

**SYSTEM OF ACCOUNTS
FOR
WATER UTILITIES**



**PUBLIC UTILITY COMMISSION
OF OREGON
Water Utility Program**

BALANCE SHEET ACCOUNTS		
UTILITY PLANT ACCOUNTS		
101	Utility Plant in Service	This account includes the original cost of utility plant, owned and used by the utility, having an expected life in service of more than 1 year.
102	Utility Plant Leased to Others	Original cost of utility plant owned by utility but leased to others as operating units or systems.
103	Property Held for Future Use	Original cost of plant owned and held for future utility service (exclude materials and supplies and meters held in reserve).
104	Utility Plant Purchased or Sold	Cost of utility plant acquired as an operating unit or system by purchase, consolidation, liquidation, or otherwise less any sales of such acquisitions.
105	Construction Work In Progress	Total balance of work orders for utility plant in process of construction but not ready for service.
108	Accumulated Depreciation of Plant (Total) 108.1 Accum Deprec of Utility Plant In Service 108.2 Accum Deprec of Util Plant Leased to Others 108.3 Accum Deprec Property Held for Future Use	Depreciation accumulated on plant used in water utility service.
109	Adjustment to Accumulated Depreciation for Amortization of CIAC	Special account used only upon Commission approval.
110	Accumulated Amortization of Utility Plant (Total) 110.1 Accumulated Amortization of Utility Plant in Service (Total) 110.2 Accumulated Amortization of Utility Plant Leased to Others	Amortization accumulated on plant used in water utility service.
114	Utility Plant Acquisition Adjustments	Difference between the cost of the utility plant acquired and the net book value of such plant. Net book value is original cost less accumulated depreciation accumulated amortization and CIAC at the time of acquisition.
115	Accumulated Amortization of Utility Plant Acquisition Adjustments	This account shall be credited or debited with amounts which are includible on account 406 – Amortization of Utility Plant Acquisition Adjustment for the purpose of providing for the extinguishment of amounts in account 114.
116	Other Utility Plant Adjustments	Difference between the original cost and the book cost of utility plant. <i>Note: Amounts in this account must show the origin of each and shall be disposed of as the Commission may approve or direct.</i>
121	Non Utility Property	Cost of land, structures, and equipment owned by the utility, but not used in utility service and not included in account 103 – Property Held for Future Use.
122	Accumulated Depreciation and Amortization of Non Utility Property	Accumulated depreciation and amortization applicable to property other than utility plant.
CURRENT AND ACCRUED ASSETS		
123	Investment In Associated Companies	Book cost of investments in securities issued or assumed by associated companies and advances to such companies, including interest accrued.
124	Utility Investments	Book cost of investments in securities issued or assumed by nonassociated companies for the purpose of insuring adequate water service, i.e., source of water supply.

125	Other Investments	Book cost of investments in securities issued or assumed by nonassociated companies, investment advances to such companies and any investments not accounted for elsewhere. Include offsetting entry to the recoring of amortization of discount or premium on interest bearing investments. The cost of capital stock of the utility reqcquired for resale.
131	Cash	Cash on hand or on deposit.
132	Special Deposits (Not including customer deposits)	This account shall include special deposits with fiscal agent or others for the payment of interest and/or dividends.
141	Customer Accounts Receivable	Amounts due from customers for water utility service.
142	Other Accounts Receivable	Amounts due the utility from others (not customers or associated companies)).
143	Accumulated Provision for Uncollectibles – Cr.	Credit account with amount provided for uncollected receivables.
144	Notes Receivable	Book cost of notes receivable.
145 and 146	Accounts/Notes Receivable from Associated Companies	Notes and amounts owed by associated companies that mature and are expected to be paid (with interest) in full, not later than one year from date of issue.
151	Plant Material and Supplies Inventory	Cost of fuel on hand and material purchased for construction, operation and maintenance purposes (except meters).
162	Prepayments	Amounts representing prepayments of insurance, rents, taxes, interest and like items.
171	Accrued Interest and Dividends Receivable	Amounts of interest on bonds, mortgages, notes, commercial paper, loans, deposits, etc., the payments of which is reasonably assured and the amount of declared dividends.
172	Rents Receivable	Rents receivable or accrued on property rented or leased by utility to others.
173	Accrued Utility Revenues	With the approval from the Commission, the estimated amount accrued for service rendered, but not billed at the end of the accounting period.
174	Miscellaneous Current and Accrued Assets	Cost of all other current and accrued assets.
DEFERRED DEBITS		
181	Unamortized Debt Discount and Expense	Total of debit balance of discount and expense for all classes of long-term debt. Shall be amortized over the life of the securities. The amortization shall be charged to account 428 – Amortization of Debt Discount and Expense.
182	Extraordinary Property Losses	Shall include extraordinary losses, net of income taxes, on property abandoned or retired from service which are not provided for by accumulated depreciation or amortization and for which could not reasonably have been foreseen and provided for, such as unforeseen damages to property not reasonably anticipated, which are not covered by insurance or other provision.
186	Miscellaneous Deferred Debits 186.1 Deferred Rate Case Expense 186.2 Other Miscellaneous Deferred Debits	All deferred debits except income taxes.

