

Energy Probe Compendium

Panels 15 and 17

Panel 15 EGI Depreciation Expense / Site Restoration Costs

Panel 17 - Intervenor Depreciation IGUA M5

EB-2022-0200 Phase 1 Oral Hearing

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**ONTARIO ENERGY BOARD, UNIFORM SYSTEM OF ACCOUNTS FOR
CLASS A GAS UTILITIES, PART I, APRIL 1, 1996**

ONTARIO ENERGY BOARD

UNIFORM SYSTEM OF ACCOUNTS FOR

CLASS A GAS UTILITIES

PART I

APRIL 1, 1996

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1. Introduction

This Uniform System of Accounts ("USOA") includes the latest changes in accounting and regulatory practices and terminology. In addition, this USOA has been refined in certain areas to accommodate the deregulated natural gas environment, as well as regulated and non-regulated activities of gas utilities.

Inclusion of any item or account in this prescribed USOA does not necessarily imply the Board's acceptance of any expenditure, revenue or procedure suggested by the use of such an account.

2. Generally Accepted Accounting Principles

The Board recognizes that generally accepted accounting principles ("GAAP") are the accepted medium for the communication of financial information to the public.

The Board therefore acknowledges that Class A gas utilities in Ontario are expected to maintain accounting records in accordance with GAAP, the principal source of which in Canada is the Handbook of the Canadian Institute of Chartered Accountants ("CICA").

The Board recognizes that the regulatory process introduces certain specific cause-and-effect relationships in the matching of a utility's revenues and expenses, which may require special applications of GAAP.

Accordingly, utilities are required to use this USOA in conjunction with the CICA Handbook in the determination of appropriate accounting policies and practices, but with due regard for the need to reflect Board decisions or orders arising from the regulatory process in the application of GAAP.

3. Records

The records shall be kept in such form as to permit determination of the correctness of the accounting, and with sufficient detail to show fully the facts pertaining to all entries made in the accounts.

Where full information is not recorded in the general books, the entries therein shall be supported by other records in which full details shall be shown. The general book entries shall contain sufficient reference to the detailed records to permit ready identification, and the detailed records shall be filed in such a manner as to be readily accessible for examination by representatives of the Board.

Unless otherwise provided for in the accounts prescribed in this USOA, companies shall subdivide any and all applicable accounts to record non-gas utility transactions or items which are not normally includible in Ontario gas utility assets, liabilities, revenues or expenses for purposes of the Board setting or fixing just and reasonable rates and other charges under section 19 of the Ontario Energy Board Act ("the Act"), as amended from time to time.

For new gas related business activities, for example, Natural Gas Vehicle ("NGV"), Demand Side Management ("DSM") and for Non-Utility activities, the utilities shall record all transactions in sufficient detail to segregate such activities. In conjunction

with the accounts prescribed in this USOA and depending upon their system design, the utilities shall create special prefix or suffix codes to identify transactions within each of the activities.

However, to the extent that sufficient or adequate information may not be available on a timely basis for monthly accounting or financial reporting purposes, companies shall be granted an extension of time sufficient to meet the filing dates of monitoring forms or returns as required by the Energy Returns Officer under Part IV of the Act.

Companies may, without the consent of the Board, continue to further subdivide any and all accounts prescribed in this USOA.

Companies may, with the consent of the Board, condense or combine any of the accounts in this USOA.

A Company may use a different system of account numbers provided the account numbers prescribed in this USOA appear as a cross reference.

4. Account Grouping

A. General

The accounts of this USOA are grouped so as to show the results of the group of which they form a part, e.g. the plant accounts are classified according to the various types of plant used in gas operations; the operating and maintenance accounts are classified according to the function to which the expense is related such as Gas Supply, Transmission, Distribution, General and Administration.

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Account

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B. Account Structure

The accounts in this USOA are divided into two major groups, namely, the General Accounts and the Detail Accounts.

Essentially, general accounts are the primary accounts that form the contents of the general ledger.

The detail accounts are the subdivisions of certain general accounts, which are designed to provide additional details of those asset, liability, revenue and expense items. The detail accounts form the contents of the subsidiary ledger.

These general accounts and their corresponding detail accounts are :

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The specific accounts within these two major account groups are presented in "Index of Accounts" in Part II of this Schedule.

5. Account Descriptions

Lists of "Examples of Components" appearing in the text of the accounts or elsewhere in this classification are only for the purpose of more clearly indicating the application of the prescribed accounting.

The lists are intended to be representative, but not exhaustive.

The appearance of an item in a list warrants the inclusion of the item only when the text also indicates inclusion. The proper entry in each instance must be determined by the texts of the accounts.

6. Submission Of Questions

Since uniformity of accounting by gas companies in Ontario is a basic reason for this USOA, companies shall submit all questions of doubtful interpretation of the accounting rules to the Board for determination.

7. Plant Accounting Instructions

A section on Plant Accounting Instructions is included in Appendix A to this Schedule. It provides the detailed instructions for accounting treatment of items such as plant acquired or constructed, additions, retirements, maintenance and depreciation.

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Accounts Description -- General Accounts Property, Plant And Equipment

100. UTILITY PLANT IN SERVICE

This account is the control account of the utility's total utility property, plant and equipment. Accordingly, the balance of this account represents the total of the detail plant accounts designated as utility plant in the series of 400 accounts.

101. UTILITY PLANT LEASED TO OTHERS

This account shall include the cost of utility property, plant and equipment owned by the utility, but leased to others as operating units or systems, where the lessee has exclusive possession.

The plant included in this account shall be classified according to the detailed accounts prescribed for utility plant in service. This account shall be maintained in similar detail as that for plant used by the utility in its operations.

102. UTILITY PLANT HELD FOR FUTURE USE

This account shall include the cost of property, plant and equipment owned and held for future use. It shall include plant acquired and never used by the utility in utility service but held for such service in the future. It shall also include plant previously used by the utility in utility service, but transferred to this account from control Account No. 100, "Utility Plant in Service", and held pending its re-use in the future in utility service. This includes, for example, inactive services transferred from Account No. 473, "Services", as well as land and land rights held to ensure a future supply of natural gas.

The plant included in this account shall be classified according to the detailed accounts prescribed for utility plant in service. The account shall be maintained in similar detail as that for plant in service. Separate sub-accounts shall be maintained for each department for which plant is held for future use.

For all accounting transfers of the book value of inactive assets from Account No. 100, "Utility Plant in Service", to Account No. 102, "Utility Plant Held for Future Use", concurrent and corresponding transfers of applicable accumulated

depreciation and or accumulated amortization shall be made between the appropriate sub-accounts of Account No. 105, "Accumulated Depreciation - Utility Plant", and Account No. 106, "Accumulated Amortization - Utility Plant".

103. RETIREMENT WORK IN PROGRESS

This account shall include, on a temporary basis, amounts concurrently credited to Account No. 100, "Utility Plant in Service", Account No. 101, "Utility Plant Leased to Others", and Account No. 102, "Utility Plant Held for Future Use", in respect of utility plant retired from service.

It shall also include all costs incurred on removal, demolition and dismantling of utility plant during the course of its retirement. Amounts recovered for salvage and insurance on utility plant retired shall be credited to this account.

When final costs of each retirement are established, the book value and the cost of removals amounts recovered shall be transferred to Account No. 105, "Accumulated Depreciation -- Utility Plant".

104. UTILITY PLANT ACQUISITION ADJUSTMENTS

This account shall include the difference between the cost to the utility of utility plant acquired by purchase, merger, amalgamation, consolidation, liquidation or otherwise, and the net amount approved by the Board to be properly includible in plant and accumulated depreciation accounts.

This account shall be subdivided to show the amounts applicable to plant Account No. 100, "Utility Plant in Service", Account No. 101, "Utility Plant Leased to Others", and Account No. 102, "Utility Plant Held for Future Use".

The amounts recorded in this account, with respect to each acquisition, shall be amortized or otherwise disposed of as approved by the Board.

Note: See Plant Accounting Instructions, Appendix A, Section 1, "Plant Acquired or Constructed".

105. ACCUMULATED DEPRECIATION -- UTILITY PLANT

This account shall be credited with current depreciation expense of the company's utility plant, which is concurrently debited to Account No. 303,

"Depreciation", and with any salvage and insurance proceeds from the disposal of depreciable utility plant.

At the time of retirement of depreciable utility plant, this account shall be debited with the book value of the plant and the cost of removal, and credited with amounts recovered for salvage and insurance. Note: See Plant Accounting Instructions, Appendix A, Section 3, "Retirements".

This account shall be subdivided into:

- (1) Accumulated depreciation--utility plant in service**
- (2) Accumulated depreciation--utility plant leased to others**
- (3) Accumulated depreciation--utility plant held for future use**
- (4) Accumulated depreciation--capital leases**

For purposes of analysis, the company shall maintain subsidiary records in which the accumulated depreciation is subdivided into component parts. Note: See Plant Accounting Instructions, Appendix A, Section 5, "Depreciation".

106. ACCUMULATED AMORTIZATION -- UTILITY PLANT

This account shall be credited with amounts concurrently charged to Account No. 304, "Amortization", when the utility must write off amounts, in Account No. 100, "Utility Plant in Service"; Account No. 101, "Utility Plant Leased to Others"; Account No. 102, "Utility Plant Held for Future Use", relating to probable abandonment of all or a significant part of utility plant or severe permanent curtailment in operations. When there is a change from depreciation accounting to amortization accounting, the applicable balance in Account No. 105, "Accumulated Depreciation-Utility Plant", shall be transferred to this account.

This account shall be charged at the time of retirement with the book value of the utility plant retired and the cost of removal less amount recovered for salvage and insurance, and the difference between the accumulated amortization and the aforementioned amount in respect of such utility plant retired shall be credited or charged, as the case may be, to Account No. 319, "Other Income", or Account No. 333, "Other Income Deductions", as applicable. When the retirement results in an extraordinary loss, this amount shall be charged to Account No. 338,

"Extraordinary Items", or Account No. 171, "Extraordinary Plant Losses". Where the retirement results in an extraordinary profit, this amount shall be credited to Account No. 338, "Extraordinary Items".

This account shall be subdivided into:

- (1) Accumulated amortization-utility plant in service**
- (2) Accumulated amortization-utility plant leased to others**
- (3) Accumulated amortization-utility plant held for future use**
- (4) Accumulated amortization-capital leases**

108. ACCUMULATED AMORTIZATION--UTILITY PLANT -- ACQUISITION ADJUSTMENTS

This account shall be credited or debited with amounts that are includible in Account No. 304, "Amortization", or such other account as the Board may determine, for the purpose of writing off of amounts charged or credited in Account No. 104, "Utility Plant Acquisition Adjustments".

110. OTHER UTILITY PLANT

This account shall include the cost of land, structures, equipment and other tangible and intangible plant assets owned by the utility, but not used in its utility operations and not properly includible in Account Nos. 101, "Utility Plant Leased to Others", 102, "Utility Plant Held for Future Use", and 115, "Construction Work in Progress - Utility Plant".

Non-utility assets shall not be included in this account.

111. ACCUMULATED DEPRECIATION AND AMORTIZATION

-- OTHER UTILITY PLANT

This account shall be credited with current depreciation expense of the utilities' other utility plant, which is concurrently debited to Account No. 303, "Depreciation".

The procedures on salvage/insurance proceeds, plant retirement and expenses as described in Account No. 105, "Accumulated Depreciation-Utility Plant", shall be adopted for this account.

115. CONSTRUCTION WORK IN PROGRESS -- UTILITY PLANT

This account is the control account of the company's total utility construction work in progress ("CWIP") accounts. Accordingly, the balance of this account represents the total of a separate series of subsidiary accounts that have been assigned for utility CWIP jobs.

116. OTHER UTILITY PLANT UNDER CONSTRUCTION

This account shall include the cost of construction of the other utility plant includible in Account No. 110, "Other Utility Plant", not completed or ready for service at the date of the balance sheet.

Long Term Investments

120. INVESTMENT IN RELATED PARTIES

This account shall include the carrying value (i.e. cost, market value, the equity method value, or net realizable value) of investments in securities issued by (including advances to) subsidiary and affiliated companies, as well as other related parties.

This account shall be maintained so that the initial cost of acquisition and advances or loans to each related party are shown separately for each investment.

This account shall be maintained in such a manner as to show the investments in each related party that are accounted for under the various accounting methods specified. If the investment is accounted for by the equity method, the cumulative undistributed net earnings or net losses since acquisition shall be shown.

The full particulars regarding any such investments that are pledged shall be shown.

The current portion of investment in securities of related parties shall be shown separately in Account No. 141, "Accounts Receivable - Related Parties".

121. PORTFOLIO INVESTMENTS

This account shall include the cost of the utility's portfolio investments in securities issued by non-related parties, and any investments not accounted for

elsewhere. This account shall be maintained in the same detail as in Account No. 120, "Investment in Related Parties".

123. MISCELLANEOUS SPECIAL FUNDS

This account shall include cash and the cost of investments and other assets, held by trustees or by the company, which have been segregated in funds for specific purposes.

A separate sub-account shall be kept for each fund.

Current Assets

130. CASH

This account shall include cash and bank accounts not subject to restrictions on their use.

131. SPECIAL DEPOSITS

This account shall include special deposits with financial institutions or others for the payment of interest, dividends and other special purposes.

Such special deposits shall include cash deposited with federal, provincial or municipal authorities as a guarantee for the fulfilment of obligations; cash deposited with trustees to be held until mortgaged property is replaced; and cash realized from the sale of securities and deposited with trustees to be held for a specific use, etc.

Entries in this account shall specify the purpose for which the deposit is made.

132. SHORT TERM INVESTMENTS

This account shall include the cost of marketable securities and other similar investments acquired as short term portfolio investments. This account shall be maintained so as to show each investment separately. Records shall also be kept of any such investments that are pledged.

140. ACCOUNTS RECEIVABLE -- CUSTOMERS

This account shall include amounts due from customers for gas sales, utility services, and for merchandising, jobbing and contract work.

Note A: This account shall not include amounts due from subsidiary and affiliated companies or other related parties.

Note B: This account shall be maintained so as to permit ready segregation of the amounts due from merchandising, jobbing, and contract work.

141. ACCOUNTS RECEIVABLE -- RELATED PARTIES

This account shall include all amounts, including trade accounts, and interest and other debt due from subsidiary and affiliated companies or other related parties.

142. ACCOUNTS RECEIVABLE -- OTHER

This account shall include amounts due from all sources, other than those includible in Account No. 140, "Accounts Receivable - Customers", and in Account No. 141, "Accounts Receivable - Related Parties".

This account shall be maintained so as to show separately amounts due from officers and employees.

145. ALLOWANCE FOR DOUBTFUL ACCOUNTS

This account shall be credited with amounts provided for losses on accounts receivable that may become uncollectible. Concurrent charges shall be debited to Account No. 718, "Uncollectible Accounts", or amounts applicable to customer accounting operations, or to the appropriate account based on the nature of the uncollectible item.

147. INTEREST AND DIVIDENDS RECEIVABLE

This account shall include the amount of interest accrued on bonds, mortgages, notes, commercial paper, loans, open accounts, deposits, etc., the payment of which is reasonably assured, and the amount of dividends declared or guaranteed on shares owned.

Interest and dividends receivable from related parties shall be included in Account No. 141, "Accounts Receivable -- Related Parties", or Account No. 120, "Investment in Related Parties", as applicable.

150. MATERIALS AND SUPPLIES

This account shall include the total cost of materials and supplies purchased for use in the utilities operations and maintenance.

Materials and supplies purchased shall be charged to this account at actual cost including any transportation charges, all applicable taxes, etc.

The book value of reusable material consisting of large individual items recovered from plant in connection with maintenance or replacement or demolition work shall be included in this account. Reusable materials consisting of relatively small items shall be included in this account at current prices for such new items.

Scrap material recovered in connection with maintenance work or the replacement or demolition of plant shall be charged to this account at the net realizable amount.

When the excess or deficiency of the proceeds compared with scrap value is material, such amount shall be credited or charged to Account No. 105, "Accumulated Depreciation-Utility Plant".

151. MATERIALS AND SUPPLIES -- OTHER

This account shall include the cost of materials and supplies purchased by the utility, but not used in its gas operations and not properly includible in Account No. 150, "Materials and Supplies". This account shall also include materials and supplies purchased by the utility for other plant.

152. GAS IN STORAGE -- AVAILABLE FOR SALE

This account shall include the cost of gas purchased or produced, which is stored and held for use in meeting gas consumption requirements of customers or the utility's own use.

