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## Interpretations of accounting classifications embodied in the uniform system of accounts for electric railways

United States. Interstate Commerce Commission

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Accounting Bulletin No. 14

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INTERPRETATIONS  
OF  
ACCOUNTING CLASSIFICATIONS  
EMBODIED IN THE  
UNIFORM SYSTEM OF ACCOUNTS  
FOR  
ELECTRIC RAILWAYS  
PRESCRIBED BY THE  
INTERSTATE COMMERCE COMMISSION

IN ACCORDANCE WITH SECTION 20 OF THE  
ACT TO REGULATE COMMERCE

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*Effective on May 1, 1917*

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(Supersedes Accounting Bulletin No. 9)



WASHINGTON  
GOVERNMENT PRINTING OFFICE  
1917

**Accounting Bulletin No. 14**

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## ORDER.

At a General Session of the INTERSTATE COMMERCE COMMISSION, held at its office in Washington, D. C., on the 2nd day of April, A. D. 1917.

The subject of a Uniform System of Accounts to be prescribed for and kept by carriers being under consideration, the following order was entered:

*It is ordered,* That the interpretations of the accounting classifications contained in the Uniform System of Accounts for Electric Railways, prepared under the direction of this Commission and embodied in printed form to be hereafter known as Accounting Bulletin No. 14, a copy of which is now before this Commission, be, and the same is hereby, approved; that a copy thereof duly authenticated by the Secretary of the Commission be filed in its archives, and a second copy thereof, in like manner authenticated, in the office of the Division of Carriers' Accounts; and that each of said copies so authenticated and filed shall be deemed an original record thereof.

*It is further ordered,* That the accounting methods directed in the interpretations contained in the said Accounting Bulletin No. 14 be, and they are hereby, prescribed for the use of electric railways subject to the provisions of the act to regulate commerce, as amended, in the keeping and recording of their accounts.

*It is further ordered,* That May 1, 1917, be, and it is hereby, fixed as the date on which the said Accounting Bulletin No. 14 shall become effective.

By the Commission.

[SEAL.]

GEORGE B. MCGINTY,  
*Secretary.*

## INTRODUCTORY LETTER.

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INTERSTATE COMMERCE COMMISSION,  
DIVISION OF CARRIERS' ACCOUNTS,  
*Washington, April 2, 1917.*

TO ACCOUNTING OFFICERS OF ELECTRIC RAILWAYS:

This accounting bulletin contains the interpretations of the classifications embodied in the Uniform System of Accounts for Electric Railways as they appeared in Accounting Bulletin No. 9, effective July 1, 1915, together with the interpretations which have been made since that date. It seems desirable to bring the latter-mentioned interpretations to the attention of accounting officers, and, for convenience, all interpretations made to date are included in this bulletin, which now supersedes Bulletin No. 9.

In the preparation of this bulletin, the Commission has had the cooperation of the Committee on a Standard Classification of Accounts of the American Electric Railway Accountants' Association.

FRED W. SWENEY,

*Chief Examiner of Accounts.*

# INTERSTATE COMMERCE COMMISSION ACCOUNTING BULLETIN NO. 14.

## QUESTIONS AND ANSWERS.

### CASE 1.

*Query.* Is it permissible for electric railways to renumber the primary accounts of the various classifications for their own convenience, provided the Interstate Commerce Commission numbers are maintained for proper reference and report?

*Answer.* It is permissible for electric railways to renumber the primary accounts of the various classifications for their own convenience. For the sake of uniformity, however, it is recommended that the account numbers of the classifications be used. It is suggested that companies of Class B and Class C, in numbering their operating expense accounts, combine the numbers used in the text of the classification of operating expenses; for example, the text for the account "Maintenance of track and roadway" for companies of Class B is covered by accounts Nos. 2 to 12, inclusive, and the suggested number would be 2/12; the text for account "Maintenance of way" for companies of Class C is covered by accounts Nos. 2 to 19, inclusive, and the suggested number would be 2/19.

### CASE 2.

*Query.* Is it proper to charge assessments for construction and maintenance of paving to income account No. 215, "Taxes assignable to railway operations"?