190	Accumulated Deferred Income Tax Total 190.1 Accumulated Deferred Federal Income Tax 190.2 Accumulated Deferred State Income Tax	Represents the effect on taxes payable in the current year compared to the amount recognized in the utility's accounts for which deferred tax accounting was authorized by the Commission. This account is a debit to rate base.
EQUITY CAPITAL		
201	Common Stock Issued	The par value or stated value of common stock.
204	Preferred Stock Issued	The par value or stated value of preferred stock.
207	Premium on Capital Stock	The excess of the actual cash value of the consideration received on original issues of capital stock over the par or stated value and accrued dividends of such stock, with assessments against stockholders representing payments required in excess of par or stated value.
211	Paid in Capital	Balance of all credits for paid in capital.
212	Discount on Capital Stock	Include all discount on the original issuance, additional issues, and sale of capital stock.
213	Capital Stock Expense	Include all commissions and expenses incurred in connection with original issuance, additional issues, and sale of capital stock.
214	Appropriated Retained Earnings	Amount of retained earnings appropriated or set aside for specific purposes.
215	Unappropriated Retained Earnings (balance)	Balance (either debit or credit) of unappropriated retained earnings.
216	Reacquired Capital Stock	Cost of capital stock actually issued and reacquired by utility.
218	Proprietary Capital	For proprietorships and partnerships only. Account credit with the investment of a sole proprietor or partners in an unincorporated water utility. The net income and accounting adjustment shall be debit or credit to his account.
LONG TERM DEBT		
223	Advances from Associated Companies	Face value and open book accounts of note payable to associated companies. Does not include entries in accounts 233/234.
224	Other Long-Term Debt	All long-term debt (until maturity) not otherwise provided for.
CURRENT AND ACCRUED LIABILITIES		
231	Accounts Payable	All amounts payable by the utility due within one year, which are not provided for in other accounts.
232	Notes Payable	Face value of all notes and other similar evidences of indebtedness.
233 and 234	Accounts/Notes Payable to Associated Companies	All accounts/notes owed by utility to associated companies.
235	Customer Deposits	All amounts deposited with the utility by customers as security.
236	Accrued Taxes (Total) 236.11 Accrued Taxes Other Than Income 236.12 Accrued Taxes, Income Taxes	Amount of taxes accrued during the accounting period. <i>Note: Accruals for taxes are based upon the net amounts payable after credit for any discounts, but do not include any amounts for interest on tax deficiencies or refunds.</i>

237	Accrued Interest (Total) 237.1 Accrued Interest on Long Term Debt 237.2 Accrued Interest on Other Liabilities	Interest accrued, but not matured on all liabilities of the utility.
238	Accrued Dividends	Dividends that have been declared but not paid.
239	Matured Long-Term Debt	The amount of long-term debt matured and unpaid without specific agreement for extension of the time of payment.
240	Matured Interest	Amount of matured interest on long-term debt at the date of the balance sheet unless such interest is added to the principal of the debt on which it was incurred.
241	Miscellaneous Current and Accrued Liabilities	Amount of all other current and accrued liabilities not provided for in other accounts.
DEFERRED CREDITS		
251	Unamortized Premium on Debt	All credit balances in the discount, expense and premium accounts, for all classes of long-term debt. Premium and expense shall be amortized over the life of the securities. The amortization shall be credited to Account 429 – Amortization of Premium on Debt.
252	Advances for Construction	Advances by or in behalf of customers for construction that are to be refunded either wholly or in part.
253	Other Deferred Credit	Any deferred credit items not provided elsewhere.
255	Accumulated Deferred Investment Tax Credits	Credit all investment tax credits deferred. For investment tax credits to be passed on to customers, debit this account and credit account 412 with proportional amount.
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)		
271	Contributions In Aid of Construction	Any money, services, or property received by a water utility to fund capital investments at no cost to the company with no obligation to repay.
272	Accumulated Amortization of Contributions in Aid of Construction	Accumulated amortization on CIAC.
ACCUMULATED DEFERRED INCOME TAXES		
281	Accumulated Deferred Income Taxes - Accelerated Amortization	Tax deferral from accelerated (5-year) amortization of (1) certified defense facilities (permitted by Section 168 of the Internal Revenue Code (IRC) and (2) certified pollution control facilities (permitted by Section 169 of the IRC). Credit Accts 410.10 or 410.20 as appropriate with where taxable income is lower than pretax accounting income due to period differentials.
282	Accumulated Deferred Income Taxes - Liberalized Depreciation	All credit tax deferrals other than those deferrals in Acct 281 and Acct 283. Debit Accts 410.10 or 410.20 as appropriate with where taxable income is lower than pretax accounting income due to period differentials.
283	Accumulated Deferred Income Taxes - Other	All credit tax deferrals other than those deferrals in Accts 281 and Acct 282. Debit tax effect to Accts 410.10 and 410.11, OR credit tax effect to Accts 411.20 as appropriate where taxable income is lower than pretax accounting income due to period differentials.