Gas included in this account shall be valued at cost on a consistent basis.

Gas injection into or withdrawals from storage facilities shall be credited or debited to Account No. 628, "Gas Delivered to Storage - Credit", and Account No. 627, "Gas Withdrawn From Storage".

153. TRANSMISSION LINE PACK GAS

This account shall include the cost of gas owned by the company and used to maintain such line pressure as is required for the transmission of gas. Gas owned by the company in non-owned pipelines, which forms part of line pack gas, shall also be included in this account.

160. PREPAYMENTS

This account shall include amounts representing prepaid gas purchases and prepayments such as rents, taxes, insurance, interest, and other similar items that will be charged to the appropriate accounts within one year. This account shall be maintained in such a manner as to disclose the amount of each class of prepayment.

162. OTHER CURRENT ASSETS

This account shall include the cost of all other current assets, appropriately designated and supported so as to show the nature of each asset.

163. CURRENT DEFERRED INCOME TAX DEBITS

This account shall include accumulated deferred income tax debits relating to current assets.

Deferred Charges

170. UNAMORTIZED DEBT DISCOUNT AND EXPENSE

This account shall include expenses related to the issuance of debt securities. Amounts recorded in this account shall be amortized over the life of each respective issue to distribute the amount equitably over the life of the security. The amortization shall be charged on a monthly basis to Account No. 321, "Amortization of Debt Discount, Premium and Expense".

Note: When approved by the Board, the utility may accelerate the amortization of this account by booking the gain realized on redemption of long-term debt against the specific unamortized debt costs related to each issue. When the deferred costs related to each issue are eliminated, any remaining gains are credited to Account No. 319, "Other Income".

171. EXTRAORDINARY PLANT LOSSES

This account shall include losses on property abandoned or otherwise retired from service that have not been provided for by the accumulated provisions for depreciation or amortization. Extraordinary losses are losses that could not be foreseen and provided for, such as damages to property that could not have been anticipated and are therefore not covered by insurance or other provisions.

Note: With the Board's consent, amounts charged to this account may be written off to operations by charges to Account No. 304, "Amortization". Otherwise, amounts charged to this account shall be written off to an appropriate expense account. Application to the Board for consent shall be supported by a detailed explanation of the circumstances leading up to the losses that are to be written off.

172. PRELIMINARY SURVEY AND INVESTIGATION CHARGES

This account shall include all expenditures for preliminary surveys, plans, investigations, etc. made for the purpose of determining the feasibility of projects for the provision of the utility's services. If, as a result of the surveys, plant is acquired or constructed, this account shall be credited and the appropriate plant account charged. If the work is abandoned, the charge shall be to Account No. 333, "Other Income Deductions".

The records supporting the entries to this account shall be so kept that the company can furnish complete information as to the nature and purpose of the survey, plans or investigations, and the nature and respective amounts of the charges.

177. SHARE CAPITAL EXPENSE

This account shall include items such as the cost of preparing and distributing prospectuses, the cost of acquiring subscriptions for shares, cash fees and the actual cash value or commission paid to agents for their services, and the cost of preparing and issuing certificates of shares and other similar items.

179. OTHER DEFERRED CHARGES

This account shall include expenditures that cannot be disposed of until further information is received, and expenditures of a deferred nature not provided for elsewhere that are to be amortized over future periods.

This account shall be subdivided to accommodate the various types of deferred charges.

Other Assets

180. INTANGIBLE ASSETS

This account shall include items of intangible assets that are not includible elsewhere.

181. UNAMORTIZED DEFERRED FOREIGN CURRENCY TRANSLATION GAINS AND LOSSES

This account shall include the unamortized balance of exchange gains and losses relating to the translation of long-term foreign currency denominated monetary items with a fixed or ascertainable life extending beyond the end of the following fiscal year. See Account No. 325, "Gains or Losses on Foreign Exchange, including Amortization".

182. DEFERRED DEVELOPMENT COSTS

When a development project meets the criteria for deferment the development costs shall be deferred to the extent that their recovery can reasonably be regarded as assured. See Account No. 331, "Amortization of Deferred Development Costs".

183. NON-CURRENT DEFERRED INCOME TAX DEBITS

This account shall include accumulated deferred income tax debits relating to non-current assets.

Shareholders' Equity

200. PREFERENCE SHARES

This account shall include the stated or assigned value of preference share issues in accordance with the statute under which the utility has been incorporated.

205. COMMON SHARES

This account shall include the stated or assigned value of common share issues in accordance with the statute under which the utility has been incorporated.

210. CONTRIBUTED SURPLUS

This account shall include any surplus arising from the utility's share issue transactions. Gains realized on the redemption of shares, contributions from shareholders, and capital donations from other sources shall also be credited to this account.

212. RETAINED EARNINGS

This account shall include any accumulated balance of net income less losses arising from the utility's operations, after taking into account dividends and other amounts that may properly be debited or credited to this account.

215. APPROPRIATIONS OF RETAINED EARNINGS

This account shall include the amount of retained earnings that has been appropriated, or set aside, for specific purposes.

Separate sub-accounts shall be maintained under each of the titles to designate the purpose for which each appropriation was made.

216. APPRAISAL INCREASE CREDITS

This account shall include the credit on the redetermination of plant value.

The credit may remain indefinitely as a separate item in the shareholders' equity section, or it may be transferred to retained earnings in amounts not exceeding the realization of appreciation through sale or annual depreciation provisions.

Long Term Debt

220. LONG TERM DEBT

This account shall include the amount of outstanding debt maturing more than one year from the date of the balance sheet.

The amount of each class of long-term debt shall be maintained in separate sub-accounts according to differences in mortgage, security, rate of interest, interest dates or dates of maturity.

225. LONG TERM LEASE OBLIGATIONS

This account shall include obligations related to leased assets, including interest rates and expiry dates.

248. LONG TERM ADVANCES FROM RELATED PARTIES

This account shall include the amount of long-term loans and notes payable to subsidiary and affiliated companies, as well as other related parties, and the amount of long-term advances from these related parties.

249. OTHER LONG TERM DEBT

This account shall include amounts payable more than one year from the date of the balance sheet where such amounts have not been provided for elsewhere.

Such loans may include interim bank loans, commercial paper and banker acceptances that are of a long-term nature, or which the Board has recognized as interim financing prior to the placement of a long-term debt issue.

Current Liabilities

250. LOANS AND NOTES PAYABLE

This account shall include the balances of outstanding loans and notes payable, or other similar borrowings payable on demand and due within one year from the date of the balance sheet.

251. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

This account shall include all amounts payable by the utility within one year from the date of the balance sheet. This account shall also include estimated accrued liabilities with respect to amounts payable.

This account shall be subdivided to provide the necessary details.

252. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES -- RELATED PARTIES

This account shall include the amounts owing to subsidiary and affiliated companies, as well as other related parties, on inter-company accounts, loans and notes payable (or other similar borrowings) payable within one year from the date of the balance sheet. This account shall also include interest payable and accrued on liabilities to related parties. For long-term liabilities to related parties, see Account No. 248, "Long Term Advances from Related Parties".

253. DIVIDENDS PAYABLE

This account shall include the amount of dividends declared on the company's preference and common shares that remains unpaid at the date of the balance sheet.

254. CUSTOMERS' SECURITY DEPOSITS

This account shall include all amounts deposited with the utility by customers as security, including interest accruing thereon.

255. CUSTOMERS' ADVANCES FOR CONSTRUCTION

This account shall include advances by customers for construction projects that may be refundable later either in whole or in part.

When a customer receives a refund under the agreement, the non-refundable balance, if any, shall be credited to the appropriate plant account.

If an advance is subsequently determined to be non-refundable, it shall be credited, at that time, to the appropriate plant account.

256. TAXES PAYABLE -- CURRENT

This account shall include the current liability for all taxes that are payable to federal, provincial or other governmental authorities.

257. INTEREST PAYABLE AND ACCRUED

This account shall include the amount of interest payable or accrued on all liabilities, except on liabilities to related parties, which shall be included in Account No. 252, "Accounts Payable and Accrued Liabilities - Related Parties".

258. CURRENT PORTION OF LONG TERM DEBT

This account shall include the amounts of long-term debt obligations maturing within one year.

259. OTHER CURRENT AND ACCRUED LIABILITIES

This account shall include the amount of all other current and accrued liabilities not recorded elsewhere.

260. CURRENT DEFERRED INCOME TAX CREDITS

This account shall include accumulated deferred income tax credits relating to the current assets.

262. CURRENT LONG TERM LEASE OBLIGATIONS

This account shall include any portion of long-term lease obligations payable within a year out of current funds.

263. DEFERRED REVENUES

This account shall include amounts received or due from customers with respect to gas to be delivered or services to be performed within one year from the date of the balance sheet.

Deferred Credits

270. UNAMORTIZED DEBT PREMIUM

This account shall include the net credit balance of the premium, commission and expense of each long-term debt issue. This account shall be debited with the amount amortized monthly over the life of each issue.

271. UNEARNED FINANCE CHARGES ON CUSTOMERS' ACCOUNTS RECEIVABLE

This account shall include the unearned portion of finance charges on contracts arising from merchandise sales by the company or representative dealers and financed by the company.

276. ACCUMULATED DEFERRED INCOME TAXES

This account shall include accumulated tax allocation balances arising from the long-term timing differences between accounting income and taxable income.

278. CONTRIBUTIONS AND GRANTS

This account shall include government assistance relating to expenses of future accounting periods. The appropriate amount shall be deferred and amortized to income as related expenses are incurred.

279. OTHER LONG TERM LIABILITIES AND DEFERRED CREDITS

This account shall include the amount of all other long-term liabilities and deferred credits not provided for elsewhere.

290. INSURANCE PROVISIONS

This account shall include the provisions for self insurance against accidental losses to the company's owned or leased properties. Account No. 723, "Insurance", shall be concurrently debited with such provisions.

Revenues And Expenses

300. OPERATING REVENUES

This account shall include the total revenues derived from utility operations as shown in the detail accounts of operating revenues. (see Account Nos. 500 to 599)

301. OPERATING EXPENSES

This account shall include the total expenses of utility operations as shown in the detail accounts of operating expenses. (see Account Nos. 600 to 799)

302. MAINTENANCE EXPENSES

This account shall include the total expenses of utility maintenance as shown in the detail accounts of maintenance expenses. (see Account Nos. 800 to 899)

303. DEPRECIATION

This account shall include the amount of depreciation expense for the depreciable utility plant. The utilities' records shall be kept in such a manner that the charges for depreciation are shown separately for each depreciable utility plant account, or group of plant accounts that performs similar functions.

Note A: Where a utility allocates depreciation expense to a clearing account, such allocated amounts shall be readily identifiable.

Note B: Depreciation expense applicable to transportation equipment, shop equipment, tools, work equipment, power operated equipment and other general equipment may be charged to clearing accounts in order to obtain a proper distribution of expenses between construction and operation.

Note C: See Plant Accounting Instructions, Appendix A, Section 5, "Depreciation".

304. AMORTIZATION

This account shall include the charges arising from the gradual write off of an expenditure (primarily of a capital nature) over a fixed period, or over the period during which it is anticipated that the benefit will be realized.

The company's records shall be kept in such a manner that charges for amortization are shown separately for each account subject to be amortized.

Note: See Plant Accounting Instructions, Appendix A, Section 5, "Depreciation".

305. MUNICIPAL AND OTHER TAXES

This account shall include taxes levied by municipalities relating to utility plant operations and maintenance, and all other taxes except income taxes.

Note A: When the utility pays a lump sum amount for municipal tax, the portion relating to future periods shall be charged to Account No. 160, "Prepayments".

Note B: Taxes on utility plant under construction or on facilities that are not ready for service shall be charged to the appropriate utility plant accounts.

Note C: All applicable taxes on material and installation shall be included as part of the cost of the material.

306. INCOME TAXES

A gas utility shall account for income taxes on the income tax allocation basis if the Board approves the utility's rates on a similar basis. If the Board approves the utility's rates on the taxes payable basis and there is reasonable expectation that all income taxes payable in future years will be included in the approved rates and recoverable from the customers at that time, the company shall account for income taxes on the income taxes payable basis.

This account shall include provision for federal and provincial income taxes based on the utility's operations for the fiscal period.

This account shall be subdivided into:

(a) Current income taxes

(b) Deferred income taxes

(c) Income taxes relating to extraordinary items

307. REVENUE FROM UTILITY PLANT LEASED TO OTHERS

This account shall include revenues from utility plant, constituting a distinct operating unit or system, leased by the company to others, the investment in which is included in Account No. 101, "Utility Plant Leased to Others".

Note: Depreciation, taxes, operating, and maintenance costs and all other expenses borne by the lessor will be recorded in the regular accounts maintained by the lessor for such costs.

308. RENT FOR UTILITY PLANT LEASED FROM OTHERS

This account shall include rent for utility plant constituting a distinct operating unit or system leased by the utility from others.

310. REVENUE FROM OTHER PLANT

This account shall include the total revenues derived from operation of plant, the cost of which is included in Account No. 110, "Other Utility Plant".

311. EXPENSE OF OTHER PLANT

This account shall include maintenance and other expenses incurred from operation of plant, the cost of which is included in Account No. 110, "Other Utility Plant".

312. NON--GAS OPERATING REVENUE

This account shall include revenues from commercial activities carried on by the utility and not includible in either Account No. 300, "Operating Revenues", or Account No. 703, "Revenue From Merchandising, Jobbing and Contract Work".

313. NON--GAS OPERATING EXPENSE

This account shall include expenses from commercial activities carried on by the utility and not includible in either Account No. 301, "Operating Expenses", or Account No. 302, "Maintenance Expenses".

314. INCOME FROM INVESTMENTS

This account shall include income from all investments other than income from the investments shown in Account No. 315, "Income From Investments in Related Parties", and Account No. 316, "Equity in Earnings".

The utility's records shall be kept in such a manner that each source of investment income shall be shown separately.

This account should also include gains and losses on sale of investments, or amounts required to provide allowances for the decrease in market value of short-term and portfolio investments.

315. INCOME FROM INVESTMENT IN RELATED PARTIES

This account shall include income from the investment in subsidiary and affiliated companies, as well as other related organizations, in shares, securities, and other types of indebtedness that are issued by these related parties.

The amounts included in this account shall be subdivided to show separately the different types of income; i.e., dividends, interest, and other income.

316. EQUITY IN EARNINGS

This account shall include the equity in earnings (or losses) of investments accounted for under the equity method of accounting.

319. OTHER INCOME

This account shall include all other income items not recorded elsewhere.

320. INTEREST ON LONG TERM DEBT

This account shall include the amount of interest expense on all classes of long-term debt, the principal of which is included in Account No. 220, "Long Term Debt", and Account No. 249, "Other Long Term Debt".

321. AMORTIZATION OF DEBT DISCOUNT, PREMIUM AND EXPENSE

This account shall be charged and credited during each fiscal period with the proportion of the discount, premium and expense on long-term debt obligations applicable to that period. This proportion shall be determined by amortization of the debt discount, premium and expense over the life of each respective issue, which will distribute the amount equitably over its life.

322. INTEREST ON AMOUNTS DUE TO RELATED PARTIES

This account shall include the amount of interest expense on all classes of debt the principal of which is included in Account No. 248, "Long Term Advances from Related Parties", or Account No. 252, "Accounts Payable and Accrued Liabilities - Related Parties".

323. OTHER INTEREST EXPENSE

This account shall include all other interest expense except that chargeable to Account No. 320, "Interest on Long Term Debt", or Account No. 322, "Interest on Amounts Due to Related Parties". Discount, premium and expense on short-term notes issued by the utility maturing one year or less from the date of balance sheet shall also be included in this account.

324. ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION -- CREDIT

This account shall be credited with the allowance for funds used during construction ("AFUDC") that has been capitalized during the fiscal year.

The concurrent debit shall be to Account No. 115, "Construction Work in Progress - Utility Plant", or Account No. 116, "Other Utility Plant Under Construction", or to the specific subsidiary CWIP account for the project.

The AFUDC rate shall be based on a reasonable allowance for the use of funds expended during the construction period, whether or not such funds have been borrowed, and shall be approved by the Board.

325. GAINS OR LOSSES ON FOREIGN EXCHANGE, INCLUDING AMORTIZATION

This account shall include the amortization of any exchange gains or losses related to a foreign currency denomination monetary item with a fixed or ascertainable life extending beyond the end of the following fiscal year. Such amortization shall be calculated on a systematic and rational basis over the remaining life of the monetary item.

This account shall also include the net amount of currently realized or unrealized gains or losses on foreign exchange, not otherwise allocated.