*Answer.* No. Account No. 511, "Paving," in the classification for road and equipment accounts provides for the cost of paving incident to original track construction, while account No. 10, "Paving," in the classification of operating expenses provides for repairs of such paving. (See Cases 85 and 161.)

### CASE 3.

*Query.* Are carriers required to keep subaccounts for paragraphs (a) to (f) under account No. 22, "Distribution system," of the classification of operating expenses; or will it be satisfactory to show the cost in total under this account?

*Answer.* The Commission does not require the subdivision of account No. 22, "Distribution system," but any carrier desiring to do so may make subdivisions, and keep corresponding subprimary accounts, provided they do not impair the integrity of the account prescribed.

### CASE 4.

*Query.* To what account should an electric railway charge the wages of employees, and the cost of repairs, fuel, water, lubricants, and waste, incident to the operation of a steam locomotive and of gasoline and steam motor cars used regularly as rail equipment?

**Answer.** If the equipment is used in revenue service, the wages of employees shall be charged to operating expense account No. 75, "Operation of steam locomotives."

The cost of repairs to the steam locomotive and to the locomotive features of gasoline and steam motor cars shall be charged to account No. 34, "Locomotives," and the cost of repairs to the car features of the motor cars shall be charged to account No. 30, "Passenger and combination cars," or account No. 31, "Freight, express, and mail cars," as may be appropriate.

The cost of fuel, water, lubricants, and waste shall be charged to account No. 75, "Operation of steam locomotives."

If the steam locomotive and the motor cars are used in nonrevenue service, the expenses shall be accounted for in the same manner as those for service cars. (*See Case 182.*)

#### CASE 5.

**Query.** Should motors for air governors and pumps on cars be regarded as part of the electrical equipment, and the cost of repairs thereof be charged to account No. 33, "Electric equipment of cars"?

**Answer.** No. The electric equipment of cars includes the electric *motive* equipment and wiring. The term "car" includes the car body and trucks, electric bells and wiring, electric heaters and wiring, electric lights and wiring, and air-brake equipment and wiring. Repairs to motors for air governors and pumps on cars shall, therefore, be charged to operating expense account No. 30, "Passenger and combination cars"; No. 31, "Freight, express, and mail cars"; No. 32, "Service equipment"; or No. 34, "Locomotives."

#### CASE 6.

**Query.** Are electric railways at liberty to open clearing accounts for store expenses and apportion them on a basis of material issues? If so, should only the amounts chargeable to Operating Expenses be charged to account No. 95, "Store expenses," and so reported to the Commission; or should this account also include expenses incurred in connection with material issued for construction and betterments?

**Answer.** Electric railways are at liberty to open clearing accounts for store expenses and apportion the amounts charged thereto. The total amount chargeable to Operating Expenses shall be charged to account No. 95, "Store expenses." Account No. 95 should not include expenses incurred primarily in connection with material issued for construction or for additions and betterments.

Carriers are at liberty to distribute for their own purposes items covered by this account to other operating expense accounts affected, but in their reports to the Commission the entire amount of store expenses chargeable to Operating Expenses shall be reported under account No. 95. (*See Case 354.*)

#### CASE 7.

**Query.** Please explain the various accounts "Other operations—Dr." and "Cr.," contained in the classification of operating expenses.

In connection with these accounts, it is understood that account No. 59, "Power purchased," shall show the total amount expended for this purpose, and that the amounts used for lighting shops, carhouses, etc., may be charged to the accounts affected and offsetting credits made to account No. 61, "Power transferred—Credit." Is this correct?



*Answer.* The accounts "Other operations—Dr." and "Other operations—Cr." are to be used by electric railways which engage in other lines of business, such as the production of power and light for sale. The proportion of operating expense chargeable to the light or other departments shall be credited to the various accounts "Other operations—Cr."

The cost of producing power, irrespective of the manner in which it is used, shall be included in the primary accounts of the railway department. Account No. 59, "Power purchased," covers the cost of power purchased from other companies.

