's plant and property, the cost of which is includible in balance sheet account No. 202, "Miscellaneous Physical Property."

The amounts charged to this account shall concurrently be credited to balance sheet account No. 324, "Surplus Invested in Plant."

SCHEDULE OF OPERATING REVENUE ACCOUNTS

Revenues from Sale of Water:

- 501 Metered Sales to General Consumers
- 502 Flat-rate Sales to General Consumers
- 503 Sales to Other Water Companies
- 504 Municipal Hydrants
- 505 Miscellaneous Municipal Revenues

Miscellaneous Revenues:

- 506 Rent from Property used in Operation
- 507 Miscellaneous Operating Revenues

501. Metered Sales to General Consumers

This account shall include all revenue received from the sale of water through ordinary meters for residential, commercial and industrial purposes where the total receipt is dependent upon quantity of water supplied, except revenues from the sale of

water to municipal corporations and other governmental agencies at rates not available to non-municipal users.

Note. - This account may be subdivided to show the sales of water for residential, commercial and industrial purposes, by tariff schedules or otherwise.

502. Flat-Rate Sales to General Consumers

This account shall include all revenues received from the sale of water at flat rates per year, per night, per hour, or other time unit, or on any basis independent of the quantity of water supplied, except revenues from the sale of water to municipal corporations and other governmental agencies at rates not available to non-municipal users.

Note. - This account may be subdivided to show the sales of water for residential, commercial and industrial purposes, by tariff schedules or otherwise.

503. Sales to Other Water Companies

This account shall include all revenues derived from water sold to other water companies to be by them distributed through their own system to consumers.

504. Municipal Hydrants

This account shall include all revenues derived from hydrant rental. When the hydrant rental paid by the municipality includes the use of water for street sprinkling and flushing purposes and such water is not being separately metered, the total revenue collected under the contract for hydrant rental shall be credited to this account.

505. Miscellaneous Municipal Revenues

This account shall include all revenues derived from water supplied to municipal corporations at special rates not available to non-municipal consumers; also all revenues from water supplied under special contract with federal, state or county government.

506. Rent from Property used in Operation

This account shall include rents received for the use by others of buildings, land and other property devoted to water operations of the accounting company, including the rental of pipe lines used for the transmission of water. This covers such matters as rent from the joint use of office buildings; also rent of buildings used as warehouses.

507. Miscellaneous Operating Revenues

This account shall include revenues derived from water operations which are not

includible in any of the foregoing revenue accounts. This covers such items as profit on the sale of materials and supplies not ordinarily purchased for resale, sale of overflow water, etc.

INSTRUCTIONS PERTAINING TO OPERATING EXPENSE ACCOUNTS

All companies having operating revenues in excess of \$15,000 shall keep the operating expense accounts in accordance with the account numbers designated as 601-1 to 610-11.

All companies having operating revenues less than \$15,000 shall keep their operating expense accounts in accordance with the account numbers designated as 601 to 610.

Charges made to operating expense account "Depreciation" shall be concurrently credited to "Depreciation Reserve."

OPERATING EXPENSES

Source of Water Supply Expenses

- 601 Maintenance of Source of Water Supply
- 601-1 Maintenance of Water Supply Buildings and Fixtures
- 601-2 Maintenance of Surface Source of Supply Facilities
- 601-3 Maintenance of Ground Source of Water Supply
- 602 Water Purchased for Resale

Pumping Expenses

- 603 Pumping Labor, Supplies and Expenses
- 603-1 Pumping Labor
- 603-2 Boiler Fuel
- 603-3 Water for Steam
- 603-4 Electric Power Purchased
- 603-5 Miscellaneous Pumping Station Supplies & Expenses
- 604 Maintenance of Pumping Plant
- 604-1 Maintenance of Power Pumping Buildings and Fixtures
- 604-2 Maintenance of Pumping Equipment
- 604-3 Maintenance of Miscellaneous Pumping Plant Equipment

Purification Expenses

- 605 Purification Labor, Supplies and Expenses
- 605-1 Purification Labor
- 605-2 Purification Supplies and Expenses
- 606 Maintenance of Purification Buildings and Equipment
- 606-1 Maintenance of Purification Buildings and Fixtures
- 606-2 Maintenance of Purification Equipment

