



Accounting Releases

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Docket No.	Title
AR-17	Accounting for Consolidated Money Pools
AR-16	Operating and Administering an Electric Power Exchange
AR-15	Vintage year accounting for general plant accounts
AR-14	Accounting for settlement amounts in Account 555, Purchased power
AR-13	Allowance for Funds Used During Construction
AR-12	Discriminatory Employment Practices
AR-11	Collections and Payments to GRI
AR-10	Reporting Interest During Construction
AR-9	Revenues Received from States for Collecting and Remitting Tax Payments
AR-8	Hydrostatic Testing of Gas Main and Pipelines
AR-7	Gas Turbine Generating Plants
AR-6	Income Tax Effect of Non-recurring Gains or Losses
AR-5	Capitalization of Allowance for Funds Used During Construction
AR-4	Regulatory Commission Expenses
AR-3	Nonproductive Gas Well Drilling Costs
AR-2	Deferrals of Tax Benefits
AR-1	Antitrust Violations

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FERC
FEDERAL ENERGY REGULATORY COMMISSION

Vintage year accounting for general plant accounts

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Question: Is it permissible for a public utility, licensee, natural gas company, or oil pipeline company to adopt a vintage year accounting method for the general plant accounts listed below which would eliminate the unitization and record keeping requirements associated with individual items of property and allow such companies to record only the total cost of plant additions for the year as a vintage group for each account?

For Public Utilities, Licensees, Natural Gas Companies

Account 391, Office Furniture and Equipment;
Account 392, Transportation Equipment;
Account 393, Stores Equipment;
Account 394, Tools, Shop and Garage Equipment;
Account 395, Laboratory Equipment;
Account 396, Power Operated Equipment;
Account 397, Communication Equipment;
Account 398, Miscellaneous Equipment; and
Account 399, Other Tangible Property.

For Oil Pipeline Companies

Account 179, Machine Tools and Machinery;
Account 183, Communication Systems;
Account 184, Office Furniture and Equipment; and
Account 185, Vehicles and Other Work Equipment.

Answer: Yes, provided the following requirements are met:

1. the individual classes of assets for which vintage year accounting is followed are high volume, low value items;
2. there is no change in existing retirement unit designations, for purposes of determining when expenditures are capital or expense;
3. the cost of the vintage groups is amortized to depreciation expense over their useful lives and there is no change in depreciation rates resulting from the adoption of the vintage year accounting;
4. interim retirements are not recognized;
5. salvage and removal cost relative to items in the vintage categories are included in the accumulated depreciation account and assigned to the oldest vintage first; and
6. properties are retired from the affected accounts that, at the date of the adoption of vintage year accounting, meet or exceed the average service life of properties in that account.

A vintage year method of accounting for the general plant accounts that meets all of the foregoing requirements may be implemented without obtaining specific authorization from the Commission to do so.

Debbie L. Clark
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Schedule JAR-D-2

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