326. AMORTIZATION OF OTHER DEFERRED CHARGES

This account shall include the amount of the amortization charges relating to Account No. 179, "Other Deferred Charges", and applicable to the current fiscal period.

327. INTEREST EXPENSE ON CAPITAL LEASE OBLIGATIONS

This account shall include the interest expense portion of the capital lease payments.

The interest expense shall be calculated using the discount rate for computing the present value of the minimum lease payments applied to the remaining balance of the obligation under capital lease.

328. AMORTIZATION OF OTHER INTANGIBLE ASSETS

This account shall include the amount of the amortization charges relating to Account No. 180, "Intangible Assets", and applicable to the current fiscal period.

329. GOVERNMENT ASSISTANCE DIRECTLY CREDITED TO INCOME

This account shall include government assistance towards current expenses or revenues. It shall also include government assistance that has been deferred, and is subsequently amortized to income as related expenses are incurred.

330. RESEARCH AND DEVELOPMENT COSTS

This account shall include the research costs incurred during the fiscal period. It shall also include the development costs incurred during the period other than any development costs that have been deferred to a future period.

331. AMORTIZATION OF DEFERRED DEVELOPMENT COSTS

This account shall include the amount of the amortization charges relating to Account No. 182, "Deferred Development Costs", and applicable to the current fiscal period.

333. OTHER INCOME DEDUCTIONS

This account shall include charges not provided for elsewhere, such as overcharge claims, court awards, charges transferred from Account No. 172, "Preliminary Survey and Investigation Charges", and other income deductions.

338. EXTRAORDINARY ITEMS

This account shall include all extraordinary gains or losses that the utility has incurred in its operations during the fiscal period.

This account shall be subdivided if there is more than one extraordinary item reported during the year.

339. EXTRAORDINARY ITEMS -- TAX EFFECT

This account shall include the tax effects on the extraordinary gains and losses included in Account No. 338, "Extraordinary Items".

Accounts Descriptions - Detail Accounts Property, Plant And Equipment

INTANGIBLE PLANT

401. FRANCHISES AND CONSENTS

This account shall include amounts paid to federal, provincial or other governmental authorities in consideration for franchises, consents or certificates running in perpetuity or for a specified term of more than one year. It shall also include expenses incidental to acquiring such franchises, consents or certificates of permission and approval.

If a franchise, consent or certificate is acquired by assignment, the amount paid to the assignor shall be charged to this account.

When any franchise has expired, the cost shall be credited to this account. If the franchise was depreciable, the amount removed from this account shall be charged to Account No. 105, "Accumulated Depreciation - Utility Plant", or Account No. 106, "Accumulated Amortization - Utility Plant", as applicable.

If the franchise was not depreciable, the amount removed from this account, if immaterial, shall be charged to Account No. 319, "Other Income", or Account No. 333, "Other Income Deductions", or if material, to Account No. 338, "Extraordinary Items".

Assessments in respect of franchises shall not be included in this account but in the appropriate operating expense account.

402. OTHER INTANGIBLE PLANT

This account shall include the cost of patent rights, licenses, privileges and other intangible plant necessary or valuable in the operation of the utility's operations and not specifically chargeable to any other account.

When any item included in this account is retired or expires, the cost shall be credited to this account. If the item was depreciable, the amount so removed from this account shall be charged to Account No. 105, "Accumulated Depreciation - Utility Plant", or Account No. 106, "Accumulated Amortization - Utility Plant", as applicable.

NATURAL GAS PRODUCTION PLANT

403. GAS LANDS

This account shall include the cost of lands held in fee simple on which producing natural gas wells are located, and lands held in fee simple that are being depleted of natural gas through the operation of wells on other land.

404. GAS LEASEHOLDS

This account shall include the cost of acquiring leaseholds on which the company pays royalties for natural gas acquired.

Note: Rents paid periodically for rights obtained under leases and the costs of leaseholds that terminate in one year or less after they become effective shall be excluded from this account.

405. GAS RIGHTS

This account shall include the cost of natural gas rights when the utility obtains ownership in natural gas beneath land not owned or leased by the utility.

406. GAS WELLS -- WELL DRILLING

This account shall include the cost of drilling or deepening gas wells.

Note: If the utility follows the full cost method of accounting for its gas exploration and development operations, the cost of drilling non-producing wells and the cost of all leases abandoned shall also be included in this account.

Examples of Components

Clearing site for drilling

Cost of hauling, erecting, dismantling and removing boilers, portable engines, derricks, rigs and other equipment and tools used in drilling

Damages

Drilling contractor's charges

Fuel or power used in drilling labour

Rent of drilling equipment

Cost of making and/or maintaining road to well site

Water used in drilling obtained either by driving wells, piping from springs and streams, or by purchase

Shooting, fracturing, acidizing if done when well drilled

407. GAS WELLS -- WELL EQUIPMENT

This account shall include the cost of equipment in producing gas wells, up to and including well gate and flanges, including cost of casing, tubing, packing and shutting in wells.

Examples of Components

Bailing equipment

Boiler and drives permanently connected

Casing

Fence, when solely on enclosure for equipment

Fittings including shut-in valve, separators and drips

Packing

Tank, oil or water, etc.

Tubing

408. GAS WELLS - WELL STRUCTURES

This account shall include the cost of well structures and improvements used for the housing of permanent bailer and other equipment necessary to keep the wells in operation.

409. OTHER NATURAL GAS PRODUCTION EQUIPMENT

This account shall include the cost of implements and equipment used for drilling and cleaning natural gas wells.

Examples of Components

Boilers Fishing tools

Derricks Motors

Drilling cables Pulling machines

Drilling machines Rigs

Engines Rod pulling tractors

NATURAL GAS GATHERING PLANT

410. LAND

This account shall include the cost of land owned in fee simple and used for the construction and operation of natural gas gathering plant, the cost of land for storage, station, office, shop, and other grounds; the cost of land ingress to or egress from such grounds; the cost of land for storage of material adjoining the right of way; the cost of removing from the land and locating elsewhere the property of others; and the cost of necessary land for relocation of the property, when such costs are assumed by the utility.

When land, together with buildings thereon, is acquired, the cost shall be fairly apportioned between land and buildings and accounted for accordingly. If the plan of acquisition contemplates the removal of the buildings, the total cost of the land and buildings shall be accounted for as the cost of the land and the value of salvage of the buildings, when disposed of, shall be deducted from the costs of the land as determined.

Proceeds from the sale of timber or of improvements purchased with land, less any cost of removal, shall be credited to this account.

Proceeds from the sale of minerals known to be in the land when purchased and considered in the purchase price thereof shall be credited to this account.

Examples of Components

Abstracts

Appraisals

Arbitrators in expropriation cases

Legal and notarial fees

Commissions paid to others

Compensation and expenses of outside land agents when specifically assigned to acquisition of land, but not arbitrary apportionments for incidental services

Cost of cleaning, filling and levelling submerged or low land

Damage to property of others

Ditches for waterways, when part of consideration

Engineering and survey expense in connection with purchase of land in fee simple

Expropriation expenses, including court costs and special counsel fees

Judgments and decreed costs to clear or defend titles

Legal and material fees

Payments for release and discharge of encumbrances and charges against the land

Payments for release from restrictive provisions of original title documents and for other rights

Plats

Premiums on expropriation bonds

Registering, filing and depositing title documents and plans

Removal and relocation of buildings and other structures not purchased

Rent of land, when part of consideration for purchase

Taxes accrued and assumed at time of purchase

Note A: When the acquisition of land for gas pipe line service involves also the purchase of land not to be used for such purposes, the charges to this account shall be based upon the estimated cost at date of acquisition of only that portion that is used for gas pipe line service. The estimated value of that portion that is not so used also will be included in Account No. 110, "Other Utility Plant". When such land is practically worthless, it shall be included in the account at a nominal value for record purposes.

Note B: Payments for options and of interest on options and on contracts to purchase land that it is proposed to use in contemplated construction projects shall be carried in Account No. 179, "Other Deferred Charges", pending determination as to whether to proceed with the project. If it should be decided to proceed with the project, the balance in Account No. 179, "Other Deferred Charges", shall be transferred to Account No. 115, "Construction Work in Progress - Utility Plant"; if not, the amount lost, including interest, if any, shall be charged to Account No. 319, "Other Income" or Account No. 333, "Other Income Deductions".

Note C: The net proceeds from the sale of minerals and timber in excess of the amount considered therefor in the purchase price of the land shall be credited to Account No. 338, "Extraordinary Items", or Account No. 319, "Other Income", as applicable.

Note D: When land has been purchased for a proposed pipe line operation project and the project has been indefinitely postponed before construction work is begun, the cost of the property shall be transferred to Account No. 102, "Utility Plant Held for Future Use", with sufficient details to permit the classification of the various items of cost in case the project is later pursued. The cost of the work that has been done shall be included in Account No. 179, "Other Deferred Charges", until a decision has been reached as to execution or abandonment of the project. If it should be determined to continue the work the cost of the land and the work that has been done shall be transferred to Account No. 115, "Construction Work in Progress - Utility Plant". If the project is abandoned the cost of the work that has been done shall be charged to Account

No. 338, "Extraordinary Items", or Account No. 333, "Other Income Deductions", as applicable.

Note E: When land is acquired for which there is not a definite plan for its use in pipe line operations, the cost shall be charged to Account No. 110, "Other Utility Plant".

Note F: In case land is purchased under a definite plan for its use in a construction project, its cost shall be included in Account No. 115, "Construction Work in Progress - Utility Plant", until placed in service.

Note G: The cost of clearing, levelling or grading land, both before and after the construction of facilities shall be capitalized.

411. LAND RIGHTS

This account shall include the cost of land rights or easements used for the construction, operation and maintenance of gathering plant; the cost of land rights for storage of material adjoining the right of way; and the cost of work room adjoining the right of way during construction.

Examples of Components

Abstract expenses

Engineering and survey expenses in connection with expropriation expenses

Expropriation expenses

Fees and costs of registering, filing and depositing title documents and plans

Judgments and decreed costs of clearing or defending titles

Legal and notarial fees

Outside land rights agents' compensation

Payments for release and discharge of encumbrances and charges against the lands affected by the land rights

Payments for tenants' consents, options and easements

Plats

Premiums on expropriation bonds

Note A: The cost of clearing, levelling or grading land, on which the utility has acquired land rights, both before and after the construction of facilities, shall be capitalized.

Note B: Proceeds from the sale of timber or of improvements purchased with land rights less any cost of removal shall be credited to this account.

Note C: When a land right or easement is directly associated with and useful only in relation to a depreciable plant unit, the land right or easement may be charged to the related detail plant account.

412. COMPRESSOR STRUCTURES AND IMPROVEMENTS

This account shall include the cost of structures and related facilities used for the compression function of natural gas gathering operations. It shall also include the cost of improvements to such structures and related facilities and the cost of clearing, levelling or grading land, both before and after construction, when such improvements are directly related to the above functions and structures.

Examples of Components

Boiler Protection box

Building Reservoir

Drainage system Roads

Fencing Sewage system

Hoisting equipment attached to building Sidewalks

Lightning arrestor Sprinkler system

Loading dock Ventilating system

Parking bumper Water line

Pipe rack Water well

Note: The cost of foundations special to engines, pumps, compressors and other similar apparatus shall be included in the cost of such apparatus.

413. MEASURING AND REGULATING STRUCTURES AND IMPROVEMENTS

This account shall include the cost of structures and related facilities used for the measuring and regulating function of natural gas gathering operations. It shall also include the cost of improvements to such structures and related facilities, and the cost of clearing, levelling or grading land, both before and after construction, when such improvements are directly related to the above functions and structures.

Note A: The cost of foundations special to engines, pumps, compressors, and other similar apparatus shall be included in the cost of such apparatus.

Note B: For examples of components for this account see Account No. 412, "Compressor Structures and Improvements".

414. OTHER STRUCTURES AND IMPROVEMENTS

This account shall include the cost of structures and related facilities used for gas gathering operations not recorded elsewhere.

Note A: The cost of foundations special to engines, pumps, compressors and other similar apparatus shall be included in the cost of such apparatus.

Note B: For examples of components for this account see Account No. 412, "Compressor Structures and Improvements".

415. GATHERING LINES

This account shall include the installed cost of gas gathering line pipe, from the wells to the meters recording delivery to the transmission, holding facilities, or other system.

Examples of Components

Anchor block Pipe casing

Blow down tank Pipe line

Cathodic protection equipment Protective coating

Clearing and grading River crossing header

Concrete supports River weights

Damages to property of others Saddles

Drip assemblies Structural equipment and support

Equipment foundation Surveying

Lightning arrestor Valve

Manifold fittings Vents

416. COMPRESSOR EQUIPMENT

This account shall include the installed cost of compressors and associated equipment used for natural gas gathering operations.

Examples of Components

Air cleaner Meter body

Air compressor Meter recorder

Atmospheric type jacket water cooler Meter station header

Auxiliary engine generator Meter tube

Base volume index NGV compressor station

Blower Oil reclaimer

Cathodic ground bed Pipe fittings

Cathodic protection device Piping

Circuit breakers and switches Portable meter station

Compressor Protective coating and wrap

Conductor Pulsation dampener

Conduit Pump

Controller Rectifier

Control panel Regulator

Dehydrator Relay cabinet

Drip Residence equipment

Duct Scrubber

Electrical fittings Shop equipment

Equipment foundation Signal

Filter Silencer

Fire fighting equipment Station positive gas meter

Garage equipment Storage battery

Gauge Stores equipment

Gauge board equipment Support

Heat exchanger Switchboard

Laboratory equipment Tank

Line casing Telemetry equipment

Line pole Transformer

Line wire Trap

Manhole Valve

Manometer Valve box

Water treating equipment

Note: The cost of foundations other than those special to particular engines, pumps, compressors and other similar apparatus shall be included in the appropriate structures and improvements account.

417. MEASURING AND REGULATING EQUIPMENT

This account shall include the installed cost of meters, gauges, regulators and associated equipment used for measuring and regulating natural gas before entry into the transmission or other system.

Examples of Components

Battery Meter recorder

Blower Meter tube and fittings

Calorimeter Odorizing equipment

Cathodic protection device Panel

Chemical Piping

Circuit breaker Positive meter

Conductor Pulsation dampener

Conduit Pump

Controller Regulator

Control panel Remote control

Dehydrator Scrubber

Duct Stores equipment

Equipment foundation Switch

Fire fighting equipment Switchboard

Gauges Tank

Governor Telemetering equipment

Header Thermometer

Heat exchanger Tubing

Laboratory equipment Valve

Manhole Valve box

Manometer Valve operator

Water treating equipment

Note: The cost of foundations other than those special to particular engines, pumps, compressors, and other similar apparatus shall be included in the appropriate structures and improvements account.

418. PURIFICATION EQUIPMENT

This account shall include the installed cost of condensers, dehydrators, pumps and other apparatus used for the removal of impurities from gas.

Examples of Components

Condensers and washer coolers

Dehydrators

Foundations and settings, specially constructed for and not intended to outlast the equipment for which provided

Other accessory equipment, such as coolers, spray ponds, pumps, platforms, railings, stairs

Piping, from inlet valve of first piece of apparatus to outlet valve of final piece of apparatus (or, in building, from entrance to building to exit from building)

Scrubber

Sulphur removal apparatus

Water supply system

Note: The cost of foundations other than those special to particular engines, pumps, compressors, and other similar apparatus shall be included in the appropriate structures and improvements account.

419. OTHER NATURAL GAS GATHERING EQUIPMENT

This account shall include the cost of equipment used for gas gathering operations and not recorded elsewhere.

LOCAL STORAGE PLANT

440. LAND

This account shall include the cost of land owned in fee simple and used for local storage operations.

Note: For additional text, notes and examples of components for this account see Account No. 410, "Land".

441. LAND RIGHTS

This account shall include the cost of land rights or easements used for local storage operations.

Note: For additional text, notes and examples of components for this account see Account No. 411, "Land Rights".

442. STRUCTURES AND IMPROVEMENTS

This account shall include the cost of structures and related facilities used for local storage operations. It shall also include the cost of improvements to such structures and related facilities, and the cost of clearing, levelling or grading land, both before and after construction, when such improvements are directly related to the above functions and structures.

Note: For examples of components and note for this account see Account No. 412, "Compressor Structures and Improvements".

443. GAS HOLDERS - STORAGE

This account shall include the installed cost of holders and associated equipment used in the storage of natural gas prior to sale.