WATER UTILITY PLANT ACCOUNTS

301	Organization	Fees paid to federal or state governments for the privilege of incorporation and expenditures incident to organizing the corporation, partnership, or other enterprise.
302	Franchises	Fees paid in consideration for franchises, consents, or certificates running in perpetuity or for a specified term of more than 1 year with necessary and reasonable expenses of procuring such.
303	Land and Land Rights	Cost of land and land rights used in connection with source of supply, pumping, water treatment plant, transmission and distribution, and general plant operations.
-3304	Structures and Improvements	Cost of structures and improvements used in connection with source of supply, pumping, water treatment, transmission, distribution, and general plant, such as boilers, bulkheads, conduit, drainage system, excavation, reservoirs, piping, hydrants, wells, stacks, storm doors and windows, permanent paving, roadways, roofs, sidewalks, floor covering, landscaping, fencing, lighting, etc.
305	Collecting and Impounding Reservoirs	Cost of structures and improvements used for impounding, collecting, and storing water in the source of supply system, such as aerators, bridges and culverts, clearing land, dams, drainage conduits, embankments, fish ladders and elevators, fences, gate houses and equipment, landscaping, lighting systems, retaining walls, roads and paths, sewers, spillways and channels, and permanent improvements.
306	Lake, River and Other Intakes	Installation costs of lake, river, and other intakes used as a source of water supply, such as clearing land, conduits, cribs, fences, gate houses and equipment, intake pipes, intake wells, lighting systems, and screens and racks.
307	Wells and Springs	Installation costs of wells and springs used as a source of water supply, such as clearing land; collecting basins; collecting pipes; fences; landscaping; lighting systems; overflow spillways and channels; sewers, springs, and appurtenances; and wells, casings, and appurtenances.
308	Infiltration Galleries and Tunnels	Installation cost of infiltration galleries and tunnels used as a source of water supply, such as conduits, gate houses and equipment and piping.
309	Supply Main	Installation costs of supply mains, pipes, aqueducts, canals, and their appurtenances, such as air chambers; blow-offs and overflows; bridges and culverts; canals; electrolysis control equipment; manholes; municipal inspection or permits; pavement disturbed; pipes, aqueducts, or conduits; placing mains and accessories; special castings; sterilizing new mains; surge tanks; trenching; tunnels; and valves, valve vaults, and appurtenances.
310	Power Generation Equipment	Installation costs of equipment used for the production of power principally used in pumping operation.

311	Pumping Equipment	Costs of pumping equipment driven by electric power, diesel engines, steam engines, and hydraulic water wheels and turbines, such as engines, motors, water wheels, and turbines for driving pumps; pumps, including setting, gearing, shafting, and belting; water piping within station, including valves; auxiliary equipment for engines and pumps; oil supply lines and accessories; regulating, recording, and measuring devices; foundations, frames, and bed plates; and ladders, stairs, and platforms if a part of pumping unit.
320	Water Treatment Equipment	Installation cost of apparatus, equipment, and other facilities used for the treatment of water, such as aerators, chemical treating plant, clear water basin, disinfection equipment, filter plant, mixing chambers, reverse osmosis membranes, sedimentation or coagulation basin, and softening plant.
330	Distribution Reservoir and Standpipes	Cost of reservoir, tanks, standpipes, appurtenances used in storing water for distribution, such as aerators, bridges and culverts, clearing land, dams, embankments, fences, foundations, gates and gate houses, landscaping, lighting systems, piping system within reservoirs, retaining walls, roads and paths, rust-proofing apparatus, sewer drain or storm sewer, spillways and channels, standpipes, tanks, towers, and valves.
331	Transmission and Distribution Mains	Installation cost of transmission and distribution mains and appurtenances, such as air chambers, blow offs and overflows, bridges and culverts, electrolysis control equipment, gauges and recorders, jointing and jointing material, manholes, meters and appurtenances, municipal inspections or permits, pavement disturbed (including cutting and replacing pavement, pavement base, and sidewalks), pipes, and fire mains.
333	Services	Installation cost of service pipes & accessories leading to the customers' premises, such as corporation stops or tees, gate valves and boxes, goose necks, jointing and jointing material, municipal inspections or permits, pavement disturbed (including cutting and replacing pavement, pavement base, and sidewalks), pipes, placing pipes and accessories, protection of street openings, service or curb boxes, service or curb stops, tapping main, and tapping saddle.
334	Meters and Meter Installations (Should be purchased, installed, and owned by utility, unless additional meter requested by customer.)	Cost of meters, devices, and appurtenances used for measuring the quantity of water delivered to users, whether actually in service or held in reserve, such as meters (including badging and initial testing); remote meter registers; first installation labor; meter coupling; meter bars; meter yokes; meter fittings, connections, and shelves; meter vaults or boxes; and stops (include meters for recording master meters used in measuring output of supply).
335	Hydrants	Installation cost of hydrants in service owned by the company, connections to main; excavation, backfill, and disposal of excess excavated material; hydrants/fittings (including barrel/shoe); manholes; pavement disturbed (cutting/replacing pavement, pavement base, sidewalks); pipe (including leads and drains); tee at main; and valves / valve boxes.