Transmission and Distribution Expenses

- 607 Inspecting Customer's Installations
- 608 Miscellaneous Transmission and Distribution Supplies and Expenses
- 609 Maintenance of Transmission and Distribution System
- 609-1 Maintenance of Trans. and Dist. Buildings and Fixtures
- 609-2 Maintenance of Trans. and Dist. Mains
- 609-3 Maintenance of Storage, Reservoirs, Tanks and Standpipes
- 609-4 Maintenance of Services
- 609-5 Maintenance of Meters
- 609-6 Maintenance of Hydrants
- 609-7 Maintenance of Fountains and Troughs

General and Miscellaneous Expenses

- 610 General and Miscellaneous Expenses
- 610-1 Salaries of General Officers and Clerks
- 610-2 General Office Supplies and Expenses
- 610-3 Law Expense -- General
- 610-4 Insurance
- 610-5 Accidents and Damages
- 610-6 Store Expenses
- 610-7 Transportation Expenses
- 610-8 Inventory Adjustments
- 610-9 Maintenance of General Structures
- 610-10 Depreciation
- 610-11 Miscellaneous General Expenses

601. Maintenance of Source of Water Supply

601-1. Maintenance of Water Supply Buildings and Fixtures. This account shall include the cost of labor and material used in repairs to buildings, fixtures, and grounds used in connection with the source of water supply, such as dwellings occupied by patrolmen, inspectors, caretakers, and other employees engaged in the operation of the source of water supply, pump houses, well houses, and other buildings.

601-2. Maintenance of Surface Source of Supply Facilities. This account shall include the cost of labor and material used in repairs to impounding reservoirs, dams, artificial lakes and ponds, canals, conduits, embankments, channels, waste weirs, gates, valves, gate structures, pipe lines, flumes, aqueducts, supporting trestles, viaducts, and appurtenant equipment when used for collection or diversion of water from a surface source of supply.

601-3. Maintenance of Ground Source of Water Supply. This account shall include the cost of labor and material used in repairs to large open wells, shallow tubular wells, deep wells, artesian wells, springs, and repairs to infiltration galleries. Include also repairs to collecting reservoirs, intake wells, and conduits and appurtenant equipment

when used for the collection of water from a ground source of water supply.

602. Water Purchased for Resale.

This account shall include the cost at the point of delivery to the utility of all water purchased for resale.

603. Pumping Labor, Supplies and Expenses

603-1. Pumping Labor. This account shall include the cost of all labor incident to the pumping of water, including the wages of boiler house employees and those employed in the generation of power by means of gas or oil; also the cost of all labor employed in operating power equipment including engineers, oilers, wipers, machinists and all other employees whose duties concern the operation of such equipment.

603-2. Boiler Fuel. This account shall include the cost of all fuel for producing steam, also the fuel used for producing gas in gas engines and the fuel for oil or gasoline engines. Charges shall be based on the cost delivered at plant for storage, and include the cost of fuel, freight, switching, demurrage, cost of unloading and cartage to point of delivery at plant and the cost of transferring fuel from one storage point to another.

603-3. Water for Steam. This account shall include the cost of water for boilers, condensers and for cooling purposes. Such cost, when water is purchased, should be based on the contract price or meter rate. Include also the cost of boiler compounds.

603-4. Electric Power Purchased. This account shall include the cost, at the point of delivery, of all electric power purchased.

603-5. Miscellaneous Pumping Station Supplies and Expenses. This account shall include the cost of all supplies used, and expenses incurred in pumping water, not chargeable to any of the preceding accounts. This will include power plant records, boiler inspection, water for fire protection and general use, light and heat at pumping station, telephone service, gaskets, fire tools, gauge glasses and washers, waste, lubricants, packing, wipers, hand tools, belting, rope, cable, laboratory apparatus and items of a similar nature.

604. Maintenance of Pumping Plant

604-1. Maintenance of Power Pumping Buildings and Fixtures. This account shall include the cost of repairing and maintaining power pumping station buildings, fixtures, and grounds. This will include repairs to structures and all fixtures permanently attached thereto, such as water pipes and fixtures; pipes and fixtures for warming and ventilation; gas pipes and fixtures for lighting purposes, electric wiring and fixtures for lighting; furnaces, boilers, etc., used for producing steam for heating; also fences, walls, sidewalks, and pavements, adjacent to such buildings.