Examples of Components

Alarm systems Hortonspheres and high

Buried piping, tanks or other underground pressure tanks

construction for gas storage equipment Lighting

Flood and Fire Control Pumps

Foundations Regulators

Holder pistons Valve

Holders Ventilating equipment

Walkways

Note: The cost of foundations other than those special to particular engines, pumps, compressors, and other similar apparatus shall be included in the appropriate structures and improvements account.

444. OTHER LOCAL STORAGE EQUIPMENT

This account shall include the installed cost of equipment used in the local storage operation when not recorded elsewhere.

UNDERGROUND STORAGE PLANT

450. LAND

This account shall include the cost of land owned in fee simple and used for underground storage operations.

Note: For additional text, notes and examples of components for this account see Account No. 410, "Land".

451. LAND RIGHTS

This account shall include the cost of land rights or easements used for underground storage operations.

Note: For additional text, notes and examples of components for this account see Account No. 411, "Land Rights".

452. STRUCTURES AND IMPROVEMENTS

This account shall include the cost of structures and related facilities used for underground storage operations. It shall also include the cost of improvements to

such structures and related facilities, and the cost of clearing, levelling or grading land, both before and after construction, when such improvements are directly related to the above functions and structures.

Note: For examples of components and note for this account see Account No. 412, "Compressor Structures and Improvements".

453. WELLS

This account shall include the cost of wells used for injection and withdrawal of gas from underground storage including wells kept open and used for observation.

Examples of Components

Clearing well site

Drilling

Fuel or power

Hauling, erecting, dismantling and removing boilers, portable engines, derricks, rigs, and other equipment and tools used in drilling

Labour

Rent of drilling equipment

Water used in drilling, obtained either by driving wells, piping from springs or streams, or by purchase

454. WELL EQUIPMENT

This account shall include the cost of equipment in or at wells used for injection and withdrawal of gas from underground storage.

Examples of Components

Bailing equipment

Battery equipment

Boilers and drives permanently connected

Casing

Dehydrators

Derrick

Fence, when solely an enclosure for equipment

Fittings, including shut-in valves, separators, drips, braden heads and casing heads

Packing

Tank (oil or water)

Tubing

455. FIELD LINES

This account shall include the cost of pipe lines used for conveying gas from point of connection with the transmission or other system to underground storage wells and from underground storage wells to the point where the gas enters the transmission or other system.

Note: For examples of components and note for this account see Account No. 415, "Gathering Lines".

456. COMPRESSOR EQUIPMENT

This account shall include the cost of compressors and associated equipment used to deliver gas to underground storage or to withdraw gas from underground storage for delivery to the transmission or other system.

Note: For examples of components and note for this account see Account No. 416, "Compressor Equipment".

457. MEASURING AND REGULATING EQUIPMENT

This account shall include the cost of meters, gauges and other equipment used in measuring or regulating deliveries of gas to underground storage and withdrawals of gas from underground storage.

Note: For examples of components and note for this account see Account No. 417, "Measuring and Regulating Equipment".

458. BASE PRESSURE GAS

This account shall include the cost of gas in underground storage that is required as a base pressure for the operation of underground storage.

Note: Gas deliveries to or withdrawals from underground storage for customer consumption shall be charged or credited to Account No. 152, "Gas in Storage - Available for Sale".

459. OTHER UNDERGROUND STORAGE EQUIPMENT

This account shall include the cost of equipment used for underground storage of gas when not recorded elsewhere.

TRANSMISSION PLANT

460. LAND

This account shall include the cost of land owned in fee simple and used for transmission operations.

Note: For additional text, notes and examples of components for this account see Account No. 410, "Land".

461. LAND RIGHTS

This account shall include the cost of land rights or easements used for transmission operations.

Note: For additional text, notes and examples of components for this account see Account No. 411, "Land Rights".

462. COMPRESSOR STRUCTURES AND IMPROVEMENTS

This account shall include the cost of structures and related facilities used for the compressor function of transmission operations.

Note: For examples of components and note for this account see Account No. 412, "Compressor Structures and Improvements".

463. MEASURING AND REGULATING STRUCTURES AND IMPROVEMENTS

This account shall include the cost of structures and related facilities used for the measuring and regulating function of transmission operations.

Note: For examples of components and note for this account see Account No. 413, "Measuring and Regulating Structures and Improvements".

464. OTHER STRUCTURES AND IMPROVEMENTS

This account shall include the cost of structures and related facilities used for transmission operations not recorded elsewhere.

Note: For examples of components and note for this account see Account No. 414, "Other Structures and Improvements".

465. MAINS

This account shall include the installed cost of gas transmission mains, between station discharge valve and next station's suction valve, including pipe from receiving meters to delivery meters.

Note: For examples of components for this account see Account No. 415, "Gathering Lines".

466. COMPRESSOR EQUIPMENT

This account shall include the cost of compressors and associated equipment used for gas transmission operations.

Note: For examples of components and note for this account see Account No. 416, "Compressor Equipment".

467. MEASURING AND REGULATING EQUIPMENT

This account shall include the cost of meters, gauges, regulators and associated equipment used for measuring or regulating gas for transmission operations.

Note: For examples of components and note for this account see Account No. 417, "Measuring and Regulating Equipment".

468. COMMUNICATION STRUCTURES AND EQUIPMENT

This account shall include the cost of telephone, telegraph, radio and other communication structures and equipment used wholly or predominantly for the operation of the gas transmission system.

Examples of Components

Telegraph and Telephone Structures and Equipment

Aerial attachment Guy, stub and anchor

Battery Guy, rod and wire

Brace Insulator and pin

Bracket Rectifier

Building Rheostat

Cable and wire Pole

Cable box and appurtenance Sending and receiving instrument

Conduit and appurtenance Submarine cable and connection

Connecting wire Switchboard

Current controlling instrument Telecopier (FAX)

Cross arm and cross arm bolt Telephone pole

Electric generator and motor Testing outfit

Electric meter Tower

Engine, stationary Transformer

Fuse and mechanical protector Underground cable and connection

Radio and Radar Equipment

Aerial or antenna and attachment

Control unit

Mobile radio equipment

Power generating, converting or supply equipment

Radio tower

Radar console and associated equipment

Specialized testing and repair equipment

Transmitter and receiver including mobile unit

Note: The cost of telegraph, telephone, radio and other communication structures and equipment for general use in connection with the company's gas operations shall be included in Account No. 488, "Communication Structures and Equipment".

469. OTHER TRANSMISSION EQUIPMENT

This account shall include the cost of equipment used for gas transmission operations not recorded elsewhere.

DISTRIBUTION PLANT

470. LAND

This account shall include the cost of land owned in fee simple and used for distribution operations.

Note: For additional text, notes and examples of components for this account see Account No. 410, "Land".

471. LAND RIGHTS

This account shall include the cost of land rights or easements used for distribution operations.

Note: For additional text, notes and examples of components for this account see Account No. 411, "Land Rights".

472. STRUCTURES AND IMPROVEMENTS

This account shall include the cost of structures and related facilities used for distribution operations.

Note: For examples of components and note for this account see Account No. 412, "Compressor Structures and Improvements".

473. SERVICES

This account shall include the installed cost of service pipes, from the point at which the main is tapped to and including the meter shut off stop, whether inside or outside of the customers' premises. This includes also such service pipes paid for by the customer but for which the utility has assumed full responsibility for the maintenance and replacement of such facilities.

Services that have been used, but have become inactive, shall be retired from plant in service immediately if there is no prospect for re-use, and, in any event, shall be transferred from this account and control Account No. 100, "Utility Plant in Service", to Account No. 102, "Utility Plant Held For Future Use", by the end of the second year following that during which the service became inactive unless re-used in the interim.

The company shall maintain records to show separately the number and average length of services of each diameter and material, the book cost of which is included in this account; those through which gas is being delivered; those that have been used but that are inactive; and those to which no meters are attached.

Examples of Components

Curb valves and curb boxes

Drips

Excavation, including shoring, bracing, bridging, pumping, backfill, and disposal of excess excavated material

Municipal inspection

Pavement disturbed, including cutting and replacing pavement, pavement base and sidewalks

Permits

Pipe and fittings, including saddle, tee, or other fittings on street main

Pipe coatings

Protection of street openings

Note: This account shall also include the cost of stub services run in anticipation of future use, even if such services have never been used.

474. REGULATORS AND METER INSTALLATIONS

This account shall include the cost of regulators whether actually installed or held in reserve. It shall further include the cost of labour and materials used, and expenses incurred in the original installation of regulators and meters. For accounting convenience, the cost of the regulator and meter and the installation costs may be transferred annually to Account No. 473, "Services".

Examples of Components

Cocks Fittings

Locks Regulators

Labour Regulator vents

Meter bars Seals

Pipe Shelves

475. MAINS

This account shall include the installed cost of distribution system mains from the transmission line to customer service lines.

Examples of Components

Cathodic protection equipment

Clearing and grading

Damages to property of others

Drips

Excavation, including shoring, bracing, bridging, pumping, backfill, and disposal of excess excavated material

Municipal inspection

Pavement disturbed, including cutting and replacing pavement, pavement base and sidewalks

Permits

Pipe

Pipe coating

Pipe fittings

Pipe laying

Pipe supports

Protection of street openings

Surveying

Valves (including manholes or pits) not associated with pumping or regulating equipment

476. COMPRESSOR EQUIPMENT

This account shall record the cost of compressors and associated equipment, including NGV compressor equipment and associated refuelling equipment, used for distribution operations.

Note: For examples of components and note for this account see Account No. 416, "Compressor Equipment".

477. MEASURING AND REGULATING EQUIPMENT

This account shall include the cost of meters, gauges, regulators and associated equipment used for measuring or regulating gas for distribution operations.

Note A: The cost of meters for measuring gas delivered to customers shall be included in Account No. 478, "Meters".

Note B: For examples of components and notes for this account see Account No. 417, "Measuring and Regulating Equipment".

478. METERS

This account shall include the cost of meters or devices for use in measuring the quantity of gas delivered to customers, whether actually in service or held in reserve.

The records covering meters shall be maintained so that the utility can furnish information as to the number of meters of various capacities in service and in reserve as well as the location of each meter owned.

Examples of Components

Government seals

Meter unit, including badging and initial testing

479. OTHER DISTRIBUTION EQUIPMENT

This account shall include the installed cost of all other distribution system equipment not recorded in the foregoing accounts.

Examples of Components

Carbon monoxide tester and indicator Lockers

Explosimeters Portable pumps

Fire extinguishers Recording gauges

Gas masks Test meters

GENERAL PLANT

480. LAND

This account shall include the cost of land owned in fee simple and used for general operations.

Note: For additional text, notes and examples of components for this account see Account No. 410, "Land".

481. LAND RIGHTS

This account shall include the cost of land rights or easements used for general utility operations and not recorded elsewhere.

Note: For additional text, notes and examples of components for this account see Account No. 411, "Land Rights".

482. STRUCTURES AND IMPROVEMENTS

This account shall include the cost of structures and related facilities used for general utility operations and not recorded elsewhere.

Note: For additional text and components for this account see Account No. 412, "Compressor Structures and Improvements".

483. OFFICE FURNITURE AND EQUIPMENT

This account shall include the cost of office equipment, furniture and fixtures, when not built in or permanently attached to buildings.

Examples of Components

Adding machines Lamps

Bookeeping machines Photocopiers

Bookshelves Photographic equipment

Cabinets Plants

Calculators Postage machines

Chairs Projection equipment

Clocks Rugs

Credenzas Screens

Desks Tables

Dictating equipment Typewriters

Filing equipment Water coolers

Fire extinguishers Work stations

Humidifiers

484. TRANSPORTATION EQUIPMENT

This account shall record the cost of transportation equipment, used in gas operations, including NGV cylinders installed on company vehicles.

Examples of Components

Aircraft NGV cylinders

Automobile Snowmobiles

Barge Tractor

Electric vehicle Truck

Helicopter Truck trailer

Motor boat Van

Motorcycle

485. HEAVY WORK EQUIPMENT

This account shall include the cost of major items of movable equipment used for construction or maintenance in gas operations.

Examples of Components

Air compressor Heating kettle

Backhoe Hoist

Bulldozer Motor

Concrete mixer and distributor Pipe threading and cutting machine

Crane Power shovel

Derrick Pump

Ditching machine Tamping and backfilling

Drag line Trenching machine

Forge Welding machine

Generator

Note: Small tools and equipment and large non-movable equipment shall be included in Account No. 486, "Tools and Work Equipment".

486. TOOLS AND WORK EQUIPMENT

This account shall include the cost of tools and other equipment used for gas operations and not includible in Account No. 485, "Heavy Work Equipment". It shall also include the cost of garage equipment and large non-movable equipment.

Examples of Components

Air drill Lathe

Alcohol injector Lawn mower

Anvil Lifting magnet

Barometer Manometer

Battery charger Milling machine

Bevelling machine Motor

Blasting machine Pipe cleaning machine

Boring machine Pipe coating tester

Calorimeter Pipe cutting and threading machine

Corrosion prevention equipment Pipe locator

Crane Pipe pusher

Cutter Pipe straightening machine

Detector Pipe threader

Dew point tester Planer

Dog house Pneumatic tool

Drilling machine Pump

Engine Saw

Fire extinguisher Surveying and levelling equipment

Forge Tool cabinet

Gascope Tool kit

Generator Tool rack

Grinder Vise

Greasing tools and equipment Wheelbarrow

Gun Winch

Hand truck Work bench

Hoist Wrench

487. EQUIPMENT ON CUSTOMERS' PREMISES

This account shall record the cost, including delivery, installation and inspection, of rental equipment owned by the utility installed on customers' premises that is not includible in other accounts.

Examples of components

Boilers Refuelling nozzles

Compressor equipment Space and unit heaters

Conversion burners Vehicle conversion kits

Cylinders Vehicle refuelling appliances

Furnace rental equipment Water heaters

488. COMMUNICATION STRUCTURES AND EQUIPMENT

This account shall include the cost of telegraph, telephone, radio and other communication structures and equipment used wholly or predominantly for the utility's general operations.

Note: For text and examples of components for this account see Account No. 468, "Communication Structures and Equipment".

489. OTHER GENERAL EQUIPMENT

This account shall include the cost of equipment used for gas operations and not recorded elsewhere.

490. COMPUTER HARDWARE

This account shall include the cost of computer hardware, peripherals and operating system software.

Examples of Components

Computer communications equipment (e.g. modems, LAN/WAN equipment, hubs, routers, bridges, wiring components, etc.)

Computer peripherals (e.g. terminals, printers, plotters, scanners, etc.)

Computer processing equipment (e.g. Mainframe, PCs, midranges, servers, etc.)

Computer storage equipment (e.g. disks, tapes, devices, etc.)

Operating system software (e.g. VMS, DOS, Windows, Network operating systems, etc. or utility software e.g. backup/archival software, security or monitoring packages such as PC/DACS or ACF2, etc.

491. COMPUTER APPLICATION SOFTWARE

This account shall include the capitalized cost of developed or purchased computer application software.

Examples of Components

Accounting packages, including:

- general ledger**
- accounts payable/receivable**
- inventory management**
- payroll**
- records management**
- customer billing/history**
- customer service tracking**
- plant records/network tracking**

Spreadsheet related packages (e.g. Lotus, Excel, Quattro, etc.)

Word processing packages (e.g. WordPerfect, Word, AmiPro, etc.)

Graphics packages (e.g. Corel, Power Point, Freehand, Freelance, etc.)

Groupware packages (e.g. e-mail, scheduling & conferencing programs, etc., including related gateways)

Database management system packages (e.g. Access, Paradox, dBase, Oracle, DB2, etc., and related accessories such as report writers, program generators, etc.)

Software development tools

Primary development tools (e.g. PowerBuilder)

Customer Information System (CIS)

UNCLASSIFIED PLANT

496. UNCLASSIFIED PLANT

This account shall include the cost of gas plant in service pending analysis and distribution to other appropriate plant accounts.

499. CONTRIBUTIONS AND GRANTS

This is an optional account. If it is not kept, contributions and grants relating to fixed assets are to be accounted for in accordance with the Plant Accounting Instructions provided in Appendix A, Section 1.B, Plant Acquired or Constructed - Contributions and Grants. If this account is kept, it shall include contributions or grants in cash, services or property from governments or government agencies, corporations, individuals and others for contributions in aid of construction or for acquisition of fixed assets.

This account shall be maintained so that the company can supply information as to the purpose of each contribution or grant, the conditions, if any, on which it was made, the amount of contributions or grants from governments or government agencies, corporations, individuals and others and the amount applicable to each account.