336	Cross Connection Control (utility owned)	Cost of cross connection control or backflow prevention devices and appurtenances whether in service or held in reserve; cost of labor employed, materials used, and expenses incurred in connection with the original installation of utility-owned devices.
339	Other Plant	Cost installed of source of supply, pumping, water treatment, transmission, and distribution plant not provided for in the foregoing accounts.
340	Office Furniture and Equipment	Cost of office furniture and equipment owned by the utility & devoted to utility service, such as book cases and shelves; desk, chairs, and desk equipment; drafting room equipment; filing, storage, and other cabinets; floor covering; library and library equipment; mechanical office equipment; safes; and tables.
341	Transportation Equipment	Cost of transportation vehicles used for utility purposes.
343	Tools, Shop, and Garage Equipment	Cost of tools, implements, and equipment used in construction, such as chain falls, counters, portable cranes, portable elevating and stacking equipment, hoists, lockers, scales, shelving, storage bins, hand and power driven trucks, and wheelbarrows.
344	Laboratory Equipment	Cost of laboratory equipment for general laboratory purposes, such as autoclaves, barometers, cameras, centrifuge, microscopes, ovens, rain gauges, scales, testing machines, thermometers, voltmeters, etc.
345	Power Operated Equipment	Cost of power operated equipment used in construction and repair work (exclusive of equipment included in other accounts, such as air compressors (including driving unit and vehicle), back filling machines, boring machines, bulldozers, cranes and joists, diggers, engines, pile drivers, pipe cleaning machines, pipe coating or wrapping machines, tractors (crawler type), trenchers, and other power operated equipment.
346	Communication Equipment	Costs installed of telephone, fax, telegraph, and wireless equipment for use in utility operations, such as antennae, booths, cables, distribution boards, extension cords, gongs, manual and dial handsets, insulators, intercommunicating sets, loading coils, operators' desks, poles and fixtures used wholly for telephone and telegraph wires, radio transmitting and receiving sets, remote control equipment/lines, sending keys, storage batteries, switchboards, teleautograph circuit connections, telegraph receiving sets, telephone & telegraph circuits, testing instruments, towers, and underground conduit used wholly for telephone, telegraph, & cable wires.
347	Electronic/Computer Equipment	Electronic data processing equipment, computer.
348	Miscellaneous Equipment	Cost of equipment used in utility operations not includible in other accounts.

INCOME ACCOUNTS		
UTILITY OPERATING INCOME		
400	Total Operating Revenues	Utility operations only
401	Total Operating Expenses	Utility operations only
403	Depreciation Expense	Depreciation credited to accumulated depreciation of water plant and credited with amortization debited to accumulated amortization of contributions in aid of construction. Depreciation for property not used in water operations is charged to miscellaneous non-utility expenses and is credited to accumulated depreciation and amortization of non-utility property.
406	Amortization of Utility Plant Acquisition Adjustment	This account shall be debited or credited for the purpose of providing for the extinguishment of the amount in account 114 – Utility Plant Acquisition Adjustment.
407	Amortization Expense (No CIAC)	Control Acct for Amortization of Limited Term Plant, Property Losses, Other Utility Plant, Regulatory Assets and Regulatory Liabilities.
408	Taxes Other than Income 408.11 Property Tax 408.12 Payroll Tax 408.13 Other 408.20 <u>Nonutility</u> Taxes Other than Income Taxes	All taxes assessed other than income tax associated with water utility services (exclude interest on tax refunds or deficiencies). 408.20 All taxes assessed Nonutility other than income tax associated with water utility services (exclude interest on tax refunds or deficiencies).
409	Income Taxes (Total) 409.10 <u>Federal</u> Income Tax 409.11 <u>State</u> Income Tax 409.13 Extraordinary Items Income Tax 409.20 <u>Nonutility</u> Income Taxes (Federal & state)	Amounts of local, state, and federal income taxes.
410	Deferred Income Taxes – Credit (Total) 410.10 Deferred <u>Federal</u> Income Taxes 410.11 Deferred <u>State</u> Income Taxes 410.20 Provision for <u>Nonutility</u> Deferred Income Taxes – (Federal & state)	410.10 & 410.11 Amounts of income tax deferred that relate to utility operating income. 410.20 Amounts of income tax deferred that relate to Nonutility operating income.
411	Provision for Deferred Income Taxes – Credit 411.10 Provision for Deferred <u>Federal</u> Income Taxes – Credit, Utility Operating Income 411.11 -Provision for Deferred <u>State</u> Income Taxes – Credit, Utility Operating Income 411.20 Provision for <u>Nonutility</u> Deferred Income Taxes – Credit, Income and Deductions	Accts 411.10 and 410.11, and 412.20 are credited, and Accts 281, 282, or 283 shall be debited w/amounts equal to any allocations of deferred taxes, both prior and current deferrals of taxes on income
412	Investment Tax Credit	Amount of investment tax credit used in calculating the reported current year's income tax payable.
413	Income From Utility Plant Leased to Others	Revenues received for utility property leased to others constituting a distinct operating unit or system.
414	Gain/Losses from Utility Property Sales	Gains & losses from sale, conveyance, exchange or transfer of utility property authorized by the Commission. Income Tax attributable to gains & losses recorded shall be recorded in appropriate Subsidiary Account and Control Acct 409 Income Taxes.

