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until the time that the facilities are ready for functional use.

Subpart E—Special Instructions

§ 367.100 Accounts 131–174, Current and accrued assets.

Current and accrued assets are cash, those assets which are readily convertible into cash or are held for current use in operations or construction, current claims against others, payment of which is reasonably assured, and amounts accruing to the service company that are subject to current settlement, except those items for which accounts other than those designated as current and accrued assets are provided. There must not be included in the group of accounts designated as current and accrued assets any item, the amount or collectibility of which is not reasonably assured, unless an adequate provision for the related possible loss has been made. Items of current character but of doubtful value may be written down and for record purposes carried in these accounts at nominal value.

§ 367.101 Accounts 231–243, Current and accrued liabilities.

Current and accrued liabilities are those obligations which have either matured or which become due within one year from the date of issuance or assumption, except for: bonds, receivers' certificates and similar obligations which must be classified as long-term debt until date of maturity; accrued taxes, such as income taxes, which must be classified as accrued liabilities even though payable more than one year from date; compensation awards, which must be classified as current liabilities regardless of date due; and minor amounts payable in installments which may be classified as current liabilities. If a liability is due more than one year from date of issuance or assumption by the service company, it shall be credited to a long-term debt account appropriate for the transaction, except, however, the current liabilities previously mentioned.

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§ 367.102 Accounts 408.1 and 408.2, Taxes other than income taxes.

(a) These accounts must include the amounts of ad valorem, gross revenue or gross receipts taxes, 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) These accounts shall be charged in each accounting period with the amounts of taxes which are applicable to each account, with concurrent credits to account 236, Taxes accrued (§367.2360), or account 165, Prepayments (§367.1650), as appropriate. When it is not possible to determine the exact amounts of taxes, the amounts shall be estimated and adjustments made in current accruals as the actual tax levies become known.

(c) Special assessments for street and similar improvements must be included in the appropriate service company property account.

(d) Taxes specifically applicable to construction must be included in the cost of construction.

(e) Gasoline and other sales taxes must be charged as far as practicable to the same account as the materials on which the tax is levied.

(f) Social security and other forms of so-called payroll taxes must be distributed to utility and non-utility functions on a basis related to payroll. Amounts applicable to construction must be charged to the appropriate plant account.

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

§ 367.103 Accounts 409.1, 409.2, and 409.3, Income taxes.

(a) These accounts must include the amounts of local, state and Federal income taxes on income properly accruable during the period covered by the income statement to meet the actual liability for such taxes. Concurrent credits for the tax accruals must be made to account 236, Taxes accrued (§367.2360), and as the exact amounts of

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taxes become known, the current tax accruals must be adjusted by charges or credits to these accounts, so that these accounts include the actual taxes payable by the service company.

(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 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