Operating Revenue Accounts

GAS SALES

500. CANADIAN SALES

This account shall include revenue from gas sales to Canadian utilities and other Canadian companies.

510. FOREIGN SALES

This account shall include revenue from gas sales to foreign utilities and other foreign companies.

520. RESIDENTIAL SALES

This account shall include revenue from gas sales to residential customers.

521. COMMERCIAL SALES

This account shall include revenue from gas sales to commercial customers.

522. INDUSTRIAL SALES

This account shall include revenue from gas sales to industrial customers.

524. SALES TO RELATED PARTIES

This account shall include revenue from gas sales to subsidiary and affiliated companies, as well as other related parties.

529. OTHER SALES

This account shall include revenue from gas sales not recorded elsewhere.

OTHER OPERATING REVENUE

560. LATE PAYMENT PENALTIES

This account shall include revenue from additional charges imposed because of the customers' failure to pay their gas bills on or before a specified date designated in the monthly bill.

561. REVENUE FROM SERVICE WORK

This account shall include revenue from service work billed to customers.

Examples of Components

Boiler and chimney maintenance programs

Heat efficiency studies

Net credit or debit, (i.e., the cost less net salvage and less payment from customers), on closing work orders in respect of plant installed for temporary service of less than one year

Profit on maintenance of appliances, piping, gas firing and other utilization facilities, or other installations on customers' premises

Recovery of expenses in connection with gas diversion cases. Billing for the gas consumed shall be included in the appropriate gas revenue account

Revenue from changing, connecting, or disconnecting facilities on the customers' premises

Services performed for other gas utilities for testing and adjusting meters, changing charts, etc.

570. TRANSPORTATION REVENUE

This account shall include revenue from transporting customer-owned gas through the utility's system.

571. STORAGE REVENUE

This account shall include revenue from storing customer-owned gas in the utility's storage facilities.

575. RENT FROM GAS PLANT

This account shall include rental revenues for the use by others of land, buildings, and other utility plant.

The maintenance and operation expenses of such plant, if assumed by the utility, shall be charged to the applicable operating expense accounts.

Note A: The rent from plant, the cost of which is included in Account No. 110, "Other Utility Plant", shall be credited to Account No. 310, "Revenue from Other Plant".

Note B: The rent from plant, the cost of which is included in Account No. 101, "Utility Plant Leased to Others", shall be included in Account No. 307, "Revenue from Utility Plant Leased to Others".

Note C: The rent revenue from the sub-rental of gas plant shall be credited to the account originally charged with the rent expense.

576. RENT FROM COMPANY EQUIPMENT ON CUSTOMERS' PREMISES

This account shall include revenue from the rental of company-owned equipment on customers' premises, such as, automatic water heaters, conversion burners and NGV equipment.

579. MISCELLANEOUS OPERATING REVENUE

This account shall include miscellaneous operating revenue not recorded elsewhere.

Operating Expense Accounts

EXPLORATION AND DEVELOPMENT -- OPERATION

600. SUPERVISION

This account shall include the cost of labour, materials and supplies, and expenses incurred in the supervision and direction of the operation of exploration and development activities.

Examples of Components

Office supplies and expenses, such as, stationery, postage, maps, telephone, light, heat and water

Rents, janitor services and supplies, upkeep of office buildings and equipment

Salaries and wages of superintendents, supervisors, engineers, clerks and other field office employees

Travelling, subsistence, automotive and incidental expenses of employees

Note: Direct supervision of specific activities shall be charged to the appropriate account.

602. DELAY RENTALS

This account shall be charged with the amount of rents paid periodically on gas lands in order to hold gas land and land rights for the purpose of obtaining gas supplies in the future.

This account shall also include the cost of obtaining gas leases for a period of one year or less.

603. NON-PRODUCTIVE WELL DRILLING

This account shall include the net cost of drilling non-productive wells.

Note: If the utility follows the full cost method of accounting for its gas exploration and development operations, the cost of drilling non-producing wells shall be included in Account No. 406, "Gas Wells - Well Drilling".

604. ABANDONED LEASES

This account shall include the cost of all leases abandoned when well drilling proved non-productive.

Note: If the utility follows the full cost method of accounting for its gas exploration and development operations, the cost of all leases abandoned shall be included in Account No. 406, "Gas Wells - Well Drilling".

609. OTHER EXPLORATION AND DEVELOPMENT OPERATION

This account shall include the costs of exploration and development not recorded elsewhere.

GAS PRODUCTION AND GATHERING -- OPERATION

610. SUPERVISION

This account shall include the cost of labour, materials and supplies, and expenses incurred at a division, district or similar field office in the general supervision of production operations and gathering systems facilities.

611. ROYALTIES

This account shall include the cost of royalties paid for gas produced by the utility from wells on land owned by others.

612. GATHERING OF GAS BY OTHERS

This account shall include the cost of gathering charges paid to others where such charges are separate and not included as part of the delivered price of gas.

Note: The cost of transportation of gas by others shall be charged to Account No. 663, "Transportation of Gas by Others".

614. GAS WELLS

This account shall include the cost of labour, materials and supplies, and expenses incurred in operating producing gas wells.

Examples of Components

Cleaning off old well locations

Direct supervision

Minor upkeep of well roads and fences, etc.

Painting signs, etc.

Pumping wells

Testing, bailing, swabbing, blowing and gauging producing gas wells

Turning wells off and on

615. PIPE LINES

This account shall include the cost of labour, materials and supplies, and expenses incurred in the operation of gas production and gathering pipe line systems and facilities.

Examples of Components

Blowing and cleaning lines, drips, traps, injectors, etc., thawing freeze-ups

Cleaning buildings and other structures

Cutting grass and weeds, clearing brush, fallen trees and other debris, removing snow on rights of way and access roads

Direct supervision

Expenses such as use of automotive, trucking, aircraft and heavy work equipment, transportation of supplies, light, heat, water, telephone, telegraph, rents, employee travelling and subsistence, employee housing

Gas used or lost in pipe line operations

Injection of control, methanol, glycol and other chemicals

Inspecting and lubricating valves, injectors, etc.

Patrolling lines

Reading and reporting line pressures, changing charts

Stand-by time of crews, time spent fire fighting and for other local services

Supplies such as lubricants, wiping rags, charts, chemicals, light bulbs, hand tools and general equipment

616. COMPRESSOR

This account shall include the cost of labour, materials and supplies, and expenses incurred in the operation of gas production and gathering system compressor stations and facilities.

Examples of Components

Cleaning buildings and other structures

Direct supervision

Expenses such as use of automotive, trucking, aircraft and heavy work equipment, transportation of supplies, light, heat, water, telephone, telegraph, rents, employee travelling and subsistence, employee housing

Gas used or lost in compressor operations

Operating, cleaning, lubricating engines, generators and other equipment

Packing valves, changing gauge glasses, changing oil and air filter elements

Preparing logs and other clerical work

Reading metering instruments, changing charts

Supplies such as lubricants, wiping rags, charts, chemicals, light bulbs, cleaning and washroom supplies, first aid supplies, landscaping supplies, hand tools and equipment

Taking water samples, dew point readings, testing and recording

Tending station grounds, removing snow

617. MEASURING AND REGULATING

This account shall include the cost of labour, materials and supplies, and expenses incurred in the operation of gas production and gathering systems measuring and regulating stations and facilities.

Examples of Components

Changing meters, orifice plates, clocks, etc.

Cleaning buildings and other structures

Direct supervision

Expenses such as use of automotive, trucking, aircraft and heavy work equipment, transportation of supplies, light, heat, water, telephone, telegraph, rents, employee travelling and subsistence, employee housing

Inspecting, cleaning and blowing drips, pits, sumps, etc.

Operating, inspecting, testing, adjusting, cleaning and calibrating equipment

Preparing reports and other clerical work

Recording pressures, reading meters, changing charts

Supplies such as lubricants, wiping rags, charts, chemicals, pens, ink, mercury, light bulbs, cleaning and washroom supplies, first aid supplies, landscape supplies, hand tools and general equipment

Taking gas samples, water samples, dew point readings, testing and recording

Tending station grounds, removing snow

618. PURIFICATION

This account shall include the cost of labour, materials and supplies, and expenses incurred in the gas production operation and gathering system purification facilities.

Examples of Components

Changing charts on fuel meters

Cutting grass and weeds, and minor grading around equipment and station

Direct supervision

Emptying, cleaning and refilling purifier boxes

Expenses such as use of automotive, trucking, aircraft and heavy work equipment, transportation of supplies, light, heat, water, telephone, telegraph, rents, employee travelling and subsistence, employee housing

Gas used or lost in purification operations

Hauling operating employees, materials, supplies and tools, etc.

Inspecting and testing equipment, not specifically to determine necessity for repairs or replacement of parts

Lubricating equipment, valves, etc.

Oiling dip sheets of purifier covers

Operating and checking equipment, valves, instruments, etc.

Removing spent oxide to refuse piles

Revivifying oxide

Supplies such as liquid purifying supplies, wiping rags, charts, chemicals, light bulbs, cleaning and washroom supplies, first aid supplies, hand tools and equipment

Taking readings of inlet and outlet pressures and temperature

Unloading and storing glycol

Watching station and equipment

619. OTHER GAS PRODUCTION AND GATHERING

This account shall include the cost of labour, materials and supplies, and expenses incurred in producing and gathering gas not includible elsewhere.

GAS SUPPLY--OPERATION

623. COST OF GAS

This account shall include the cost of all gas purchased by the utility from its suppliers. It shall also include gas purchased from customers under such arrangements as the "buy and sell" and from the utility's own production facilities, as well as applicable taxes on all gas purchases.

Details of each source of supply shall be maintained, in subsidiary records, showing volumes and costs.

Note: Gathering of gas by others and transportation of gas by others where such charges are separate and not part of the delivered price of gas shall be included in Account No. 612, "Gathering of Gas by Others", or Account No. 663, "Transportation of Gas by Others", as applicable.

624. GAS SUPPLY -- OPERATION

This account shall include the cost of labour, materials and supplies, and expenses incurred in the supervision and operation of the gas supply activities.

626. EXCHANGE GAS

This account shall include debits or credits for the cost of gas in unbalanced exchange transactions whereby gas is received from another party and receipt and delivery of such gas is not completed during the accounting period. This accounting is not required for minor transactions.

If revenue is earned in consideration of the performance of exchange services, such revenue shall be recorded in Account No. 579, "Miscellaneous Operating Revenue".

627. GAS WITHDRAWN FROM STORAGE

This account shall include the cost of gas withdrawn from storage during the year. These amounts shall be concurrently credited to Account No. 152, "Gas in Storage--Available for Sale".

628. GAS DELIVERED TO STORAGE -- CREDIT

This account shall be credited with the cost of gas delivered to underground storage during the year. These amounts shall be concurrently charged to Account 152, "Gas in Storage -Available for Sale".

629. GAS USED -- CREDIT

This account shall be credited with amounts that are concurrently charged to operating expense or other accounts in respect of gas used by the utility for other than storage purposes.

Note: This account shall be subdivided to separate gas used in construction and gas used for operations and other purposes.

LOCAL STORAGE--OPERATION

640. SUPERVISION

This account shall include the cost of labour, materials and supplies, and expenses incurred in the general supervision and direction of the operation of local storage facilities.

Note: For examples of components and note for this account see Account No. 600, "Supervision".

644. GAS HOLDERS-STORAGE

This account shall include the cost of labour, materials and supplies, and expenses incurred in the operation of gas holders for local storage.

649. OTHER LOCAL STORAGE

This account shall include the cost of labour, materials and supplies, and expenses incurred in the operation of local storage facilities not includible elsewhere.

UNDERGROUND STORAGE--OPERATION

650. SUPERVISION

This account shall include the cost of labour, materials and supplies, and expenses incurred in the general supervision of operating underground storage facilities.

Note: For examples of components and note for this account see Account No. 600, "Supervision".

651. NON-FEASIBLE UNDERGROUND STORAGE PROJECT COSTS

This account shall include the cost of labour, materials and supplies, and expenses incurred in the investigation, exploration and development of underground storage projects that do not prove feasible.

The net cost of drilling non-operative wells for the purpose of outlining a storage area shall be charged to Account No. 451, "Land Rights".

Note: The cost of wells that may be drilled within a storage project for purposes of pressure observation shall be included in Account No. 453, "Wells".

652. LEASE COSTS

This account shall include the cost of storage leases and surface leases of underground storage facilities.

653. WELLS

This account shall include the cost of labour, materials and supplies, and expenses incurred in the operation of underground storage system wells and facilities.

Examples of Components

Direct supervision

Gas, gasoline, and oil used in pumping, bailing, heating and swabbing

Minor upkeep of well roads, fences, etc.

Moving cleaning out tools between locations

Painting signs, etc.

Testing, bailing, swabbing, blowing and gauging storage wells

Turning storage wells on and off

654. GAS LOSSES

This account shall include the amounts of inventory adjustments representing the cost of gas lost or unaccounted for in underground storage operations due to cumulative inaccuracies of gas measurement or other causes.

655. FIELD LINES

This account shall include the cost of labour, materials and supplies, and expenses incurred in the operation of underground storage field lines and facilities.

Note: For examples of components for this account see Account No. 615, "Pipe Lines".

656. COMPRESSOR

This account shall include the cost of labour, materials and supplies, and expenses incurred in the operation of underground storage system compressor stations and facilities.

Note: For examples of components and notes for this account see Account No. 616, "Compressor".

657. MEASURING AND REGULATING

This account shall include the cost of labour, materials and supplies, and expenses incurred in the operation of underground storage system measuring and regulating facilities.

Note: For examples of components in this account see Account No. 617, "Measuring and "Regulating".

658. PURIFICATION

This account shall include the cost of labour, materials and supplies, and expenses incurred in operating equipment used for purifying, dehydrating and conditioning natural gas in underground storage operations.

Note: For examples of components in this account see Account No. 618, "Purification".

659. OTHER UNDERGROUND STORAGE

This account shall include the cost of labour, materials and supplies, and expenses incurred in the operation of underground storage facilities not recorded elsewhere.

TRANSMISSION--OPERATION

660. SUPERVISION

This account shall include the cost of labour, materials and supplies, and expenses incurred at an area, division, district or similar field office or a central warehouse in the general supervision and direction of the operation of the transmission facilities.

Note: For examples of components and notes for this account see Account No. 600, "Supervision".

663. TRANSPORTATION OF GAS BY OTHERS

This account shall include the cost of transportation charges paid to others where such charges are separate and not included as part of the delivered price of gas.

Note: The cost of gathering of gas by others shall be charged to Account No. 612, "Gathering of Gas by Others".

664. COMMUNICATION

This account shall include the cost of labour, materials and supplies, and expenses incurred in the operation of facilities used wholly or predominantly in connection with the transmission communication system.

Note: Operating costs applicable to the operating of the facilities used wholly or predominantly in the general utility communications system shall be included in Account No. 684, "Communication".

Examples of Components

Cleaning and lubricating equipment

Direct supervision

Expenses such as use of automotive, travelling and employee subsistence

Microwave equipment, power generators

Rental of mobile and other radio and telecommunications equipment

Securing authorization for changing frequencies

665. PIPE LINES

This account shall include the cost of labour, materials and supplies, and expenses incurred in the operation of transmission system pipe lines and facilities.

Note: For examples of components for this account see Account No. 615, "Pipe Lines".

666. COMPRESSOR

This account shall include the cost of labour, materials and supplies, and expenses incurred in the operation of transmission system compressor stations and facilities.

Note: For examples of components for this account see Account No. 616, "Compressor".

667. MEASURING AND REGULATING

This account shall include the cost of labour, materials and supplies, and expenses incurred in the operation of transmission system measuring and regulating stations and facilities.

Note: For examples of components for this account see Account No. 617, "Measuring and Regulating".

669. OTHER TRANSMISSION

This account shall include the cost of labour, materials and supplies, and expenses incurred in the operation of transmission system facilities not includible elsewhere.

DISTRIBUTION--OPERATION

670. SUPERVISION

This account shall include the cost of labour, materials and supplies, and expenses incurred in the general supervision of operating the distribution facilities.

Note: For examples of components and note for this account see Account No. 600, "Supervision".

671. LOAD DISPATCHING

This account shall include the cost of labour, materials and supplies, and expenses incurred in dispatching and controlling the supply and flow of gas through the distribution system.

Examples of components

Controlling gas and inputs to distribution system

Controlling mixture of various gases to maintain proper heat content

Direct supervision

673. METER AND REGULATOR WORK

This account shall record the cost of labour, including contractor labour, if applicable, materials and supplies, and expenses incurred in connection with removing, resetting, changing, testing, and servicing meters and regulators.