OTHER INCOME AND DEDUCTIONS		
415	Revenues from Merchandising, Jobbing, and Contract Work	Self Explanatory
416	Cost and Expenses of Merchandising, Jobbing, and Contract Work	All revenues derived from sale of merchandise and jobbing or contract work (including profit). Record related operating taxes in Acct 408.20 (Utility) and 409.20 (Nonutility).
419	Interest and Dividend Income	Include interest revenue on securities, loans, notes, advances, special deposit, tax refund and all other interest bearing assets and dividends on stock of other companies.
421	Nonutility Income	All income not includible in operating revenue accounts 460 through 474.
426	Nonutility Expenses	All expenses other than expenses of utility operations and interest expense.
427	Interest and Dividend Income	Interest expense associated with utility.
433	Extraordinary Income	Upon Commission approval, this account shall be credited with non-typical, non-customary, infrequently recurring gain that would significantly distort the current year's income. Includes property sales.
434	Extraordinary Deductions	Upon Commission approval, this account shall be debited with non-typical, non-customary, infrequently recurring losses, which would distort the current year's income.
TAXES APPLICABLE TO NONUTILITY INCOME AND DEDUCTIONS		
408.20	Taxes Other than Income Nonutility	All Taxes Other Than Income related to Nonutility.
409.20	Income Taxes Nonutility	All Income Taxes related to Nonutility.
410.20	Provision for Deferred Income Taxes Nonutility	Deferred Federal, state, and local income taxes Nonutility.
411.20	Provision for Deferred Income Taxes – Credit Nonutility	Allocation of deferred taxes and deferrals of taxes, credit, Nonutility.
INTEREST EXPENSE		
427	Interest Expense	Control Acct for interest expense: Interest on Debt to Associated Companies, Short-Term Debt, Long Term Debt, Customer Deposits, & Other
428	Amortization of Debt Discount and Expense	Portion of unamortized debt discount and expense on outstanding long-term debt applicable to accounting period.
429	Amortization of Premium on Debt	Portion of unamortized net premium on outstanding long-term debt applicable to accounting period.
RETAINED EARNINGS ACCOUNTS		
435	Balanced Transferred from Income	Net credit or debit transferred from income for the year.
436	Appropriations of Retained Earnings	All appropriations of retained earnings, required or optional.
438	Common Stock Dividends Declared	Amounts declared payable out of retained earnings as dividends on outstanding common capital stock issued.
439	Adjustment to Retained Earnings	Significant nonrecurring transactions relating to prior periods.

WATER OPERATING REVENUE ACCOUNTS WATER SALES ONLY		
460	Unmetered Water Revenue	Revenues received for unmeasured water sold to customers.
461	Metered Water Sales Revenue 461.1 Residential Water Sales 461.2 Commercial Water Sales 461.3 Industrial Water Sales 461.4 Public Authorities Water Sales 461.5 Multiple Family Dwellings Water Sales 461.6 Multiple Commercial Unit/Bldg Water Sales 461.7 Water Hauling Sales	Revenue received for measured water.
462	Fire Protection Revenues 462.1 Public Fire Protection 462.2 Private Fire Protection	Revenues from fire protection and hydrant charges.
464	Water Sales to Public Authorities (Special Contract)	Revenue received through special contracts for water supplied to municipalities, or other municipal subdivisions or agencies of the state or federal governments (not included in 461.4).
465	Irrigation Water Sales 465.1 Regular Irrigation 465.2 Golf Course Irrigation	Revenues received from irrigation customers.
466	Sales for Resale	Revenues received for water supplied to another for resale purposes.
467	Water Sales to Recreational Use Customers	Revenues received from recreational uses, i.e. snow making machine.
468	Other Special Contract or Agreement Revenue	Revenues from water supplied to a customer (that is not a public authority) under a special contract or agreement.
OTHER WATER REVENUE ACCOUNTS (BESIDES WATER SALES)		
471	Miscellaneous Services Revenue	Revenue for all miscellaneous water services billed to customers that are not provided in other accounts, such as: Connection or Hookup Fee, Reconnection Fee, Profit on maintenance or installation on customers' premises, Temporary service of less than 1 year. Recovery of expenses in connection with unauthorized taking of water, Late Payment Fee, Other
472	Rents from Water Property	Rent received for use by others of property, land, buildings devoted to water operation.
474	Other Water Revenue	Any other revenue derived from water operations not included in any other account.
475	Cross Connection Control Revenue	Revenue derived from the sale of devices or from testing/repair/ maintenance services offered by the water utility.
WATER OPERATION AND MAINTENANCE EXPENSE ACCOUNTS		
601	Salaries and Wages – Employees	Compensation paid or accrued to employees.
603	Salaries and Wages – Officers, Directors, and Majority Stockholders	Compensation (salaries, bonuses, and other consideration) paid or accrued to officers, directors, and majority stockholders.
604	Employee Pension and Benefits	Accruals under employee pension plans.

