

§ 367.104

(b) The accruals for income taxes shall be apportioned to Operating Income, Other Income and Deductions, and Extraordinary Items so that, as nearly as practicable, each tax will be included in the appropriate account based on the income which gave rise to the tax.

(c) Taxes assumed by the service company on interest must be charged to account 431, Other interest expense (§ 367.4310).

(d) Interest on tax refunds or deficiencies must not be included in these accounts but in account 419, Interest and dividend income (§ 367.4190), or account 431, Other interest expense (§ 367.4310), as appropriate.

§ 367.104 Accounts 410.1, 410.2, 411.1, and 411.2, Provision for deferred income taxes.

(a) Accounts 410.1 (§ 367.4101) and 410.2 (§ 367.4102) must be debited, and Accumulated Deferred Income Taxes must be credited, with amounts equal to any current deferrals of taxes on income or any allocations of deferred taxes originating in prior periods, as provided by the texts of accounts 190 (§ 367.1900), 282 (§ 367.2820), and 283 (§ 367.2830). There must not be netted against entries required to be made to these accounts any credit amounts appropriately includible in accounts 411.1 (§ 367.4111) or 411.2 (§ 367.4112).

(b) Accounts 411.1 (§ 367.4111) and 411.2 (§ 367.4112) must be credited, and Accumulated Deferred Income Taxes must be debited, with amounts equal to any allocations of deferred taxes originating in prior periods or any current deferrals of taxes on income, as provided by the texts of accounts 190 (§ 367.1900), 282 (§ 367.2820), and 283 (§ 367.2830). There must not be netted against entries required to be made to these accounts any debit amounts appropriately includible in account 410.1 (§ 367.4101) or 410.2 (§ 367.4102).

§ 367.105 Accounts 411.4, and 411.5, Investment tax credit adjustments.

(a) Account 411.4 (§ 367.4114) must be debited with the amounts of investment tax credits related to service company property that are credited to account 255, Accumulated deferred investment tax credits (§ 367.2550), by

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companies which do not apply the entire amount of the benefits of the investment credit as a reduction of the overall income tax expense in the year in which such credit is realized (See account 255 in § 367.2550).

(b) Account 411.4 (§ 367.4114) must be credited with the amounts debited to account 255 (§ 367.2550) for proportionate amounts of tax credit deferrals allocated over the average useful life of service company property to which the tax credits relate or such lesser period of time as may be adopted and consistently followed by the company.

(c) Account 411.5 (§ 367.4115) must also be debited and credited as directed in paragraphs (a) and (b), for investment tax credits related to other income and deductions.

§ 367.106 Accounts 426.1, 426.2, 426.3, 426.4, and 426.5, Miscellaneous expense accounts.

These accounts must include miscellaneous expense items which are nonoperating in nature but which are properly deductible before determining total income before interest charges.

Subpart F—Balance Sheet Chart of Accounts

SERVICE COMPANY PROPERTY

§ 367.1010 Account 101, Service company property.

(a) This account must include the cost of service company property, included in accounts 301 (§ 367.3010), 303 (§ 367.3030) and 389 to 399.1 (§§ 376.3890 to 367.3991), owned and used by the service company in its operations, and having an expectation of life in service of more than one year from date of installation.

(b) The cost of additions to, and betterments of, property leased from others, that are includible in this account, must be recorded in subaccounts separate and distinct from those relating to owned property. (See Service Company Property Instruction in § 367.54.)

§ 367.1011 Account 101.1, Property under capital leases.

(a) This account must include the amount recorded under capital leases for property leased from others and

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used by the service company in its operations.

(b) The property included in this account must be classified separately according to detailed accounts 301 (§367.3010), 303 (§367.3030) and 389 to 399.1 (§§367.3890 to 367.3991) prescribed for service company property.

(c) Records must be maintained with respect to each capital lease reflecting:

- (1) Name of lessor,
- (2) Basic details of lease,
- (3) Terminal date,
- (4) Original cost or fair market value of property leased,
- (5) Future minimum lease payments,
- (6) Executory costs,
- (7) Present value of minimum lease payments,
- (8) The amount representing interest and the interest rate used, and
- (9) Expenses paid.

§ 367.1060 Account 106, Completed construction not classified.

At the end of the year or such other date as a balance sheet may be required by the Commission, this account must include the total of the balances of construction projects for service company property which has been completed and placed in service but have not been classified for transfer to the detailed service company property accounts.

§ 367.1070 Account 107, Construction work in progress.

(a) This account must include the total of the balances of construction projects for service company property in process of construction.

(b) Construction projects must be cleared from this account as soon as practicable after completion of the job. Further, if a project is designed to consist of two or more units that may be placed in service at different dates, any expenditures that are common to and that will be used in the operation of the project as a whole must be included in service company property upon the completion and the readiness for service of the first unit. Any expenditures that are identified exclusively with units of property not yet in service must be included in this account.

(c) Expenditures on research, development, and demonstration projects

for construction of facilities are to be included in a separate subaccount in this account. Records must be maintained to show separately each project along with complete detail of the nature and purpose of the research, development, and demonstration project together with the related costs.

§ 367.1080 Account 108, Accumulated provision for depreciation of service company property.

(a) This account must be credited with the following:

(1) Amounts charged to account 403, Depreciation expense (§367.4030), or to clearing accounts for current depreciation expense for service company property.

(2) Amounts charged to account 416, Costs and expenses of merchandising, jobbing, and contract work (§367.4160), or to clearing accounts for current depreciation expense.

(3) Amounts of depreciation applicable to properties acquired. (*See* Service Company Property Instruction in §367.53.)

(4) Amounts of depreciation applicable to service company property donated to the service company.

(b) The service company must maintain separate subaccounts for depreciation applicable to service company property.

(c) At the time of retirement of depreciable service company property, this account must be charged with the book cost of the property retired and the cost of removal, and must be credited with the salvage value and any other amounts recovered, such as insurance.

(d) The subsidiary records for this account must reflect the current credits and debits to this account in sufficient detail to show the following separately:

- (1) The amount of accrual for depreciation,
- (2) The book cost of property retired,
- (3) Cost of removal,
- (4) Salvage, and
- (5) Other items, including recoveries from insurance.

(e) The service company is restricted in its use of the accumulated provision for depreciation to the purposes identified in paragraphs (a) through (d) of this section. It must not transfer any