

**FINAL INSTRUCTIONS TO THE REGULATORY CHART OF
ACCOUNTS FOR THE ELECTRIC DISTRIBUTION
COMPANIES**

2008

INSTRUCTIONS TO THE REGULATORY CHART OF ACCOUNTS FOR ELECTRIC DISTRIBUTION COMPANIES

1) Account Numbering System

Accounts of the regulatory chart of accounts are divided into groups, coded by 3-digit numbers

101 - 123	Equity
131 - 132	Financing
151 - 159	Borrowings
201 - 209	Tangible Fixed Assets
211 - 219	Intangible Fixed Assets
221 - 225	Long-term Investments and Receivables
230	Long-term Financial Assets
242 - 249	Depreciation and Amortization
251 - 254	Provisions
261 - 262	Goodwill
301 - 310	Inventories
401 - 404	Suppliers and related accounts
411 - 416	Clients and related accounts
421 - 426	Settlements with associates and personnel
441 - 445	Litigation and claim receivables
451 - 458	Settlements with the state budget, social security and government bodies
491 - 499	Sundry debtors and creditors
501 - 519	Cash and cash equivalents
511 - 515	Short-term investments
601 - 609	Expenses by Nature
611 - 619	Operating Expenses (Expenses by Function)
621 - 629	Financial and Other Non-Operating Expenses
691 - 699	Extraordinary Expenses
701 - 709	Operating Income
721 - 729	Financial and Other Non-Operating Income
791 - 799	Extraordinary Income
911 - 999	Off-balance Sheet Accounts

- a) Each of these accounts has a three-digit sub-account.
- b) Some digits have been skipped in certain instances to allow for possible expansion or to permit better coordination with the system of numbering.
- c) The Distribution Company (DC) may adopt for in-house purposes a different system of account numbering where the account numbers of the Uniform System of Accounts (USOA) shall appear in description headings of the General Ledger, in other journals and documents. Where a DC uses a different system of numbering, it shall be in a position to provide at any time lists of its accounts and references (reconciliation diagram) to the account

numbers prescribed in the USOA. In addition DC’s account entries shall allow for analysis by USOA accounts and for compilation of regulatory reports directly from the DC records according to the accounts provided in USOA.

2) List of items in the accounts

The list of items proposed below or elsewhere in the Instructions to the USOA has the purpose of giving a clearer description of how to apply the accounts prescribed. The lists are intended to be representative, but not completely exhaustive. The appearance of an item in the list implies its inclusion in the account mentioned, only when the account’s text indicates such an inclusion inasmuch as the same item can often be found also in other lists. The proper entry in each instance depends on the descriptive text to the account.

3) Functional classification

Electric distribution system means land, buildings, substations, electric lines, line transformers and other facilities employed between the primary source of supply (i.e., generating station, or point of receipt in the case of purchased power) and delivery to customers.

Note: Substations, which change electricity from transmission to distribution voltage shall be classified as distribution stations.

- a) In instances where concrete or metal poles support transmission and distribution overhead conductors, the poles, anchors, guys, and rights of way (servitude areas) shall be classified as transmission system. The conductors, cross-arms, braces, grounds, tie wire, insulators, etc., shall be classified as transmission or distribution facilities, according to the purpose for which they are used.
- b) Where underground conduit contains both transmission and distribution conductors, the underground conduit and right of way (servitude areas) shall be classified as distribution system. The conductors shall be classified as transmission or distribution facilities according to the purpose for which they are used.
- c) Land (other than rights of way) (servitude areas) and structures (buildings) used jointly for transmission and distribution purposes shall be classified as transmission or distribution according to the major use thereof.

4) Application of Major Asset Accounts

201 XXX Land.

These accounts shall include the cost of land used in connection with distribution operations and supplies to customers.

Note: The cost of permits to build and to erect poles (concrete and metal) and to trim trees shall not be included in these accounts

202 XXX Assets Financed by End-Use Customers for the Purpose of Connecting to Network

203 XXX Buildings

These accounts shall include the cost of buildings used for the purpose of distribution operations and supply to customers.

204 10X Substation Equipment

These accounts shall include the cost of installation of equipment in substations, including transformers, busbar lines, switchgear, etc., which are used to change power characteristics in connection with electricity distribution.

