

Developing a Chart of Accounts

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General Overview

- Statutory Requirements
- Accountancy Laws
- Regulatory and tax aspects
- Class of Utility
- Instructions
- Application of a Chart of Accounts
 - PSI Energy, Inc. case study

Statutory Requirements

- NARUC Uniform System of Accounts
 - Prescribes accounting classifications and instructions to achieve uniform accounting records while maintaining consistent application among companies. Includes the basis to be used in the financial reports.
 - FERC
 - provides rules governing the classification of accounts of all major private electric utilities as well as specific forms in conjunction with the NARUC USOA
 - Securities and Exchange Commission

Statutory Requirements

- Indiana

- Annual Reports

Each public utility shall furnish to the commission in such form and at such time as the commission shall require, such accounts, reports, and information that will show detail in certain accounts.

- Reporting Timeframes

Year-end is December 31 of each year

Annual reports are due by April 30 of each year

- Public Utility Fees

Utilities subject to regulation shall bear the expense of the regulation by means of a public utility fee on the annual gross revenue of the utility

- Delinquent fees

If a required payment of the Public Utility Fee becomes delinquent or is underpaid, a penalty of 1% of the amount due

Accountancy Laws

- Generally Accepted Accounting Principles (GAAP)
 - Not a law but a standard
 - Does not specify how organizations structure their chart of accounts
 - Provides guidelines as to how transactions are to be accounted for
 - Offers guidance on what information is required to be included in financial statements

Regulatory and Tax Aspects

- Why implement a uniform system of accounts?
 - Consistency
 - Uniformity
- For-profit versus Not-for-profit
 - Income Tax
 - Property Tax

Class of Utilities

- Based upon operating revenue
 - Class A \$2,500,000+
 - Class B between \$1,000,000 and \$2,500,000
 - Class C between \$150,000 and \$1,000,000
 - Class D less than \$150,000

Instructions

- Differences between classes
larger utilities are required to provide more detailed information (see handouts for more detail)

Application of a Chart of Accounts

PSI Energy, Inc. case study

- General Rules for Reporting
 - Reporting timeframes
 - Information to be furnished
 - Penalty for failure to file reports

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