604-2. Maintenance of Pumping Equipment. This account shall include the cost of repairing and maintaining all pumping equipment including boilers and accessories, gas producers, and other pumping equipment whether driven by steam, electricity or other power, including pumps and prime movers and appurtenant equipment such as condensers, switchboards, motor generator sets, lubricating systems, belting and other accessory equipment.

604-3. Maintenance of Miscellaneous Pumping Plant Equipment. This account shall include the cost of repairing and maintaining all power pumping station plant equipment, not includible in any of the preceding accounts, such as cranes, hoists, machine tools, safety appliances, and other miscellaneous power pumping station equipment.

605. Purification Labor, Supplies and Expenses

605-1. Purification Labor. This account shall include the cost of labor engaged in the different processes of purification, from the point where water is received into the system to the point where it is ready for distribution. This will include labor for operating filters, and water treatment equipment, cleaning basins, removal of ice and sediment, etc.

605-2. Purification Supplies and Expenses. This account shall include the cost of supplies consumed, and expenses, elsewhere unprovided for, incurred by the utility in the operation of its purification facilities. This will include the cost of all chemicals consumed in the purification process; light and heat, ice, towels and soap, brooms and similar items.

606. Maintenance of Purification Buildings and Equipment

606-1. Maintenance of Purification Buildings and Fixtures. This account shall include the cost of repairing and maintaining buildings, fixtures, and grounds devoted to the purification of water.

606-2. Maintenance of Purification Equipment. This account shall include the cost of repairing and maintaining all equipment used in the various stages of water purification. This will include repairs to sedimentation and coagulating basins, clear water basins, filters and their appurtenant equipment, water treatment equipment, renewing sand, washing sand, etc.

607. Inspecting Customers' Installations

This account shall include labor and expense incurred in inspecting and testing plumbing and fixtures of consumers in connection with complaints; and all other services performed on the premises of consumers for which no charge is made by the utility.

608. Miscellaneous Transmission and Distribution Supplies and Expenses

This account shall include the cost of such tools as are not a proper charge to plant and equipment, used by street department employees; office supplies of such department, and other miscellaneous distribution operations, maps and records, supplies and expenses not elsewhere provided for.

609. Maintenance of Transmission and Distribution System

609-1. Maintenance of Transmission and Distribution Buildings and Fixtures. This account shall include the cost of maintaining transmission and distribution buildings and fixtures.

609-2. Maintenance of Transmission and Distribution Mains. This account shall include the cost of labor, material and supplies consumed, and other expenses incident to repairing transmission and distribution mains. This includes such items as seeking and repairing leaks, removing and repairing worn sections and fittings, calking, digging and repaving in connection with such work, repairing manholes, thawing pipes, and scraping to remove incrustations.

609-3. Maintenance of Storage Reservoirs, Tanks and Standpipes. This account shall include the cost of repairing and maintaining distribution storage reservoirs, tanks and standpipes, including repairs to masonry, painting, calking, replacing decayed parts, hoops, etc. Include also repairs to appurtenant equipment, such as inlet, outlet, flush, drain, and overflow pipes; gate, check and other control valves; gauges, floats, high water alarms, and other apparatus used in connection with distribution reservoirs, tanks and standpipes.

609-4. Maintenance of Services. This account shall include the cost of labor, material and supplies, and other expenses incident to repairing water services. This includes such items as seeking and repairing leaks, removing and replacing worn out pipes and fittings, including stop cocks and services boxes, digging and repaving in connection with such work, cleaning pipes, thawing pipes, and other expense of a similar nature.

609-5. Maintenance of Meters. This account shall include the cost of repairing and testing meters used to measure water sold to consumers. This will include readjusting, painting, replacing worn gears, wearing parts, dials, meter fittings, unions, etc. This account should also include the cost of labor and material to repair meter boxes or vaults, and other expense incident thereto.

609-6. Maintenance of Hydrants. This account shall include the cost of labor and material, and other expense incurred in repairing hydrants. This includes renewal of worn out parts, painting, calking, digging and repaving in connection with repairs.