Items

1. Bus compartments, concrete, brick and sectional steel, including items permanently attached thereto.
2. Conduit, including concrete and iron duct runs not part of building.
3. Control equipment, including batteries, battery charging equipment, transformers, remote relay boards, and connections.
4. Conversion equipment, indoor and outdoor, frequency changers, motor generator sets, rectifiers, synchronous converters, motors, cooling equipment, and associated connections.
5. Fences.
6. Fixed and synchronous condensers, including transformers, switching equipment, blowers, motors, and connections.
7. Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.
8. General station equipment, including air compressors, motors, hoists, cranes, test equipment, ventilating equipment, etc.
9. Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.
10. Primary and secondary voltage connections, including bus runs and supports, insulators, potheads, lightning arresters, cable and wire runs from and to outdoor connections or to manholes and the associated regulators, reactors, resistors, surge arresters, and accessory equipment.
11. Switchboards, including meters, relays, control wiring, etc.
12. Switching equipment, indoor and outdoor, including oil circuit breakers and operating mechanisms, truck switches, disconnect switches.
13. Batteries, including elements, tanks, tank insulators, etc.
14. Battery room connections, including cable or bus runs and connections.
15. Battery room flooring, when specially laid for supporting batteries.
16. Charging equipment, including motor generator sets and other charging equipment and connections, and cable runs from generator or station bus to battery room connections.
17. Miscellaneous equipment, including instruments, water stills, etc.
18. Switching equipment, including end cell switches and connections, boards and panels, used exclusively for battery control, not part of general station switchboard.
19. Ventilating equipment, including fans and motors, louvers, and ducts not part of building.

Note: The cost of rectifiers, series transformers, and other special station equipment devoted exclusively to street lighting service shall not be included in these accounts, but in account 204.400 Street Lighting and Signal Systems..

204 20X Cable and Overhead Lines for Electricity Distribution Operations

Overhead lines

These accounts shall include the cost of installed poles, towers, and appurtenant fixtures used for supporting overhead distribution conductors and service wires and the cost of installed overhead conductors and devices used for distribution purposes

Items

1. Anchors, head arm, and other guys, including guy guards, guy clamps, strain insulators, pole plates, etc.
2. Brackets.
3. Cross-arms and braces.
4. Excavation and backfill, including disposal of excess excavated material.
5. Extension arms.
6. Foundations.
7. Guards.
8. Insulator pins and suspension bolts.
9. Paving.
10. Permits for construction.
11. Pole steps and ladders.
12. Poles, wood, steel, concrete, or other material.
13. Racks complete with insulators.
14. Railings.
15. Reinforcing and stubbing.
16. Settings.
17. Shaving, painting, galing, roofing, stenciling, and tagging.
18. Towers.
19. Transformer racks and platforms.
20. Circuit breakers.
21. Conductors, including insulated and bare wires and cables.
22. Ground wires, clamps, etc.
23. Insulators, including pin, suspension, and other types, and tie wire or clamps.
24. Lightning arresters.
25. Railroad and highway crossing guards.
26. Splices.
27. Switches.
28. Other line devices.

Note: The cost of conductors used solely for street lighting or signal systems shall not be included in these accounts but in account 204.400 Street Lighting and Signal Systems.

Underground lines.

These accounts shall include the cost installed of underground conduit and tunnels used for housing distribution cables or wires and the cost installed of underground conductors and devices used for distribution purposes

Items

1. Conduit, concrete, brick and tile, including iron pipe, fiber pipe, Murray duct, and standpipe on pole or tower.
2. Foundations and settings specially constructed for and not expected to outlast the apparatus for which constructed.
3. Lighting systems.

4. Manholes, concrete or brick, including iron or steel frames and covers, hatchways, gratings, ladders, cable racks and hangers, etc., permanently attached to manholes.
5. Sewer connections, including drains, traps, tide valves, check valves, etc.
6. Sumps, including pumps.
7. Ventilating equipment
8. Armored conductors, buried, including insulators, insulating materials, splices, potheads, trenching, etc.
9. Armored conductors, submarine, including insulators, insulating materials, splices in terminal chamber, potheads, etc.
10. Cables in standpipe, including pothead and connection from terminal chamber or manhole to insulators on pole.
11. Circuit breakers.
12. Fireproofing, in connection with any items listed herein.
13. Hollow-core oil-filled cable, including straight or stop joints, pressure tanks, auxiliary air tanks, feeding tanks, terminals, potheads and connections, etc.
14. Lead and fabric covered conductors, including insulators, compound-filled, oil-filled or vacuum splices, potheads, etc.
15. Lightning arresters.
16. Racking of cables.
17. Switches.
18. Other line devices.

Note: The cost of underground conduit and conductors and devices used solely for street lighting or signal systems shall not be included in these accounts but in account 204.400 Street Lighting and Signal Systems.

204 30X Line transformers.

- a) These accounts shall include the cost installed of overhead and underground distribution line transformers and pole type and underground voltage regulators owned by the utility, for use in transforming electricity to the voltage at which it is to be used by the customer, whether actually in service or held in reserve.
- b) When a transformer is permanently retired from service, the original installed cost thereof shall be credited to this account.
- c) The records covering line transformers shall be so kept that the utility can furnish the number of transformers of various capacities in service and those in reserve, and the location and the use of each transformer.

