

(11) \* \* \*

(iii) Interest during construction shall not be recognized on the asset retirement costs incurred during the construction of carrier and noncarrier property.

\* \* \* \* \*

(13) Asset retirement costs that are recognized as a result of asset retirement obligations incurred during construction shall be included in the cost of construction costs.

\* \* \* \* \*

■ 26. In Balance Sheet Accounts, account 31 is amended by adding a sentence to the end of paragraph, account 34 is amended by adding a sentence to the end of paragraph and account 67 is added to read as follows:

#### Balance Sheet Accounts

\* \* \* \* \*

31 \* \* \* Separate subsidiary records shall be maintained for the amount of accrued cost of removal other than legal obligations for the retirement of property recorded in account 31, Accrued depreciation—Carrier property.

\* \* \* \* \*

34 \* \* \* This account shall also include, amounts recorded for asset retirement costs associated with noncarrier property.

\* \* \* \* \*

#### 67 Asset retirement obligations.

(a) This account shall include liabilities arising from the recognition of asset retirement obligations. The carrier shall credit account 67, Asset retirement obligations, for the liabilities for asset retirement obligations and charge the appropriate carrier property accounts or noncarrier property accounts to record the related asset retirement costs.

(b) This account shall also include the period to period changes for the accretion of the liabilities in account 67, Asset retirement obligations. The carrier shall charge the accretion expense to account 591, Accretion expense, for carrier property, and account 620,

Income (net) from noncarrier property, for noncarrier property, as appropriate, and credit account 67, Asset retirement obligations.

(c) This account shall be debited with amounts paid to settle the asset retirement obligations recorded herein.

(d) The utility shall clear from this account any gains or losses resulting from the settlement of asset retirement obligations in accordance with the instructions prescribed in General Instruction 1–19.

\* \* \* \* \*

■ 27. In Carrier Property Accounts, accounts 117, 167, and 186.1 are added to read as follows:

#### Carrier Property Accounts

\* \* \* \* \*

117, 167, 186.1 *Asset retirement costs.*

This account shall include asset retirement costs on plans included in carrier property.

\* \* \* \* \*

■ 28. In Operating Expenses, accounts 541, 591 and 592 are added to read as follows:

#### Operating Expenses

\* \* \* \* \*

#### 541 Depreciation expense for asset retirement costs.

This account shall include charges for the depreciation of asset retirement costs related to transportation property.

\* \* \* \* \*

#### 591 Accretion expense.

This account shall be charged for accretion expense on the liabilities associated with asset retirement obligations included in account 67, Asset retirement obligations. The carrier shall record in this account the settlement amounts for asset retirement obligations related to carrier property in accordance with the accounting prescribed in General Instruction 1–19.

#### 592 Gains or losses on asset retirement obligations.

The carrier shall record in this account gains or losses resulting from the settlement amounts for asset retirement obligations related to carrier property plant. (See General Instruction 1–19).

\* \* \* \* \*

**Note:** The following appendices will not be published in the Code of Federal Regulations.

#### APPENDIX A

##### LIST OF COMMENTERS

| Respondent   | Abbreviation       |
|--|--------------------|
| 1. Arkansas Public Service Commission.                       | Arkansas PSC.      |
| 2. Don Bjerke .....  | Bjerke.            |
| 3. Deloitte & Touche LLP.                                    | Deloitte & Touche. |
| 4. Edison Electric Institute.                                | EEL.               |
| 5. FirstEnergy Corp. ..                                      | FirstEnergy.       |
| 6. John S. Ferguson  | Ferguson.          |
| 7. K. C. Martin .....  | K.C. Martin.       |
| 8. Missouri Public Service Commission.                       | MoPSC.             |
| 9. National Association of State Utility Consumer Advocates. | NASUCA.            |
| 10. National Grid USA.                                       | National Grid.     |
| 11. National Rural Electric Cooperative Assn..               | NRECA.             |
| 12. Northern Natural Gas Company.                            | Northern Natural.  |
| 13. PacifiCorp .....   | PacifiCorp.        |
| 14. Progress Energy, Inc..                                   | Progress Energy.   |
| 15. Rural Utilities Service.                                 | RUS.               |
| 16. Southern Company.  | Southern.          |

#### Appendix B

##### SUMMARY OF CHANGES TO SCHEDULES FOR FORMS 1, 1–F, 2, 2–A AND 6

| Schedule title                     | Forms 1 and 1–F public utilities and licensees  | Forms 2 and 2A natural gas companies    | Form 6 oil pipeline companies   |
|------------------------------------|---|---|---|
| 1 List of Schedules                | Revise to show schedule changes.  | Same as Public Utilities and Licensees. | Same as Public Utilities and Licensees.   |
| 2 Comparative Balance Sheet        | Add new account 230 to report asset retirement obligations.                                     | Same as Public Utilities and Licensees. | Add account 67 to report asset retirement obligations.  |
| 3 Statement of Income for the Year | Add new accounts 403.1, to report depreciation expense and 411.10, to report accretion expense. | Same as Public Utilities and Licensees. | Add accounts 541, to report depreciation expense, 591, to report accretion expense, and 592, to report gains or losses on asset retirement obligations. |