610	Purchased Water	Costs at the point of delivery of water purchased for resale. <i>Note: Keep record of this account showing each supplier from which water is purchased.</i>
611	Telephone/Communications	Cost of all communication expense associated with the production of water service, including telephone expense.
615	Purchased Power	Cost of all electric power expense incurred by the utility.
616	Fuel for Power Production	Cost of fuel used in the production of power to operate the pumps such as gas, diesel, etc.
617	Utilities – Other	Cost of utilities not included in accounts 610 – 616, used in the operation of providing water service, i.e., garbage, natural gas.
618	Chemicals/Treatment Expense	Cost of all chemicals used in the treatment of water, such as activated carbon, ammonia, caustic soda, chlorine, copper sulphate, fluorine compound, high test hypochlorite, iron sulphate, lime, soda ash, sodium chloride, sulphate of alumina, sulphuric acid, and other chemicals.
619	Office Supplies 619.1 Postage	Costs for general office supplies such as printing, postage, paper, toner, pens, pencils, staples, etc. and all cost associated with Billing and Collecting, except Salaries/Wages and Contract Service – Billing/Collection.
620	Materials and Supplies (O & M)	Cost of all materials and supplies used in OPERATION & MAINTENANCE of the water system.
621	Repairs to Water Plant	Cost of all materials, supplies, and labor used to REPAIR water plant that are not capitalized.
631	Contractual Services – Engineering	Amounts paid to outside engineers or engineering firms to perform outgoing, reoccurring work for the utility.
632	Contractual Services – Accounting	Amounts paid to outside accounting companies to maintain or audit the books and records of the utility.
633	Contractual Service – Legal	Amounts paid to outside legal firms to perform legal services for the utility.
634	Contractual Service – Management Fees	Amounts paid to an outside person or firm for the performance of management functions.
635	Contractual Services – Testing	Amounts paid to outside laboratories for sampling and testing.
636	Contractual Services – Labor	Amounts paid to outside persons/organizations for labor.
637	Contractual Services – Billing/Collection	Amounts paid to outside persons/organizations for billing and/or collection services.
638	Contractual Services – Meter Reading	Amounts paid to outside persons/organizations for meter reading.
639	Contractual Services – Other	Amount paid to outside contractor for services not included in accounts 631-638.
641	Rental of Building/Real Property	Costs associated with rental of buildings/property to others.
642	Rental of Equipment	Costs associated with rental of equipment (except vehicles) to others.
643	Small Tools	Cost to purchase small tools that do not qualify as capital equipment.
648	Computer/Electronic Expense	Costs of noncapitalized purchase and repair of computers, software, and other electronic equipment.

650	Transportation Expense	Truck, automobile, construction equipment, and other vehicle expense chargeable to utility operation except depreciation and insurance. <i>Note: if the vehicle is not used strictly for utility service operations, use the percentage allocated to utility service operations.</i> Also, costs associated with rental of vehicles to others.
656	Insurance – Vehicle	Costs or allocation of costs of insurance of vehicles used for utility purposes.
657	Insurance – General Liability	Insurance costs associated with the general liability coverage of the utility company.
658	Insurance – Worker's Compensation	Insurance costs associated with worker's compensation coverage for employees of the utility company.
659	Insurance - Other	Costs associated with insurance coverage for utility that is not included in accounts 656, 657,658.
660	Public Relations/Advertising Expense	Costs associated with the production and distribution of public information including confidential reports. Advertising costs not associated with regulatory commission expenses if authorized by the Commission.
666	Amortization of Rate Case Expense	Costs associated with rate cases shall be first charged to account 186 and then amortized as prescribed by Commission.
667	PUC Gross Revenue Fee	Regulatory Commission Expense
668	Water Resource Conservation Expense	Costs incurred to promote conservation efforts within a utility's service area.
670	Bad Debt Expense	Amounts sufficient to provide for losses from uncollectible utility revenue.
671	Cross Connection Control 671.1 Program Expense 671.2 Testing & Maintenance Service Offered by Water Utility	671.1 Costs incurred to implement and maintain cross connection control program as required by the Oregon Heath Division. 671.2 Costs incurred in testing & maintenance service offered by the water utility.
672	System Capacity Development Program Expense	Cost of expense incurred relating to system capacity development. (Do not include capital plant costs)
672.1	System Program Fund	For Associations only. Contingency account.
673	Training and Certification Expense	Cost incurred in obtaining water industry training, various related certifications, and continuing education necessary to maintain certifications.
674	Consumer Confidence Report	Costs incurred in providing Consumer Confidence Report
675	Miscellaneous Expense (Itemize Separate Sheet)	All other expenses not included in above operating expense: Industry dues and memberships Contributions for industry conventions meetings Public notices required by regulatory statutes Write off of expenditures for preliminary surveys, plans, investigations have been abandoned

DEFINITIONS AND ACCOUNTING INSTRUCTIONS

Accounts: The accounts prescribed in this system of accounts.

Actually Issued: As applied to securities issued or assumed by the utility, those that have been sold to bona fide purchasers for a valuable consideration, those issued as dividends on stock, and those that have been issued in accordance with contractual requirements direct to trustees of sinking funds.

Actually Outstanding: As applied to securities issued or assumed by the utility, those that have been actually issued and are neither retired nor held by or for the utility, provided, however, that securities held by trustees shall be considered as actually outstanding.

Amortization: The gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.

Associated Companies: Companies or persons that, directly or indirectly, through one or more intermediaries, control, or are controlled by, or are under common control with, the accounting company.

Book Cost: The amount at which property is recorded in these accounts without deduction of related provisions for accrued depreciation, amortization, or for other purposes.

Commission: The Commission prescribing this system of accounts.