Items

1. Labor of installation (first installation only).
2. Transformer cut-out boxes.
3. Transformer lightning arresters.
4. Transformers, line and network.
5. Capacitors.
6. Network protectors.

Note: The cost of replacement and resetting line transformers shall not be charged to this account but to account 583, Overhead Line Expenses, or account 584, Underground Line Expenses (for Nonmajor utilities, account 561, Line and Station Labor, or account 562, Line

and Station Supplies and Expenses), as appropriate. The cost of line transformers used solely for street lighting or signal systems shall be included in account 373, Street Lighting and Signal Systems.

204.400 Street Lighting

This account shall include the cost installed of equipment used wholly for public street and highway lighting or traffic, fire alarm, security, and other signal systems.

Items:

1. Armored conductors, buried or submarine, including insulators, insulating materials, splices, trenching, etc.
2. Automatic control equipment.
3. Conductors, overhead or underground, including lead or fabric covered, parkway cables, etc., including splices, insulators, etc.
4. Lamps, incandescent, or other types, including glassware, suspension fixtures, brackets, etc.
5. Ornamental lamp posts.
6. Disturbed pavement, drives and sidewalks.
7. Posts and standards.
8. Protection of street openings.
9. Relays or time clocks.
10. Series contactors.
11. Switches.
12. Transformers, pole or underground.

204.50X Metering Devices and Equipment for Delivery of Electricity to End-Use Customers.

- a) These accounts shall include the cost installed of meters or devices and appurtenances thereto, for use in measuring the electricity delivered to its users, whether actually in service or held in reserve.
- b) When a meter is permanently retired from service, the installed cost included herein shall be credited to this account.
- c) The records covering meters shall be so kept 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.

Items

1. Alternating current, watt-hour meters.
2. Current limiting devices.
3. Demand indicators.
4. Demand meters.
5. Direct current watt-hour meters.
6. Graphic demand meters.
7. Installation, labor of (first installation only).
8. Instrument transformers.
9. Maximum demand meters.
10. Meter badges and their attachments.
11. Meter boards and boxes.
12. Meter fittings, connections, and shelves (first set).
13. Meter switches and cut-outs.

14. Prepayment meters.
15. Protective devices.

5) Application of Major Accounts to Report Expenses

The accounts for reporting expenses are gathered in Group 6

a) Subgroup 60 – Expenses by Nature

This group includes accounts used to report utility expenses, grouped by nature.

These operating accounts are kept using net turnover in order to provide data required for the income statement. Changes in initially entered amounts (returned unused in production materials, improper wages calculations, etc.) can be made only by reversing entries.

Analytical reporting to group 60 accounts is arranged according to the information required for the purposes of tariffing by relevant license activities (distribution of electricity MV and LV and delivery of electricity and connection of end-use customers) and monitoring (expenses for network operation and repair, expenses for street lighting, expenses for research and development, general/administrative expenses).

At the end of the accounting period the accounts of group 60 remain with zero balance. They are closed by crediting with the corresponding debiting of the accounts of group 61 Operating expenses and group 207 Tangible Fixed Assets in Progress.

Accounts 601 Cost of Materials, 602 Cost of outside services, 603 Depreciation and Amortization, 604 Salaries and Wages, 605 Social Security and Welfare Allowance Expenses.

It should be noted that before allocating costs of materials, services, depreciation/amortization, salaries/wages and social security in group 60 accounts, they need to be classified by functions for later allocating in the accounts of group 61 Operating Expenses. This can be made in two ways: a) by additional analytical levels of accounts in group 60 and b) by simultaneous allocation of the corresponding costs (posted in the analyzed primary document) crediting the account of group 60 and debiting the corresponding account in group 61. The latter method is adopted in this regulatory chart of accounts to facilitate analytical reporting.

Account 606 Cost of Purchased Electricity is credited with debiting of account 304 10 Purchased Electricity and credits with debiting of accounts 611 108 Process and Sales Loss MV, 611 208 Process and Sales Loss LV, 605 301 Cost of Purchased Electricity to Supply Non-Privileged Customers, 605 401 Cost of Purchased Electricity to Supply Privileged Customers, and 605 501 Cost of Purchased Electricity to Supply Marketers. Credit amounts to these accounts shall be based on loss figures, reported (sold) electricity (KWh) and average weighted price of purchased electricity (leva per KWh).