Examples of Components

Appliance inspection

Changing or exchanging meters and house regulators because of complaints or removal for inspection

Changing position of meters or house regulator on the same premises

Consolidating meter installations, without change of size, due to elimination of separate meters for different service classifications

Direct supervision

Initiating or terminating service, including incidental meter reading

Investigating and stopping gas leaks on customers' premises caused by defective meter, customer-owned piping, or customer appliances

Meter locks and seals

Periodic replacement of meters and house regulators because of age

Resetting meters on existing connections

Turning off meters including time to make safety precautions

Turning on meters, including necessary time to insure that gas lines are proper to use and that appliances are in usable condition

Unproductive service calls

674. SERVICE WORK

This account shall record the cost of labour, including contractor labour, if applicable, materials and supplies, and expenses incurred in work on customer premises other than expenses includible in Account No. 673, "Meter and Regulator Work". This account also shall include the cost of servicing customer-owned appliances when the cost of such work is borne by the utility.

Damage to customer equipment by utility employees during a job, whether incidental to the work or the result of negligence, shall be charged to that job.

Examples of Components

Adjusting and repairing burner pilots because of impurities in the gas or failure of the distribution system

Direct supervision

Inspecting, cleaning, repairing and adjusting customer-owned appliances for domestic, industrial, or commercial use, including house heating furnaces and other space heating appliances, hotel and restaurant appliances

Inspecting new installations to determine that the customers' equipment and piping are properly installed and connected

Investigating and adjusting complaints of service on customers' premises

Investigating and correcting pressure difficulties or stoppages in customer-owned piping

Replacing defective parts in customer-owned appliances and salvaging reusable appliance parts

Unproductive service calls

675. MAINS AND SERVICES

This account shall record the cost of labour, including contractor labour, if applicable, materials and supplies, and expenses incurred in the operation of distribution system mains and services.

Examples of Components

Annual easement rentals

Attending valves, lubricating valves and other equipment, blowing and cleaning lines and drips, draining water from lines, thawing freezes

Cleaning and repairing tools used in mains operations, etc.

Direct supervision

Inspecting and testing equipment not specifically to determine necessity for repairs

Locating and inspecting valve boxes or drip riser boxes, service lines, mains, etc,

Making routine leak survey

Protecting utility property during work by others

Walking or patrolling mains

676. COMPRESSOR

This account shall record the cost of labour, including contractor labour, if applicable, materials and supplies, and expenses incurred in the operation of distribution system compressor stations and equipment.

Examples of Components

Cleaning structures housing equipment, cutting grass and weeds, and doing minor grading around stations

Direct supervision

Gas used or lost in compressor operation

Inspecting and testing equipment instruments when not specifically to determine necessity for repairs or replacement of parts

Operating and checking engines, equipment valves, machinery, gauges and other instruments, including cleaning, wiping, polishing and lubricating

Operating boilers and boiler accessory equipment, including fuel handling and storage, recording fuel used, and unloading and storing coal and oil

Repacking valves and replacing gauge glasses, etc.

677. MEASURING AND REGULATING

This account shall record the cost of labour, including contractor labour, if applicable, materials and supplies, and expenses incurred in the operation of the distribution system measuring and regulating stations.

Examples of Components

Adjusting and calibrating measuring equipment, changing meters, orifice plates, gauges, clocks, etc.

Cleaning and lubricating equipment

Direct supervision

Inspecting and testing equipment and instruments not specifically to determine necessity for repairs, including pulsation tests

Recording pressures and changing charts, reading meters and charts etc.

Taking and testing gas samples, inspecting and testing valves, regulators, gas sample tanks and other meter engineers' equipment, determining specific gravity and heat content of gas

679. OTHER DISTRIBUTION

This account shall record the cost of labour, including contractor labour, if applicable, materials and supplies, and expenses incurred in the operation of other distribution facilities not includible elsewhere.

GENERAL--OPERATION

684. COMMUNICATION

This account shall include the cost of labour, materials and supplies, and expenses incurred in the operation of the facilities used wholly or predominantly in connection with the general communication system.

Examples of Components

Cutting grass and weeds, clearing brush, fallen trees and other debris, removing snow from access roads, station sites and structures

Direct supervision

Expenses such as use of automotive, trucking, aircraft and heavy work equipment, transportation of supplies, first aid supplies and landscaping supplies, light, heat, water, telephone, telegraph, rents, employee travelling and subsistence, employee housing

Inspecting and cleaning buildings and other structures

Inspecting, cleaning and lubricating equipment

Patrolling lines

Refuelling fuel tanks at station sites

Supplies such as lubricants, wiping rags, charts, chemicals, hand tools, testing and other general equipment

Transferring mobile radios between vehicles

685. SYSTEM OPERATION AND ENGINEERING

This account shall include the cost of labour, materials and supplies, and expenses incurred at the utility's general offices in the operation and engineering of the gas system.

Examples of Components

Office supplies and expenses such as stationery, printing, postage, maps, drawings, telephone, telegraph, light, heat and water

Rents, janitor services and supplies, upkeep of office space and maintenance of office equipment

Salaries and wages of superintendents, supervisors, engineers, clerks, stenographers and other employees of the general operating and engineering departments

Travelling, subsistence, automotive and incidental expenses of employees

Note A: Amounts of indirect operations chargeable to other accounts shall not be credited to this account. Those charges transferred shall be credited to Account No. 689, "General Utility Operations Transferred - Credit".

Note B: Field supervision shall be charged to the appropriate functional accounts.

688. OTHER GENERAL UTILITY OPERATIONS

This account shall include the cost of labour, materials and supplies, and expenses incurred in general utility operations and not includible elsewhere.

689. GENERAL UTILITY OPERATIONS TRANSFERRED -- CREDIT

This account shall be credited with general utility operations costs transferred to other accounts, such as costs transferred to overhead during construction.

SALES AND MARKETING--OPERATION

700. SUPERVISION

This account shall include the cost of labour, materials and supplies, and expenses incurred in the general direction and supervision of sales activities, except merchandising, jobbing or contract work.

Note: For examples of components and note for this account see Account No. 600, "Supervision".

701. ADVERTISING -- NATURAL GAS PROMOTION

This account shall include the cost of labour, materials and supplies, and expenses incurred in advertising, which is designed to promote or retain the sale of gas. Costs of advertising for the sale of merchandise by the utility shall not be included in this account.

Examples of Components

Direct Supervision

Fees and expenses of advertising agencies and commercial artists

Investigating advertising agencies and media and conducting negotiations in connection with the placement and subject matter of sales advertising

Postage on direct mail advertising

Preparing advertising material for newspapers, periodicals, billboards etc., and preparing and conducting motion pictures, radio and television programmes

Preparing booklets, bulletins, etc., used in direct mail advertising

Preparing window and other displays

Note A: The cost of publication of shareholders' reports, dividend notices, bond redemption notices, financial statements, and other notices of a general corporate nature shall be charged to Account No. 728, "Other Administrative and General Expenses".

Note B: The cost of advertising for personnel shall be charged to the appropriate account.

702. DEMONSTRATION AND SELLING EXPENSES

This account shall include the cost of labour, materials and supplies, and expenses incurred in demonstrating and promoting the use of natural gas.

Examples of Components

Booth and temporary space rental

Conducting cooking schools, preparing recipes, and related home service activities

Demonstrating uses of natural gas

Direct supervision

Exhibitions, displays, lectures and other programmes designed to promote the use of natural gas

703. REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORK

This account shall include all revenue from the sale of merchandise, jobbing and contract work.

Examples of Components

Cost of labour charged to customers for the installation of NGV fuel system equipment

Sale of merchandise

Sale of NGV cylinders, conversion kits and components

Sale of parts and labour from jobbing contracts

704. EXPENSE OF MERCHANDISING, JOBBING AND CONTRACT WORK

This account shall include the cost of merchandise sold. In addition, it shall record the cost of labour, including contractor labour, if applicable, materials and supplies, and expenses incurred in the selling of merchandise and of jobbing and contract work.

Examples of Components

Advertising in newspapers, periodicals, radio and television, when applicable to merchandising, jobbing and contract work

Cost of labour paid to dealers for the installation of NGV fuel system equipment

Cost of merchandise sold

Cost of NGV cylinders sold

Demonstrating and selling activities in sales rooms

Direct supervision

Installing appliances on customer premises where such work is done only for purchasers of appliances from the utility

Maintaining display counters and other equipment used in merchandising

Preparing advertising materials for appliance sales purposes

Receiving and handling customer orders for merchandise or for jobbing services

Reconditioning repossessed appliances

705. ADVERTISING -- OTHER

This account shall include the cost of labour, materials and supplies, and expenses incurred in advertising and promoting utility services, other than advertising included in Account No. 701, "Advertising - Natural Gas Promotion".

709. OTHER SALES PROMOTION

This account shall include the cost of labour, materials and supplies, and expenses incurred in connection with sales and marketing activities that are not includible elsewhere.

CUSTOMER ACCOUNTING--OPERATION

710. SUPERVISION

This account shall include the cost of labour, materials and supplies, and expenses incurred in the supervision and direction of the customer accounting and collection activities.

Note A: Direct supervision of specific activities, such as customer contracts, credit collection, customer accounting, cashiers and meter reading shall be charged to the appropriate account.

Note B: For examples and additional note to this account, see Account No. 600, "Supervision".

711. CUSTOMERS' CONTRACTS AND ORDERS

This account shall include the cost of labour, materials and supplies, and expenses incurred in work on customer applications and contracts.

Examples of Components

Address plates and supplies

Direct supervision

Postage

Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer

Receiving, recording and handling enquiries, complaints and requests for investigations from customers, including preparation of necessary orders

712. METER READING

This account shall include the cost of labour, materials and supplies, and expenses incurred in reading customers' meters.

Examples of Components

Addressing forms for obtaining meter readings by mail

Badges, lamps and uniforms

Changing and collecting meter charts used for billing purposes

Collecting from prepayment meters when incidental to meter reading

Demand charts, meter books and binders and forms for recording readings, but not the cost of preparation

Direct supervision

Maintaining record of customers' keys

Meter reading-small consumption, and obtaining load information for billing purposes

Postage and supplies used in obtaining meter reading by mail

713. CUSTOMERS' BILLING AND ACCOUNTING

This account shall include the cost of labour, materials and supplies, and expenses incurred in the utility's customer accounting, customer billing and bill delivery functions.

Examples of Components

Balancing customer accounts and controls

Checking consumption shown by meter readers' reports where this is incidental to preparation of billing data

Determining consumption and computing estimated or average consumption

Direct supervision

Postage

Preparing and addressing bills and delinquent notices

Preparing billing data

Stationery and supplies

714. CREDIT AND COLLECTION

This account shall include the cost of labour, materials and supplies, and expenses incurred in collecting overdue accounts, and investigating customer credit ratings and customer accounts.

Examples of Components

Balancing collections, preparing collections for deposit and preparing cash reports

Cash averages and shortages

Checking customers' credit rating

Collecting revenues, including collection from prepayment meters unless this is incidental to meter reading operations

Commissions or fees to others for collecting

Direct supervision

Receiving, refunding or applying customer deposits and maintaining customer deposit line extension, and other miscellaneous records

718. UNCOLLECTIBLE ACCOUNTS

This account shall be debited with the provision for bad debts that are potential losses on uncollectible accounts receivable. A corresponding credit shall be made to Account No. 145, "Allowance For Doubtful Accounts", or Account Nos. 140, "Accounts Receivable-Customers", 141, "Accounts Receivable - Related Parties", and 142, "Accounts Receivable - Other", where applicable.

Note: This account shall be subdivided to separate the provision for bad debts related to uncollectible Accounts Receivable from customers, related parties and others.

719. OTHER CUSTOMER ACCOUNTING

This account shall include the cost of labour, materials and supplies, and expenses incurred in customer accounting not includible elsewhere.

ADMINISTRATIVE AND GENERAL -- OPERATION

721. ADMINISTRATIVE EXPENSES

This account shall include the cost of salaries, materials and supplies, and expenses incurred in the general administration of the Ontario utility function of the company, where these expenses are assignable to specific executive, administrative and general departments and are not chargeable to a specific operating function.

Examples of Components

Expenses of officers, executives and other employees, such as travelling, subsistence, automotive, club and professional dues and expenses, and other incidental expenses

Office supplies and expenses, such as stationery, printing, postage, maps, drawings, telephone, telegraph, telex, fax, light, heat and water

Rents, janitor services and supplies, upkeep of office building and office equipment

Salaries and wages of officers, executives and other employees

722. SPECIAL SERVICES

This account shall include the fees and expenses of professional consultants and others for general services not applicable to a specific operating function.

Examples of Components

Fees and expenses of auditors, accountants, appraisers, engineering consultants, management consultants, lawyers, public relations and labour consultants, etc.

Fees and expenses paid under contracts for general management services

Pay and expenses of persons engaged for a special administrative or general purpose where the person so engaged is not considered as an employee of the utility

Note: The cost of special services directly related to construction work in progress shall be charged to the appropriate construction account.

723. INSURANCE

This account shall include the cost of insurance against any loss which may be sustained by the utility.

Examples of Components

Fire, storm, burglary, boiler explosion, lightning, riot, fidelity, etc.

Public liability, casualty, property damage, environmental - contaminated site, employee liability, etc.

Business interruption

Note A: Cost of insurance applicable to construction work shall be charged to construction directly, or by transfer from this account.

Note B: Cost of insurance applicable to transportation equipment and other general equipment may be charged to the appropriate clearing account.

Note C: Premiums for group, life, medical, hospital, accident and sickness insurance shall not be included in this account but shall be charged to Account No. 725, "Employee Benefits".

Note D: Recoveries from insurance shall be credited to the account charged with the damage or loss. If damaged property has been retired, the credit shall be included in the appropriate accumulated depreciation account.

Note E: Where the company provides self insurance, the provision shall be debited to this account and concurrently credited to Account No. 290, "Insurance Provisions".

724. INJURIES AND DAMAGES

This account shall include all expenses except legal, incurred in the settlement of injury and damage claims, including losses not covered by insurance.

Examples of Components

Fees and expenses of claims of outside investigators and adjusters

Losses not covered by insurance on account of injuries to employees or others and damages to property of others

Medical and hospital service and other expenses of claimants

Payment to claimants for court costs and legal services

Note: After a reasonable length of time, salaries or wages paid to employees disabled by injury when off duty shall be charged to Account No. 725, "Employee Benefits".

725. EMPLOYEE BENEFITS

This account shall include amounts paid or contributed by the company towards all employee benefits. This account shall also include expenses to provide pension benefits in respect of employee past or current services.

Examples of Components

Expenses in connection with educational, recreational and social activities for the benefit of employees

Group and life insurance premiums

Medical, hospital, and other accident and sickness expenses, paid directly or to insurance companies or others

Payments to employees disabled by accident or sickness when off duty after a reasonable length of time

Payments to or on behalf of employees or pensioners, and to pension funds or to insurance companies for pension purposes

Savings plan contributions

728. OTHER ADMINISTRATIVE AND GENERAL EXPENSES

This account shall include all expenses incurred in connection with the general management of the Ontario utility function of the company not recorded elsewhere.

Examples of Components

Contributions for conventions and meetings of the industry

Dividend and other financial notices

Donations

Industry association dues for utility memberships

Printing and mailing dividend cheques

Publishing and printing annual reports

Regulatory commission expenses

Stockholders' meeting expenses

Trustee, registrar, and transfer agents' fees and expenses

729. ADMINISTRATIVE AND GENERAL EXPENSES TRANSFERRED - CREDIT

This account shall be credited with the amounts of administrative and general expenses that are allocated to other accounts or to overhead charged to construction. The method and basis of allocation shall be maintained in subsidiary records.

Maintenance Expense Accounts

NATURAL GAS PRODUCTION AND GATHERING--MAINTENANCE

810. SUPERVISION

This account shall include the cost of labour, materials and supplies, and expenses incurred in the general supervision and direction of maintenance of gas production and gathering facilities.

Note A: The expenses to be included in this account may be initially charged to Account No. 610, "Supervision", and apportioned between operating and maintenance supervision on an equitable basis. The method and basis of allocation shall be described in subsidiary records.

Note B: For examples of components and additional note for this account see Account No. 600, "Supervision".

814. GAS PRODUCTION

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of gas wells and equipment includible in Account No. 406, "Gas Wells - Well Drilling", Account No. 407, "Gas Wells - Well Equipment", and Account No. 408, "Gas Wells - Well Structures".