Cost: The amount of money actually paid for property or service. When the consideration given is other than cash, the value of such consideration shall be determined on a cash basis.

Cost of Removal: The cost of demolishing, dismantling, tearing down, or otherwise removing utility plant, including the cost of transportation and handling incidental thereto.

Debt Expense: Expenses in connection with the issuance and initial sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing bonds and certificates of indebtedness; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen or marketing such evidences of debt; fees and expenses of listing on exchanges; and other like costs.

Depreciation: As applied to depreciable utility plant, the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of utility plant in the course of providing service from causes that are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, and requirements of public authorities.

Discount: As applied to the securities issued or assumed by the utility, the excess of the par (stated value of no-par stocks) or face value of the securities plus interest or dividends accrued at the date of the sale over the cash value of the consideration received from their sale.

Fire Main: Any main forming part of an integrated system used exclusively for fire protection purposes.

Multiple Family Dwelling: A residential structure or group of structures that is capable of separately housing more than one family unit.

Net Salvage Value: The salvage value of property retired less the cost of removal.

Nominally Issued: As applied to securities issued or assumed by the utility, those that have been signed, certified, or otherwise executed, and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the utility, but which have not been sold or issued direct to trustees of sinking funds in accordance with contractual requirements.

Nominally Outstanding: As applied to securities issued or assumed by the utility, those that, after being actually issued, have been reacquired by or for the utility under circumstances that require them to be considered as held alive and not retired, provided, however, that securities held by trustees shall be considered as actually outstanding.

Original Cost: As applied to utility plant, the cost of such property to the person first devoting it to the public service.

Person: An individual, a corporation, a partnership, an association, a joint stock company, a business trust, or any organized group of persons whether incorporated or not, or any receiver or trustee.

Premium: As applied to the securities issued or assumed by the utility, the excess of the cash value of the consideration received from their sale over the sum of their par (stated value of no-par stocks) or face value and interest or dividends accrued at the date of sale.

Property Retired: As applied to utility plant, property that has been removed, sold, abandoned, destroyed, or that for any cause has been permanently withdrawn from service.

Replacing or Replacement: When not otherwise indicated in the context, means the construction or installation of utility plant in place of retired property, together with the removal of the retired property.

Retained Earnings: The accumulated net income of the utility less distribution to stockholders and transfers to other capital accounts, and other adjustments.

Retirement Units: Those items of utility plant that, when retired, with or without replacement, are accounted for by crediting the original costs.

Salvage Value: The amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale, or, if retained, the amount at which the material recoverable is chargeable to materials and supplies, or other appropriate account.

Service Life: The time between the date utility plant is includible in utility plant in service, or utility plant leased to others, and the date of its retirement. If depreciation is accounted for on a production basis rather than on a time basis, then service life should be measured in terms of the appropriate unit of production.

Service Value: The difference between the original cost and net salvage value of utility plant.

Straight-Line Method: As applied to depreciation accounting, the plan under which the service value of property is charged to operating expenses (and to clearing accounts if used), and credited to the accumulated depreciation account through equal annual charges during its service life. Estimates of the service life and salvage will be reexamined periodically and depreciation rates will be corrected to reflect any changes in these estimates.

Supply Main: Any main, pipe, aqueduct, or canal the primary purpose of which is to convey water from one unit to another unit in the source of supply, water treatment, or pumping plant and generally providing no service connections with customers.

Transmission and Distribution Main: Any main the primary purpose of which is to convey water, requiring no further processing except incidental chlorination or pressure boosting, from a unit in the source of supply, water treatment, or pumping plant and generally providing no service connection with customers.

Utility: As used herein and when not otherwise indicated in the context, any public utility to which this system of accounts is applicable.

Classification of Utilities: For the purpose of applying the system of accounts prescribed by the Commission, water utilities are divided into three classes, as follows:

Class A – Utilities having annual water operating revenues of \$1,000,000 or more.

Class B – Utilities having annual water operating revenues of \$200,000 or more but less than \$1,000,000.

Class C – Utilities having annual water operating revenues of less than \$200,000.

Records: Each utility shall keep its books of account, and all other books, records, and memoranda that support the entries in such books of accounts so as to be able to furnish readily full information as to any item included in any account. Each entry shall be supported by such detailed information as will permit a ready identification, analysis, and verification of all facts relevant thereto.

The books and records referred to herein include not only accounting records in a limited technical sense, but all other records, such as minute books, stock books, reports, correspondence, memoranda, etc., that may be useful in developing the history of, or facts regarding, any transaction.

In addition to prescribed accounts, clearing accounts, temporary or experimental accounts, and subdivisions of any account, may be kept, provided the integrity of the prescribed accounts is not impaired.

Numbering System: The account numbering scheme used herein consists of a system of three-digit numbers as follows:

101-190	Assets and Other Debits
201-283	Equity, Liabilities, and Other Credits
301-348	Water Plant Accounts
400-434	Income Accounts
435-439	Retained Earnings Accounts
460-475	Water Operating Revenue Accounts
601-675	Water Operation and Maintenance Expenses

Accounting Period: Each utility shall keep its books on a monthly basis so that for each month all transactions applicable thereto, as nearly as may be ascertained, shall be entered in the books of the utility. Amounts applicable or assignable to specific utility departments shall be segregated monthly. Each utility shall close its books at the end of each calendar year unless otherwise authorized by the Commission.