Account 607 Sundry Operating Expenses is used to record all operating expenses that are not allocated in another account in group 60. The account is closed with the corresponding accounts in group 61: 611 109 Other MV distribution expenses, 611 209 Other LV Distribution Expenses, 612 Expenses for Supporting Activities, 614 General Administrative Expenses, and 615 Sales Costs, as follows:

The accounts in group 607 10 are credited with debiting of accounts 611 X09, 612 X06, 614 X0 and 615 308, 615 402, 615 502 and 615 602

b) Subgroup 61 – Operating Expenses

This group includes accounts used to record expenses for major and supporting company activities, deferred expenses, general administrative expenses and sales costs.

Account 611 Operating Expenses

Account 611 is used to record production expenses that combine into costs of the services distribution of MV electricity, distribution of LV electricity and connection of consumers to networks.

Analytical records in accounts 611 X0 are made by centers of expenses for the corresponding service. Debit turnovers of accounts at centers of expenses for the corresponding service are further used for off-book allocation of expenses for the corresponding service by groups of customers.

Account 611 is debited with the costs incurred by operating activities with a corresponding crediting of group 60 accounts Expenses by Nature and accounts 612 Supporting Activity Expenses and 613 Deferred Expenses.

Account 611 is credited with the cost of services with a corresponding debiting of accounts from group 123 Profit and Loss from Regulated Activities.

Account 612 Supporting Activity Expenses

Account 612 is used to record expenses incurred for supporting activities of the company. Supporting company activity is an activity that is inseparable from the major company activity and its designation is to support it. Such activities can be the work of machining and repair shops, garages and service centers at transportation divisions, laboratories and research centers, etc.

Analytical records in account 612 are arranged by types of supporting activities and entries corresponding to the major company activity. All supporting expenses, that may be allocated to (or followed to) the respective type of major activity serviced by the supporting activity (distribution MV, distribution LV, delivery to own end-use customers, delivery to privileged customers, delivery to electricity marketers), shall be allocated to the corresponding sub-accounts of account 612. In the instances where allocation to the corresponding type of major activity is impossible, supporting activity expenses shall be allocated in sub-accounts 612 X06.

Accounts 612 X01, 612 X02, 612 X03, 612 X04, 612 X05, of group 612 are closed with the corresponding accounts 611 XXX of group 611 and 615 XXX of group 615.

Account 613 Deferred Expenses

Account 613 is used to record the expenses incurred during the accounting period, but relate to future periods.

When posting debiting expenses of account 613 the period of their retirement (writing off) shall also be determined.

Account 613 is debited on definition of deferred expenses with crediting accounts of group 60 Expenses by Nature.

Account 613 is credited with allocation of the corresponding part of expenses by function with debiting of accounts from group 61 Operating Expenses.

Account 614 General Administrative Expenses

Account 614 is used to record the expenses related to company general management and functioning.

Analytical records in account 614 are arranged by the following groups of expenses: General Production Expenses, Operating Management Expenses, Operating Organization Expenses and Expenses for Management and Organization Support.

Account 614 is debited with organization and management expenses and Deferred Expenses.

Account 614 shall be closed on group 61 accounts in the following way:

Account 614 10 General Production Expenses is credited with debiting of accounts 611 101 611 201 and 615 302 in a proportion equal to the percentage of debit turnover totals of (601 101+601 201) , (601 102+601 103+601 202+601 203) and 601 30.

Account 614 20 Operating Management Expenses is credited with debiting of accounts 611 101 611 201 и 615 302 in a proportion equal to the percentage of debit turnover totals of(604 101+604 201) , (604 102+604 103+604 202+604 203) and 604 30.

Account 614 30 Operating Organization Expenses is credited with debiting of accounts 611 101 611 201 и 615 302 in a proportion equal to the percentage of the number of customers for the service distribution MV, the number of customers for the service distribution LV and the number of customers for the service delivery to end-use customers.

Account 614 40 Expenses for Management and Organization Support is credited with debiting of accounts 611 101 611 201 и 615 302 in a proportion equal to the percentage of debit turnover totals of (603 101+603 201), (603 102+603 103+603 202+603 203) and 603 30.

Account 615 Sales Costs

Account 615 is used to record expenses directly related to selling goods and services. Sales costs of DC are allocated to the following sub-accounts of account 615: Sales costs related to distribution MV, Sales costs related to distribution LV, Expenses for delivery of electricity to own end-use customers, Expenses for delivery of electricity to privileged customers, Expenses for delivery of electricity to marketers and Expenses for delivery of electricity to other DC.

Analytical records in accounts 615 are arranged by centers of expenses for the corresponding service. Debit turnovers of accounts at centers of expenses for the corresponding service of delivering electricity to consumers are further used for off-book allocation of delivery expenses by groups of customers.

Account 615 is debited with product sales expenses while the corresponding accounts of group 60 Expenses By Nature are credited.

Account 615 is credited at its closing with debiting of the corresponding accounts of group 123 Loss and Profit from Regulated Activities.