815. PIPE LINES

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of gas production and gathering pipe line systems and facilities.

Examples of Components

Direct supervision

Expenses such as use of automotive, trucking, aircraft and heavy work equipment, transportation of material, employee travelling and subsistence

Inspecting and testing after repairs have been made

Material and supplies used in repair work

Repainting

Repairs to and protection of right of way

Repairs to access roads

Repairs to buildings and other structures

Repairs to fences, aerial markers and signs

Repairs to pipe and fittings, renewing and replacing in kind less than a unit of line pipe

Repairs to river crossings, including bridges

Repairs to tools, testing equipment and other general equipment

Repairs to valves, boxes, drips, scraper traps, chemical injectors, dehydrators and cathodic protection equipment

Note: Payment of claims for damages to property of others resulting from maintenance work shall be charged to Account No. 724, "Injuries and Damages". Incidental damages settled during the course of maintenance work shall also be charged to that account.

816. COMPRESSOR

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of gas production and gathering system compressor stations and facilities.

Examples of Components

Direct supervision

Expenses such as use of automotive, trucking, aircraft and heavy work equipment, transportation of material, employee travelling and subsistence

Inspecting and testing after repairs have been made

Material and supplies used in repair work

Repainting

Repairs to access roads

Repairs to compressor engines, generators and other equipment

Repairs to fences and signs

Repairs to station grounds, buildings and other structures

Repairs to tools, testing equipment and other general equipment

817. MEASURING AND REGULATING

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of gas production and gathering system measuring and regulating facilities.

Examples of Components

Direct supervision

Expenses such as use of automotive, trucking, aircraft and heavy work equipment, transportation of material, employee travelling and subsistence

Inspecting and testing after repairs have been made

Material and supplies used in repair work

Repainting

Repairs to access roads

Repairs to fences and signs

Repairs to measuring and regulating and other equipment

Repairs to station grounds, buildings and other structures

Repairs to tools, testing equipment and other general equipment

818. PURIFICATION

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of gas production operation and gathering system purification facilities.

Examples of Components

Direct supervision

Expenses such as use of automotive, trucking, aircraft and heavy work equipment, transportation of material, employee travelling and subsistence

Materials and supplies used in repair work

Repairs to purification equipment

Repairs to tools, testing equipment and other equipment

819. OTHER NATURAL GAS PRODUCTION AND GATHERING

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of other gas production and gathering facilities not includible elsewhere.

LOCAL STORAGE -- MAINTENANCE

840. SUPERVISION

This account shall include the cost of labour, materials and supplies, and expenses incurred in the general supervision and direction of maintenance of local storage facilities.

Note A: The expenses to be included in this account may be initially charged to Account No. 640, "Supervision", and apportioned between operation and maintenance supervision on an equitable basis. The method and basis of allocation shall be described in subsidiary records.

Note B: For examples of components and additional note for this account see Account No. 600, "Supervision".

842. STRUCTURES AND IMPROVEMENTS

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of structures and improvements for local storage facilities.

Examples of Components

Direct supervision

Expenses such as use of automotive, trucking, aircraft and heavy work equipment, transportation of material, employee travelling and subsistence

Materials and supplies used in repair work

Repairs to buildings

Repairs to fences and signs

844. GAS HOLDERS -- STORAGE

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of gas holders used in local storage facilities.

Examples of Components

Direct supervision

Expenses such as use of automotive, trucking, aircraft and heavy work equipment, transportation of material, employee travelling and subsistence

Material and supplies used in repair work

Painting holders

Repairs to holder machinery

Repairs to holders

Repairs to other holder equipment

849. OTHER LOCAL STORAGE

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of other local storage facilities not includible elsewhere.

UNDERGROUND STORAGE--MAINTENANCE

850. SUPERVISION

This account shall include the cost of labour, materials and supplies, and expenses incurred in the general supervision and direction of the maintenance of underground storage facilities.

Note A: The expenses to be included in this account may be initially charged to Account No. 650, "Supervision", and apportioned between operation and maintenance supervision on an equitable basis. The method and basis of allocation shall be described in subsidiary records.

Note B: Direct supervision of specific activities such as exploration and development, maintenance of wells, field lines, compressor stations, measuring and regulating stations, purification equipment and other underground storage shall be charged to the appropriate account.

Note C: For examples of components and additional notes for this account see Account No. 810, "Supervision".

853. WELLS

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of wells and facilities used for underground storage.

Examples of Components

Direct supervision

Expenses such as use of automotive, trucking, aircraft and heavy work equipment, transportation of material, employee travelling and subsistence

Material and supplies used in repair work

Repairs to access roads, fences and signs

Repairs to well head equipment, tools and testing equipment

855. FIELD LINES

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of underground storage system field lines and facilities.

Note: For examples of components and note for this account see Account No. 815, "Pipe Lines".

856. COMPRESSOR

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of underground storage system compressor stations and facilities.

Note: For examples of components for this account see Account No. 816, "Compressor".

857. MEASURING AND REGULATING

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of underground storage system measuring and regulating facilities.

Note: For examples of components for this account see Account No. 817, "Measuring and Regulating".

858. PURIFICATION

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of underground storage system purification facilities.

Note: For examples of components for this account see Account No. 818, "Purification".

859. OTHER UNDERGROUND STORAGE

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of other underground storage facilities not includible elsewhere.

TRANSMISSION--MAINTENANCE

860. SUPERVISION

This account shall include the cost of labour, materials and supplies, and expenses incurred at an area, division, district or similar field office or rental

warehouse in the general supervision and direction of the maintenance of the transmission system facilities.

Note A: The expenses to be included in this account may be initially charged to Account No. 660, "Supervision", and apportioned between operations and maintenance supervision on an equitable basis. The method and basis of allocation shall be maintained in subsidiary records.

Note B: Direct supervision of specific activities such as maintenance of communication, pipe lines, compressor stations and measuring and regulating stations shall be charged to the appropriate account.

Note C: For examples of components and additional notes for this account see Account No. 810, "Supervision".

864. COMMUNICATION

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of facilities used wholly or predominantly in connection with the transmission communication system.

Examples of Components

Direct supervision

Expenses such as use of automotive, trucking, aircraft and heavy work equipment, transportation of supplies, employee and travelling subsistence

Inspecting and testing after repairs have been made

Material and supplies used in repair work

Repainting

Repairs to access roads, station grounds, buildings and other structures

Repairs to fences and signs

Repairs to radio and telephone equipment and to power lines

Repairs to tools, testing equipment and other general equipment

Note: Maintenance costs applicable to the facilities used wholly or predominantly in the general communications system shall be included in Account No. 884, "Communication".

865. PIPE LINES

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of transmission system pipe lines and facilities.

866. COMPRESSOR

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of transmission system compressor stations and facilities.

Note: For examples of components for this account see Account No. 816, "Compressor".

867. MEASURING AND REGULATING

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of transmission system measuring and regulating stations and facilities.

Note: For examples of components for this account see Account No. 817, "Measuring and Regulating".

869. OTHER TRANSMISSION

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of other transmission facilities not includible elsewhere.

DISTRIBUTION--MAINTENANCE

870. SUPERVISION

This account shall include the cost of labour, materials and supplies, and expenses incurred in the general supervision and direction of maintenance of the distribution system facilities.

Note A: The expenses to be included in this account may be initially charged to Account No. 670, "Supervision", and apportioned between operation and maintenance supervision on an equitable basis. The method and basis of allocation shall be described in subsidiary records.

Note B: Direct supervision of specific activities such as maintenance of equipment on customers' premises, mains and services, compressor stations, measuring and regulating stations, and meters shall be charged to the appropriate account.

Note C: For examples of components for this account see Account No. 810, "Supervision".

872. STRUCTURES AND IMPROVEMENTS

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of structures and improvements for the distribution system.

Note: For examples of components for this account see Account No. 842, "Structures and Improvements".

873. MAINTENANCE OF EQUIPMENT ON CUSTOMERS' PREMISES

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of equipment owned by the utility on customers' premises, such as automatic water heaters, conversion burners and NGV equipment. See Account No. 576, "Rent from Company Equipment on Customers' Premises".

Examples of Components

Cylinder inspection

Direct labour, contract labour and materials

Direct supervision

Expenses such as use of automotive, trucking, transportation of material, employee travelling, meals and incidental expenses

Material and supplies used in repair work

Planned maintenance of vehicle refuelling appliances

875. MAINS AND SERVICES

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of mains and services for the distribution system.

Examples of Components

Direct supervision

Expenses such as use of automotive, trucking, aircraft and heavy work equipment, transportation of material, employee travelling and subsistence

Locating leaks

Material and supplies used in repair work

Repacking valves

Repair for damage by others to the utility's mains and services

Repairing broken mains or services

Repairing leaking joints

Restoration of pavement and/or lawn

Trenching, backfilling, etc.

Valve inspection and repairs

Note: Payment of claims for damages to property of others resulting from maintenance work shall be charged to Account No. 724, "Injuries and Damages". Incidental damages settled during the course of maintenance work shall also be charged to Account No. 724, "Injuries and Damages".

876. COMPRESSOR

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of compressors for the distribution system.

Examples of Components

Direct supervision

Expenses such as use of automotive, trucking, aircraft and heavy work equipment, transportation of material, employee travelling and subsistence

Material and supplies used in repair work

Repainting

Repairs to buildings and other structures

Repairs to compressor equipment

Repairs to fences and signs

877. MEASURING AND REGULATING

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of measuring and regulating facilities for the distribution system.

Examples of Components

Direct supervision

Expenses such as use of automotive, trucking, aircraft and heavy work, equipment, transportation of material, employee travelling and subsistence

Material and supplies used in repair work

Repainting

Repairs to access roads

Repairs to buildings and structures

Repairs to equipment

Repairs to fences and signs

878. METERS

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of meters for the distribution system.

Examples of Components

Cleaning, repairing, and painting meters, and accessories and equipment

Direct supervision

Expenses such as use of automotive, trucking, aircraft and heavy work equipment, transportation of material, employee travelling and subsistence

Inspecting and testing meters on customers' premises or in shops in connection with repairs

Material and supplies used in repair

Repairing testing equipment

Rebuilding and overhauling meters without changing their rated capacities

Replacing diaphragms, springs and other defective or worn parts

879. OTHER DISTRIBUTION

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of other distribution system facilities not includible elsewhere.

GENERAL--MAINTENANCE

884. COMMUNICATION

This account shall include the cost of labour, materials and supplies, and expenses incurred in the maintenance of facilities used wholly or predominantly in connection with the general communication system.

Note A: Maintenance costs applicable to the facilities used wholly or predominantly in the transmission communication system shall be included in Account No. 864, "Communication".

Note B: For examples of components and additional note for this account see Account No. 864, "Communication".

885. SYSTEM MAINTENANCE AND ENGINEERING

This account shall include the cost of labour, materials and supplies, and expenses incurred at the general offices of the utility for the maintenance of the gas system.

Note A: The expenses to be included in this account may be initially charged to Account No. 685, "System Operation and Engineering", and apportioned between operation and maintenance on an equitable basis. The method and basis of allocation shall be described in subsidiary records.

Note B: Field supervision shall be charged to the appropriate functional accounts.

888. OTHER GENERAL MAINTENANCE

This account shall include the cost of labour, materials and supplies, and expenses incurred in the general maintenance of the gas system and facilities not recorded elsewhere.

889. GENERAL MAINTENANCE TRANSFERRED - CREDIT

This account shall be credited with general maintenance costs transferred to other accounts, such as costs charged to overhead during construction.

Clearing Accounts

INTRODUCTION

Where it is not possible to record expenditures directly to a particular expense account, or plant account or customers' accounts, a utility may maintain clearing accounts for recording such expenditures.

Amounts charged to these accounts shall be accumulated and then charged out on an equitable basis. The charge out or allocation process shall generally be based on usage. However, other reasonable allocation methods are acceptable. There should be regular reviews at fixed intervals of the allocation basis for each clearing account to ensure that fair allocation is maintained.

The balances in these clearing accounts shall be substantially cleared at every month end. The uncleared balances shall be classified as a current asset.

The clearing accounts in this USOA may not contain the specific account that a company needs for its particular purpose. Accordingly the company may, at its option, create its own clearing accounts in addition to those contained in this USOA.

900. WAREHOUSE EXPENSES

This account shall include expenses directly incurred in connection with handling and storing material, as well as distributing it from the utility's warehouses. Such expenses shall include the pay of employees in the field store departments and their travelling, office, and other expenses.

Note A: The pay and expenses of personnel employed in inspecting a single class of material shall not be included in this account. These expenses shall be added as storage expenses of that particular material. The total amount of warehouse expenses charged to this account shall be so distributed among the accounts to which material has been charged so that the amounts thus distributed will be, for each account, in proportion to the value of the material consumed. The utility may make a monthly apportionment on the basis of percentage rates provided that the warehouse expense account is adjusted and closed out at the end of each fiscal year.

901. TRANSPORTATION EQUIPMENT EXPENSES

This account shall include the expenses of maintaining and operating all transportation equipment, except as provided in Account No. 903, "Aircraft Expense", including the expenses of operating garages.

This account shall be cleared by adding to the cost of the work performed through the use of such equipment such amounts as will distribute expenses equitably.

Examples of Components

Depreciation

Licence fees

Overages and shortages in material and supplies for transportation equipment

Repairs to transportation equipment

Supplies such as fuel, gasoline, oil, tires, tubes, tire chains, soap, waste, sponges, measures, funnels, electric power, etc., used in the operation of transportation equipment and garages

Supervisors and their office and field forces, including the pay and expenses of inspectors, testers, garage men, and other employees

Note A: When depreciation is included herein, such amounts shall be readily identifiable.

Note B: See notes to Account No. 303, "Depreciation".

902. HEAVY WORK EQUIPMENT EXPENSES

This account shall include the expenses of maintaining and operating heavy work equipment.

This account shall be cleared by adding to the cost of work performed through the use of such equipment such amounts as will distribute expenses equitably.

Examples of Components

Depreciation

Licence fees

Overages and shortages in material and supplies for heavy work equipment

Repairs to heavy work equipment

Supervisors and their office and field forces, including the pay and expenses of inspectors, testers, garage men and other employees

Supplies such as fuel, gasoline, oil, tires, tubes, tire chains, soap, waste, sponges, measures, funnels, electric power, etc. used in the operation of heavy work equipment.

Note A: When depreciation is included herein, such amounts shall be readily identifiable.

Note B: See notes to Account No. 303, "Depreciation".

903. AIRCRAFT EXPENSES

This account shall include the expenses of maintaining and operating the utility aircraft, including the expenses of operating hangers and maintenance shops in connection with such aircraft.

This account shall be cleared by adding to the cost of the work performed through the use of aircraft such amounts as will distribute expenses equitably.

Examples of Components

Depreciation

Licence fees

Overages and shortages in material and supplies for aircraft equipment

Repairs to aircraft equipment

Supervisors and their office and field forces, including the pay and expenses of inspectors, testers, garage men, and other employees

Supplies such as fuel, gasoline, oil, tires, tubes, tire chains, soap, waste, sponges, measures, funnels, electric power, etc., used in the operation of transportation equipment and garages

Note A: When depreciation is included herein, such amounts shall be readily identifiable.

Note B: See notes to Account No. 303, "Depreciation".

904. PRINTING AND REPRODUCTION EXPENSES

This account shall include expenses incurred in the printing and reproduction of any documents where the work is performed by the utility but cannot be allocated to a specific account.

This account shall be cleared by adding to the cost of the work performed such amounts as will distribute expenses equitably.

905. INFORMATION SERVICE EXPENSES

This account shall include expenses of maintaining and operating the utility's computer equipment and related facilities.

906. TELEPHONE SYSTEM EXPENSES

This account shall include expenses of maintaining and operating the utility's telephone system, switchboard and mobile radios.

UNIFORM SYSTEM OF ACCOUNTS

FOR CLASS A GAS UTILITIES

APPENDIX A

PLANT ACCOUNTING INSTRUCTIONS

1. PLANT ACQUIRED OR CONSTRUCTED

The detail plant accounts shall record the cost to acquire or construct utility plant, except as otherwise provided in these instructions. If consideration given for such plant is other than cash, the cash equivalent shall be charged to the applicable accounts and sufficient details of the actual consideration shall be retained.

When the utility purchases all or part of the existing facilities of a non-affiliated gas company, the cost to acquire gas plant shall be distributed to the accounts, unless the Board determines that a portion of the acquisition cost is not properly includible as utility plant. Such amounts shall then be included in Account No. 104, "Utility Plant Acquisition Adjustments". If the facilities are purchased from an affiliated company, both the cost to the affiliated company and the accumulated depreciation to the date of acquisition shall be recorded in the utility's books.