Account No. 61, "Power transferred—Credit," the use of which is optional, may be credited with that proportion of the total of the accounts under the general account Power which the power used for lighting, heating, or other purposes in shops, carhouses, etc., bears to the total power generated and purchased.

#### CASE 8.

*Query.* To what account should be charged rent paid for land on which is located a carhouse used as a regular operating carhouse?

*Answer.* To income account No. 217, "Miscellaneous rents."

#### CASE 9.

*Query.* Account No. 550, "Miscellaneous," in the classification for road and equipment, covers, among other things, the cost of preparing and issuing stock certificates and expenses incurred in the disposal of securities. Will it be correct to charge to this account expenses of this nature when they relate to the issuance of bonds by an operating electric railway company for construction and for additions and betterments?

*Answer.* No. Expenses incident to the issue and sale of bonds shall be handled in accordance with instructions contained in section 3, page 76, of the Uniform System of Accounts for Electric Railways.

#### CASE 10.

*Query.* Please explain account No. 87, "Relief department expenses." Also please advise to what account should be charged an employee's wages paid while he is suffering from an injury and is not able to work.

*Answer.* Account No. 87, "Relief department expenses," is intended to include the cost of operation of and contributions to a relief department or association. Wages paid to an employee while he is disabled by an injury shall be charged to account No. 92, "Injuries and damages," if the injury occurred while the employee was on duty or if the company was responsible. Voluntary contributions made to employees or families of employees on account of sickness or other disability shall be charged to account No. 88, "Pensions and gratuities." (See Cases 52, 110, 111, and 125.)

#### CASE 11.

*Query.* We have installed in our different carhouses some large storage tanks for compressed air. The compressed air is used in filling air tanks on cars for the operation of brakes. To what account should we charge the maintenance and operation of the storage tanks?

*Answer.* The cost of maintenance shall be charged to account No. 36, "Shop equipment," and the cost of operation to account No. 67, "Miscellaneous car-service expenses."

## CASE 12.

*Query.* To what account should be charged the cost of printing expense bills, balance sheets, and other stationery used in the handling of express and freight business incident to the operation of an electric railway?

To what account should be charged printing and stationery used by clerks whose salaries are charged to account No. 1, "Superintendence of way and structures"; account No. 29, "Superintendence of equipment"; account No. 45, "Superintendence of power"; and account No. 63, "Superintendence of transportation"?

To what account should be charged the cost of printing conductors' daily reports (trip sheets) and shortage notices?

*Answer.* The cost of expense bills, balance sheets, and all other stationery named above shall be charged to account No. 94, "Stationery and printing." By referring to the notes under account No. 94 it will be found that carriers are at liberty to distribute items included therein but that all reports to the Commission must agree with the accounts which are prescribed.

## CASE 13.

*Query.* We have on our lines foreign cars on which we pay a per diem charge. To what account should an expense of this nature be charged? To what account should be charged the maintenance of such cars while on our tracks?

*Answer.* Per diem on foreign cars shall be charged to account No. 98, "Rent of equipment," and the maintenance of such cars while on your tracks to account No. 30, "Passenger and combination cars"; No. 31, "Freight, express, and mail cars"; No. 32, "Service equipment"; or No. 33, "Electric equipment of cars," as may be appropriate. (*See Case 133.*)

## CASE 14.

*Query.* We have electric cars equipped and used as pile driver, steam shovel, concrete mixer, and stone crusher. To what accounts should be charged the maintenance of these cars and the machinery?

*Answer.* The maintenance of such cars and machinery shall be charged as may be appropriate to account No. 32, "Service equipment," or account No. 33, "Electric equipment of cars," except when the cars are used on work not chargeable to Operating Expenses. (*See Case 131.*)

## CASE 15.

*Query.* To what account should an electric railway charge commissions and wages paid for the sale of school and other tickets at various stores along the line?

*Answer.* If the tickets are sold at stores which can be considered stations, charge commissions and wages paid to account No. 68, "Station employees"; if the stores can not be considered stations, charge to account No. 79, "Superintendence and solicitation."