Extraordinary Items: It is the intent that net income shall reflect all items of profit and loss during the period with the sole exception of prior period adjustments approved by the Commission. Those items related to the effects of events and transactions that have occurred during the period and that are not typical or customary business activities of the company shall be considered extraordinary items. Commission approval must be obtained to treat an item as extraordinary. Such requests must be accompanied by complete detailed information.

Allocation of Salaries and Expenses of Employees: Charges to utility plant or to a salaries expense account shall be based upon the actual time engaged in either plant construction or providing operation services. In the event actual time spent in the various activities is not available or practicable, salaries should be allocated upon the basis of a study of the time engaged during a representative period. Charges should not be made to the accounts based upon estimates or in an arbitrary fashion.

Records for Each Plant: Separate records shall be maintained by utility plant accounts of the book cost of each plant owned including additions by the utility to plant leased from others and of the cost of operating and maintaining each plant owned or operated.

Transactions with Associated Companies: Each utility shall keep its accounts and records so as to be able to furnish accurately and expeditiously statements of all transactions with associated companies. The statements may be required to show the general nature of the transactions, the amounts involved therein and the amounts included in each account prescribed herein with respect to such transactions. Transactions with associated companies shall be recorded in the appropriate accounts for transactions of the same nature. Nothing herein contained, however, shall be construed as restraining the utility from subdividing accounts for the purpose of recording separately transactions with associated companies.

Utility Plant – To be Recorded at Cost: All amounts included in the accounts for utility plant acquired as an operating unit or system shall be stated at the cost incurred by the person who first devoted the property to utility service.

Utility Plant – Overhead Construction Costs: All overhead construction costs, such as engineering, supervision, general office salaries and expenses, construction engineering and supervision by others than the accounting utility, legal expenses, insurance, injuries and damages, relief and pensions, taxes, and allowance for funds used during construction, shall be charged to particular jobs or units on the basis of the amounts of such overheads reasonably applicable thereto, so that each job or unit shall bear its equitable proportion of such costs and that the entire costs of the unit, both direct and overhead, shall be deducted from the plant accounts at the time the property is retired.

Utility Plant – Land and Land Rights: The accounts for land and land rights include the cost of land owned in fee by the utility and rights, interests, and privileges held by the utility in land owned by others, such as leaseholds, easements, water and water power rights, diversion rights, submersion rights, rights of way, and other like interests in land. Do not include in the accounts for land, land rights, and rights of way costs incurred in connection with first clearing and grading of land and rights of way and the damage costs associated with the construction and installation of plant. Such costs shall be included in the appropriate plant accounts directly benefited.

Utility Plant – Structures and Improvements: The accounts for structures and improvements include the cost of all buildings and facilities to house, support, or safeguard property or persons, including all fixtures permanently attached to and made a part of buildings and that cannot be removed therefrom without cutting into the walls, ceilings, or floors, or without in some way impairing the buildings, and improvements of a permanent character on or to land. Also include those costs incurred in connection with the first clearing and grading of land and rights of way, and the damage costs associated with construction and installation of plant.

Utility Plant – Equipment: The cost of equipment chargeable to the utility plant accounts, unless otherwise indicated in the text of an equipment account, includes the net purchase price thereof, sales taxes, investigation and inspection expenses necessary to such purchase, expenses of transportation when borne by the utility, labor employed, materials and supplies consumed, and expenses incurred by the utility in unloading and placing the equipment in readiness to operate. Also include those costs incurred in connection with the first clearing and grading of land and rights of way and the damage costs associated with construction and installation of plant.

Exclude from equipment accounts hand and other portable tools, which are likely to be lost or stolen or that have a value of less than \$750 or short life, unless the correctness of the accounting therefor as utility plant is verified by current inventories. Special tools acquired and included in the purchase price of equipment shall be included in the appropriate plant account. Portable drills and similar tool equipment when used in connection with the operation and maintenance of a particular plant or department, such as pumping, transmission and distribution, etc., or in "stores," shall be charged to the plant account appropriate for their use.

The equipment accounts shall include angle irons and similar items that are installed at the base of an item or equipment, but piers and foundations that are designed to be as permanent as the buildings that house the equipment, or that are constructed as a part of the buildings and that cannot be removed without cutting into the walls, ceilings, or floors without in some way impairing the building, shall be included in the building accounts.

Utility Plant – Work Order and Property Record System Required: Each utility shall record all construction and retirements of utility plant by means of work orders or job orders. Separate work orders may be opened for additions to and retirements of utility plant, or the retirements may be included with the construction work order, provided, however, that all items relating to the retirements shall be kept separate from those relating to construction and provided, further, that any maintenance costs involved in the work shall likewise be segregated.

Each utility shall keep its work order system so as to show the nature of each addition to or retirement of utility plant, the total cost thereof, the source or sources of costs, and the utility plant account or accounts to which charged or credited. Work orders covering jobs of short duration may be cleared monthly.

Each utility shall maintain records in which, for each plant account, the amounts of the annual additions and retirements are classified so as to show the number and the cost of the various retirement units or other appropriate record units included therein.