If the plant is constructed by or for the utility, the cost to be recorded shall include the cost of labour, material and supplies, special machine and heavy work equipment expense, transportation, contract work, insurance, injuries and damages, privileges and permits, overhead charged to construction and allowance for funds used during construction. These items are defined as:

A. Components of Construction Costs

(a) Labour: includes the amount paid for labour, (including fringe benefits) to the utility's own employees. When employees are specifically assigned to construction work, their pay, while thus engaged, shall be included in the cost of the work. No charge shall be made to detail plant accounts for the pay of

employees whose services in connection with construction are merely incidental, except as provided for in the cost of overhead charged to construction.

The travelling and other incidental expenses of employees shall be distributed in accordance with distribution of the pay of such employees.

(b) Material and Supplies: includes the net purchase price of material and supplies including the cost of small tools, taxes, inspection, transportation and loading; where appropriate, a suitable proportion of stores expenses.

In charging the detail plant accounts with material and supplies used, proper allowance shall be made for the value of unused portions and other salvage, the material recovered from temporary pipe scaffolding and other temporary structures used in construction, and small tools recovered and usable for other purposes.

(c) Special Machine and Heavy Work Equipment Expense: includes the cost of labour, material and supplies, depreciation and other expenses incurred in maintaining and operating power shovels, scrapers, pile drivers, dredges, ditchers, material loaders and other labour saving machines; also amounts paid to others for rent and maintenance of such machines. It does not include the cost of small tools and other individual items of small value or short life that are included in the cost of material and supplies.

When a construction project necessitates the purchase of equipment to be used exclusively on the project until its work on the project is completed, the cost of such equipment shall be included in the accounts representing the cost of the work. No charge shall be made to expenses for depreciation on such equipment while the cost remains so charged. The amount realized from any subsequent sale, or the appraised value of equipment retained after the completion of the work for which it was purchased, shall be credited to the accounts charged with its cost. The appraised value of such equipment retained shall be debited to the appropriate plant account, and thereafter, for the purposes of accounting, such appraised value shall be considered as the cost of the equipment.

(d) Transportation: includes the cost of transporting employees, materials and supplies, special machine outfits and appliances and tools for construction purposes. The cost of the transportation of construction material to the point at which material is received by the utility shall be included, so far as practicable, as part of the cost of such material.

(e) Contract Work: includes amounts paid for work performed under contract by other companies or individuals.

(f) Insurance, Injuries and Damages: includes that portion of premiums incurred for insuring plant and personnel during construction; also the charges for protection against fire and wilful destruction and the cost of injuries to persons, damage to property of others and damages to plant incident to construction. Insurance recovered shall be credited to the accounts chargeable with the expenditures necessary to restore the damaged plant. The injuries and damages incident to the removal of the old structures or parts thereof shall be charged to the account recording retirement costs. Incidental damages settled during the course of construction should be expensed and charged to Account No. 724, "Injuries and Damages".

(g) Privileges and Permits: includes compensation for temporary privileges such as the use of public property or streets and the cost of hearings, permits and rights in connection with construction work.

(h) Overhead Charged to Construction: includes engineering, supervision, administrative salaries and expenses, construction engineering and supervision, legal expenses, taxes and other similar items. The assignment of overhead costs to particular jobs or units shall be on the basis of a reasonable allocation of actual costs. The records supporting the entries for overhead charged to construction costs shall be maintained so as to show the total amount for each element of overhead for the year and the basis of allocation.

(i) Allowance for Funds Used During Construction: includes the cost to the utility for funds used for the purposes of construction, whether or not long-term debt has been incurred. The basis of calculation of the cost shall be as outlined in Account No. 324, "Allowance for Funds Used During Construction - Credit".

B. Contributions and Grants

Contributions or grants in cash, services or property from governments or government agencies, corporations, individuals, and others for contributions in aid of construction shall be applied as a reduction of the detail plant accounts to which they refer, if not recorded separately in Account No. 499, "Contributions and Grants".

C. Date Placed In Service

On the date the plant is placed in service, the utility should cease to record an allowance for funds used during construction on such plant. From that date the utility shall compute and charge to expenses or other appropriate accounts an amount representing depreciation as determined under Section 5, "Depreciation", of these Instructions. Operating revenues received and operating expenses incurred after the date that the asset is placed in service shall be included in the appropriate operating revenue and expense accounts.

D. Work Order and Property Record System

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. 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 also 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 additions to or retirements 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 cost of the various retirement units or other appropriate record units.

2. ADDITIONS

Additions are increases in utility plant through the purchase or construction of additional plant and/or replacement of existing gas plant. The cost of additions to or replacement of plant shall be charged to the appropriate plant account.

A description of typical elements of construction are referred to in Section 1.A, "Components of Constructions Costs". All expenditures relevant to new construction shall be capitalized. After the completion of initial construction, only the costs directly connected to additions or replacements of plant shall be capitalized.

To avoid undue refinement in accounting for additions and replacements of utility plant, all property charged within the plant accounts shall be considered as consisting of Plant Units and Minor Items of Plant.

A. Plant Units

Each company shall use its own list of plant units. Such lists shall be filed with and subject to the approval of the Board. A plant unit is not necessarily a complete structure but may be part of a structure where such a part is physically distinct , and the amount of money involved is material. It is contemplated that the list of plant units will be revised and amended from time to time as experience and conditions warrant, subject to Board approval.

Plant units shall be accounted for in the following manner:

Additions - The cost of a plant unit shall be charged to the appropriate plant account.

Retirements - The book value of the plant unit shall be credited to the appropriate plant account.

Replacements - The book value of the original plant unit shall be credited to the appropriate plant account, and the cost of the replacement shall be charged to the appropriate plant account.

B. Minor Items of Plant

These are the associated parts or items composing a plant unit, and shall be accounted for in the following manner:

Additions - The cost of a minor item of plant that did not previously exist shall be charged to the appropriate plant account unless excluded by the minimum rule, as set out in Section 2.C.

Retirements - The book value of a minor item of plant shall be credited to the appropriate plant account. If, however, the book value of the minor item retired and not replaced will be accounted for upon the retirement of the plant unit with which it is associated, no adjustment shall be made to the plant accounts when such a minor item is retired.

Replacements - The cost of a minor item of plant shall be charged to the appropriate expense account.

C. The Minimum Rule

This is intended for accounting convenience to provide a dollar limit on the charging of costs of Minor Items of Plant to plant accounts. When the costs of such items are less than a selected minimum dollar value, such costs shall be charged to the expense accounts. No change is to be made in the selected minimum dollar amount except by approval of the Board.

D. Repairs Made During Plant Changes

For particulars see Section 4, "Maintenance".

E. Relocation of Pipe Line

For particulars see Section 3, "Retirements".

F. Second-Hand Plant

When second-hand plant is acquired in such a physical condition that it is necessary to make extensive repairs to bring it to the standard required by the utility, the cost of such repairs shall be included in the appropriate plant account.

G. Major Renewals and Repairs

A plant unit is considered as rebuilt when the cost of renewals to parts of such unit, excluding the expense of dismantling and/or repairing old parts reused, exceeds 50% of the replacement cost of a similar new unit.

The rebuilt plant unit shall be accounted for as an addition and the old plant unit accounted for as retired from service. The term "cost of renewals" means the cost of material, other than second-hand parts remaining in the rebuilt plant unit, plus the cost of labour used in the rebuilding process, exclusive of the expense of dismantling and repairing old parts reused.

The charge to the appropriate plant account for the rebuilt plant unit shall be the sum of:

(a) the value of second-hand parts remaining in the rebuilt plant, appropriately valued; and

(b) the cost of labour and additional material applied;

both exclusive of the expense of dismantling and repairing second-hand parts reused.

3. RETIREMENTS

A. Depreciable Plant

When a plant unit is retired from gas operations, the book value shall be eliminated by crediting the appropriate plant accounts. When plant comprising less than a plant unit is removed from service, no adjustment shall be made to the plant accounts if the book value of the retired plant will be removed upon the retirement of the plant unit with which it is associated. When a plant unit is retired, the book value less the net salvage value and/or insurance recovered, if any, shall be charged to accumulated depreciation.

Book Value - This is the amount at which the plant is carried in the accounts of the utility before deducting accumulated depreciation. Book value is normally the cost of the plant. If the book value of any portion of plant is not shown separately, the book value of that portion shall be its proportionate share of the book value of the entire group in which the particular plant is included.

Salvage Value - This represents the value of material recovered from plant retired. If sold, this value will be the proceeds realized from the sale of material. This value shall be the book value of the material, if retained for use by the utility and charged to Account No. 150, "Materials and Supplies", or other accounts of this USOA. Net salvage value means the salvage value less removal costs. In cases where removal costs exceed salvage value, the net salvage value will be negative.

Ordinary Retirements - result from causes reasonably assumed to have been contemplated in prior depreciation provisions, and normally may be expected to occur when plant reaches the end of its expected service life. In the case of such a retirement, accumulated depreciation shall be charged with the book value of the asset and the cost of removal, and credited with amounts realized for salvage and insurance. There is no charge or credit to income for an ordinary retirement. For particulars see Section 5, "Depreciation".

Extraordinary Retirements - result from causes not reasonably assumed to have been anticipated or contemplated in prior depreciation or amortization provisions. Such causes include unusual casualties due to fire, storm, flood, etc., sudden and complete obsolescence, or unexpected and permanent shutdown of an operating assembly or plant. An extraordinary retirement results in a loss (or gain) to the extent that the net charges (or credits) would unduly deflate (or inflate) the accumulated depreciation or amortization accounts.

A loss (or gain) is comprised of the difference between the book value of the plant plus cost of removal less salvage and insurance recoveries and the related depreciation or amortization determined in an equitable manner.

Losses as a result of an extraordinary retirement shall be charged to Account No. 171, "Extraordinary Plant Losses". Gains, if any, as a result of an extraordinary retirement shall be credited to income as an extraordinary item.

B. Non-Depreciable Plant

When non-depreciable plant is no longer required for utility purposes but is retained by the utility, its book value shall be transferred to Account No. 110, "Other Utility Plant". When non-depreciable plant is sold, the book value of such plant shall be credited to the applicable plant account. Any profit or loss, if material, shall be recorded in the income statement as an extraordinary item, or in Account No. 171, "Extraordinary Plant Losses", as applicable.

If the profit or loss on disposal of non-depreciable plant is immaterial, such profit or loss shall be recorded in Account No. 319, "Other Income", or to an appropriate income account.

C. Pipe Relocations

When a pipe line is relocated, the part of the line changed shall be considered plant retired and the book value of such plant shall be credited to the appropriate plant account. The new line shall be considered an addition and its cost charged to the appropriate plant account. The cost of such pipe line changes that involve less than a unit of line pipe or an equivalent length shall be charged to expense.

When a utility's pipe line or any part thereof is located in accordance with an agreement, the terms of which may require the utility to relocate all or part of its pipe line and the circumstances are such that the utility has no reasonable alternative but to relocate a unit or more of line pipe and such relocation would be a replacement as defined in Section 2, "Additions", unless otherwise provided, the utility shall, with the approval of the Board, charge the cost of relocation to expenses of the period in which the work was done. When such relocation results from action by a governmental authority it shall be accounted for in a similar manner.

D. Pipe Replacements

When the retired line pipe is replaced with other pipe in the same location, the cost of opening and back-filling the trench, together with the cost of hauling, laying and connecting the pipe, and other costs of pipe line construction, including the cost of material and supplies, shall be charged to the appropriate plant account. The cost of removing the retired pipe from the trench shall be accounted for as negative salvage. The cost of reconditioning the line pipe not removed shall be accounted for as maintenance and not as retirements and replacements.

If the retired line pipe is not replaced in the same location, the cost of opening and back filling the trench from which the pipe is removed, together with the cost of removing the pipe, shall be accounted for as the cost of recovering the salvage.

4. MAINTENANCE

The cost of repairs to be included in the maintenance accounts shall include the cost of inspection to determine what repairs are necessary; also the cost of adjusting, repairing, or replacing parts, and the cost of inspection, testing and running of parts to determine that the repairs were properly made and that the repaired items are ready for service.

When repairs are made to existing plant concurrent with a plant addition or replacement, the cost of new repair material, plus the labour cost actually incurred, shall be charged to the appropriate plant account. If such repairs do not include a plant addition or replacement, the cost shall be charged to the expense account appropriate for repairs to the plant being repaired.

There shall be included in the cost of repairs, incidental costs such as the construction and removal of faulty work in connection with maintenance; the cost of relocating pipe line when retirement accounting for units of plant is not involved; and the cost of repairing fences, sidewalks, driveways and streets within or adjacent to such grounds.

The elements of maintenance shall include labour, materials and supplies, special machine and heavy work equipment service, transportation, contract work, privileges and permits, protection from casualties and injuries and damages, as outlined in Section 1, "Plant Acquired or Constructed", for similar elements of cost of plant acquired or constructed. Royalties paid for patent rights on mechanical appliances used in repairs shall be included in the cost of repairs.

5. DEPRECIATION

A. There shall be charged monthly to Account No. 303, "Depreciation", or other appropriate accounts, with concurrent credits to the account for accumulated depreciation, amounts that will allocate the service value of the plant over its estimated service life in a systematic and rational manner.

The service value of the plant, for depreciation purposes shall be its cost less its estimated net salvage value.

The service life is the period of time between the date on which the plant is placed in service and its retirement for accounting purposes.

B. The charges for depreciation shall be computed in conformity with the group system under the straight-line method or other methods approved by the Board. The group system contemplates that some part of the investment in a group of assets probably will be recovered through salvage realizations, and that probably there will be variations in the service lives of the assets constituting the group, even among assets of the same class. The depreciation provision determined for the group is a weighted average of the various provisions for the respective assets in the group.

For purposes of reporting to the Board, summaries shall be maintained so that the accumulated depreciation can be subdivided to show separately the amount applicable to each detail account or to each group of detail accounts comprised of plant that performs similar functions.

When the retirement or disposal of any individual asset in a group occurs under circumstances reasonably provided for through accumulated depreciation, it may be assumed such provision has been made. Thus, whether the period of service life is shorter or longer than the average service life, accumulated depreciation attributable to an asset at the time of retirement under such circumstances is equal to the cost, except for that portion reasonably assumed to be recoverable through salvage realization. Assets remaining in use after reaching the average life expectancy are not regarded as fully depreciated until actual retirement. For particulars, see Section 3, "Retirements".

If a primary account is fully depreciated (i.e., when the plant balance is equal to the corresponding accumulated depreciation plus or minus the estimated net salvage) further accumulation of depreciation on that plant account should cease.

C. All detail plant accounts, with the exception of all "Land" accounts and Account No. 458, "Base Pressure Gas", are classified as accounts covering assets that are depreciable. In addition, Account No. 401, "Franchises and Consents",

Account No. 402, "Other Intangible Plant", and "Land Rights" accounts are classified as depreciable assets to the extent that they are subject to the same "cost allocation over the useful life" process as depreciable assets.

D. Monthly depreciation charges under the straight-line method shall be computed by applying the annual percentage rate to the cost of plant as of the first of each month and dividing the result by twelve. The utility may, at its option and when the amount is material, compute depreciation charges commencing on the date the plant was actually placed in service rather than the first of the month following. If this method is followed, depreciation should cease at the date of retirement rather than at month end.

E. A separate rate for each group of detail accounts or sub-accounts shall be used in computing depreciation charges. The established rate may be a composite rate due to the different classes and types of assets in the detailed account. The rate shall be approved by the Board except that when no rate for each group of detail accounts or each detail account has been approved previously, an interim rate as estimated by the utility shall be used until approved by the Board.

F. Depreciation rates shall be based on the estimated service values and estimated service lives of the plant developed by a study of the utility's history and experience and such engineering and other information as may be available with respect to future conditions. Non-depreciable plant should not be included in calculating the rates or applying them.

The rates, when filed, shall be accompanied by a statement showing the bases for the rates and the methods employed in their computation, and shall be developed by the utility by the method deemed most appropriate in the light of the utility's retirement experience.

G. Records shall be maintained so that when plant is retired, details will be available to show the service life, cost of removal, and the proceeds from salvage of each class of depreciable plant.

The utility shall be prepared at any time, upon direction of the Board, to compute and submit for its approval revised rates in cases where existing rates are deemed inapplicable.

H. All new depreciation rates and modifications to existing rates are subject to approval by the Board.