609-7. Maintenance of Fountains and Troughs. This account shall include the cost of labor and material and other expense incurred in making repairs to fountains and troughs. This includes renewal of worn out pipe, valves, painting, digging and repaving in connection with such repairs.

610. General and Miscellaneous Expenses

610-1. Salaries of General Officers and Clerks. This account shall include the salaries of the general officers of the company whose jurisdiction extends over the entire water utility; also fees of directors, fees of receivers, and payments to engineering corporations for supervising and managing operations of the company, also the salaries of the general office clerks and meter readers.

610-2. General Office Supplies and Expenses. This account shall include the cost of office supplies, rent, stationery, books, blanks and other records for use in the general office; also the cost of postage, repairs to general office furniture, wages of janitors, porters and messengers; meals, telegrams, telephone and other general office expense.

610-3. Law Expense -- General. This account shall include all law expenses, including fees and retainers for attorneys not regular employees.

610-4. Insurance. This account shall include the cost of insurance, including premiums paid for fire, boiler, fidelity, casualty, burglar, workmen's compensation, public liability or other forms of insurance. During each month or other accounting period this account shall be charged with that portion of the premiums on insurance in force which is chargeable to that period.

Utilities carrying a part or all of their own insurance may open an insurance reserve, in which event the monthly or periodic charges to Insurance account will be credited to Insurance and Casualty Reserves.

610-5. Accidents and Damages. This account shall include all expenses on account of persons killed or injured, and property damaged in connection with operation of the utility. This account shall also include all law expenses in connection with the defense or settlement of damage claims including salaries, fees and expenses of attorneys engaged in such work; court fees and costs, expense of taking depositions, witness fees and the cost of printing briefs, court records and similar papers.

610-6. Store Expenses. This account shall include all salaries and expenses in connection with storerooms, including cost of sending materials and supplies from general storerooms to branch storerooms, and the collection of scrap material.

610-7. Transportation Expenses. This account shall include the wages of drivers, chauffeurs, stablemen, garagemen and other employees in garages and stables; cost of food, keep and shoeing of horses; veterinary and other stable expenses, fuel, gasoline

and all other materials and supplies for garages and stables.

This account shall include the stable expenses of all horses regardless of where they are used. Amounts received from sale of manure shall be credited to this account.

This account may also include the delayed freight or express charges, or charges of a trivial nature covering the cost of transportation on materials and supplies which cannot readily be charged to individual items.

610-8. Inventory Adjustments. At least once a year an inventory of materials and supplies should be taken, and the difference in respect to any particular class of materials and supplies between the ledger and inventory balances should be debited or credited to this account in case it cannot be assigned to a specific account.

610-9. Maintenance of General Structures. This account shall include the cost of all labor and materials expended in the repairs and maintenance of general office buildings or other structures used for general purposes. This covers maintenance of walks, driveways and grounds connected therewith, and all incidental expenses connected with the maintenance of such buildings and structures. This account includes such buildings as general office buildings, general shops, general storehouses, general stables, garages, etc.

610-10. Depreciation. This account shall include monthly or periodic charges of the amount estimated to be necessary to provide for the retirement of property no longer used or useful in the conduct of the company's business, and for losses in value due to wear and tear not covered by current repairs.

The amount charged to this account shall be concurrently credited to balance sheet account No. 319, "Depreciation Reserve."

Until otherwise ordered, the amount estimated to cover the cost of property no longer used or useful in the conduct of the company's business, or for losses in value due to wear and tear, shall be determined by the accounting utility, based upon its best knowledge and experience in operation. A detailed statement of the basis used in determining the amount of such charge will be called for in the annual report to the Department.

610-11. Miscellaneous General Expenses. This account shall include the cost of publishing and distributing annual reports to stockholders, advertising notices of stockholders' meetings, dividend notices and other corporate and financial notices of a general character, association dues, contributions for conventions and meetings of the industry, cost of experimental work conducted for the benefit of the industry or the improvement of service, traveling and incidental expenses of general officers and other general office employees, fees of transfer agents, registrars of stock and fiscal agents, and other miscellaneous expenses connected with the general management not otherwise

provided for.

REGULATORY AUTHORITY

220 CMR 52.00: M.G.L. c. 164, § 81; M.G.L. c. 165, § 2.