

## Securities and Exchange Commission

## § 256.306

### SERVICE COMPANY PROPERTY ACCOUNTS

#### § 256.301 Organization.

This account shall include all fees paid to federal or state governments for the privilege of incorporation and expenditures incident to organizing a corporation or other form of organization and putting it into readiness to do business including cost of obtaining certificates authorizing the service company to engage in its business, fees and expenses for incorporation, fees and expenses for mergers or consolidations, office expenses incident to organizing the service company, and other expenditures incident to the organization of the service company such as stock, minute books and corporate seal.

NOTE: This account shall not include any discounts upon securities issued or assumed nor shall it include any costs or expenses in connection with the authorization, issuance and sale of securities of the service company.

#### § 256.303 Miscellaneous intangible plant.

(a) This account shall include the cost of patent rights, licenses, privileges, and other intangible property necessary or valuable in the conduct of the service company's operations and not specifically chargeable to any other account.

(b) This account shall be maintained in such a manner that the service company can furnish full information with respect to the amounts included herein.

NOTE: When any item included in this account is retired or expires, the book cost thereof shall be credited hereto and charged to account 426.5, Other deductions.

#### § 256.304 Land and land rights.

(a) This account shall include the cost of any right, title, or interest to land held by the service company, including without limitation the cost of land owned in fee by the service company and the cost of easements, rights of way, and any other similar interests in land.

(b) When special assessments for improvements provide for deferred payments, the full amount of the assessments shall be charged to the appropriate land account and the unpaid balance shall be carried in an appropriate

liability account. Interest on unpaid balances shall be charged to the appropriate interest account. If any part of the cost of improvement is included in the general tax levy, the amount thereof shall be charged to the appropriate tax account.

(c) Separate entries shall be made for the acquisition, transfer, or sale of each parcel of land, and each land right. A record shall be maintained showing the nature of ownership, full legal description, area, map reference, purpose for which used, city, county and tax district in which situated, from whom purchased or to whom sold, payment given or received, other costs, contract date and number, date of recording of deed, and book and page number of record.

(d) If at the time of acquisition of an interest in land such interest extends to buildings or other improvements which are then devoted to the service company's operations, the land and improvements shall be separately appraised and the cost allocated to land and buildings or improvements on the basis of the appraisals. If the improvements are removed or wrecked without being used in operations, the cost of removing or wrecking shall be charged and the salvage credited to the account in which the cost of the land is recorded.

#### § 256.305 Structures and improvements.

(a) This account shall include the cost of all buildings and facilities and fixtures permanently attached thereto which are owned by the service company.

(b) The cost of foundations which are specially provided for machinery, apparatus, or other equipment of the company shall be charged to the same account as the cost of such machinery, apparatus, or equipment.

(c) Other fixtures temporarily attached to buildings shall not be included in the cost of the building but in the equipment account.

#### § 256.306 Leasehold improvements.

This account shall include all costs incurred by the service company in improvements of, remodeling of, or installation of additional facilities in

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rented offices or buildings to suit tenant's needs.

**§ 256.307 Equipment.**

This account shall include the cost of equipment owned by the service company and used in rendering services such as micro-wave, communications and dispatching, automatic data processing, information storage and retrieval, research and laboratory testing, construction, meter repairing, and printing and stationery. Subaccounts shall be maintained by classes of equipment for each service rendered.

**§ 256.308 Office furniture and equipment.**

This account shall include the cost of office furniture and equipment owned by the service company and used in rendering services, e.g., bookcases, shelves, desks, tables, chairs, desk equipment, safes, drafting-room equipment, filing cabinets, storage and other cabinets, floor covering, library equipment, accounting machines, electronic calculators, typewriters and other mechanical office equipment.

**§ 256.309 Automobiles, other vehicles, and related garage equipment.**

This account shall include the delivered cost of all service company owned automobiles, vans, trucks, and other vehicles used by the service company in its operations. The cost of all tools, implements, and other equipment used in the inspection, maintenance, repair and overhaul of vehicles shall also be included in this account.

**§ 256.310 Aircraft and airport equipment.**

This account shall include the delivered cost of all service company owned aircraft and accessories thereto used by the service company in its operations. The cost of all tools, implements and other equipment used in the inspection, maintenance, repair and overhaul of aircraft shall also be included in this account.

**§ 256.311 Other service company property.**

(a) This account shall include the cost of service company property

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owned by the service company not provided for elsewhere.

(b) This account shall be maintained in such a manner that the service company can furnish full information with respect to the amounts included herein.

**INCOME AND EXPENSE ACCOUNTS**

**1. INCOME**

**§ 256.403 Depreciation and amortization expense.**

This account shall include the amount of depreciation and amortization for all service plant, and leasehold improvements, the cost of which is includable in accounts 305 through 311. Provide subaccounts by each class of service company property owned and leased.

**§ 256.408 Taxes other than income taxes.**

(a) This account shall include the amount of state unemployment insurance, franchise taxes, federal excise taxes, social security taxes, and all other taxes assessed by Federal, State, County, Municipal, or other local governmental authorities, except income taxes.

(b) When it is not possible to determine the exact amount of taxes, the amount shall be estimated and adjustments made in current accruals as the actual tax levies become known.

(c) This account shall be kept in such manner as to show the amount of each class of taxes.

NOTE A: Taxes applicable to property construction or investments may be charged to the account in which the property construction or investment is included. Special assessments for street and similar improvements shall be included in the appropriate service company property account. Gasoline and other miscellaneous taxes shall be charged, where practicable, to the same account as the materials on which the tax is levied.

NOTE B: Interest on tax refunds or deficiencies shall not be included in this account but in account 421, Miscellaneous income or loss, or account 431, Other interest expense, as appropriate.

**§ 256.409 Income taxes.**

(a) This account shall include the amount of local, State and Federal