## CASE 16.

*Query.* To what account should be charged the salary and expenses of a supervising engineer in charge of the construction of a new line and buildings, and of the installation of machinery in power plants? It is not clear to us

whether these expenses should be charged to account No. 501, "Engineering and superintendence," or charged directly to the account for which incurred, in accordance with Note A.

*Answer.* If the engineer has direct supervision over all the work in connection with the construction of a new line, it will probably not be possible to apportion his salary and expenses among the various construction accounts. Charges shall, therefore, be made to account No. 501, "Engineering and superintendence," in the classification for road and equipment.

Note A, under account No. 501, provides that, whenever it is possible, the expenses shall be charged directly to the account for which they are incurred, as, for example, "Power plant buildings" or "Shops and carhouses." However, it is not the intention to insist upon any undue refinement in accounting for such matters.

#### CASE 17.

*Query.* We note that the accounts "Interest and discount" and "Taxes," formerly carried by many companies in their general expenses, have been dropped from the operating expenses in the Uniform System of Accounts. What is the proper accounting for such items?

*Answer.* Interest, discount, and taxes, arising in connection with operations, shall be included in the appropriate accounts of the income classification. Interest in connection with expenditures for road and equipment shall be included in primary account No. 547, "Interest during construction."

#### CASE 18.

*Query.* This company's tower wagon is frequently used in connection with the construction of electric lines along new tracks, and it has been our custom to credit to "Stable expenses" the cost of the service. Is this correct?

*Answer.* The expenses of repair or tower wagons which are frequently used in construction work shall be apportioned between maintenance and construction accounts in accordance with the use to which the wagons are put. If expenses properly chargeable to construction are included in account No. 38, "Vehicles and horses," or account No. 96, "Garage and stable expenses," these accounts shall be credited and the appropriate construction account charged.

#### CASE 19.

*Query.* A railway company's shop performs services properly chargeable to various construction accounts and to other companies and persons. To what account should be credited the overhead expense added to the cost of labor and material to cover a portion of miscellaneous shop and storeroom expenses?

*Answer.* Such expense shall be credited to the proper accounts under Operating Expenses.

#### CASE 20.

*Query.* To what accounts should charges be made for—

(1) Rents paid for the right to locate tracks and to operate cars on private property.

(2) Amounts paid periodically for privilege of locating poles on private property for high-tension lines.

(3) Amounts paid periodically to municipalities for the right to operate cars on and across streets.

(4) Amounts paid periodically to boards of public works and county officers for the right to operate cars on and across public highways.

*Answer.* (1) Charge to account No. 217, "Miscellaneous rents,"

(2) Charge to account No. 49, "Transmission system."

(3) and (4) Charge to account No. 215, "Taxes assignable to railway operations," in the income classification.

#### CASE 21.

*Query.* To what account or accounts should be credited charges made against operation and construction accounts for electricity furnished by an electric railway company for the use of its shop motors, carhouse lighting, running of construction cars engaged in company service such as building new tracks, etc.?

*Answer.* The classification of operating expenses does not require a segregation of the cost of power to shops, carhouses, etc., although account No. 61, "Power transferred—Credit," the use of which is optional, is provided for use if such segregation is desired.

The Commission's order provides on page 6 of the Uniform System of Accounts that any carrier may "keep any temporary or experimental accounts the purpose of which is to develop the efficiency of operation: Provided, however, that such temporary or experimental accounts shall not impair the integrity of any primary account hereby prescribed." It is therefore permissible for any carrier to ascertain for its own information the cost of power used at shops or carhouses.

The actual cost of power used in operating work cars for construction purposes, such as building new tracks, etc., is properly chargeable to construction accounts, and proper credit shall be given to operating expense general account VII, Transportation for Investment—Cr. (See Case 59.)

#### CASE 22.

*Query.* A large percentage of the purchases made by the purchasing department of this company is for construction and betterment purposes. Would it be permissible to charge to the appropriate road and equipment accounts such a proportion of the salaries and expenses of that department as would fairly represent the expense of the purchases made primarily for such construction and betterments?

*Answer.* The classification of operating expenses is intended to cover operating expenses only, and it is proper to charge to the appropriate road and equipment accounts such a proportion of the salaries and expenses of purchasing agents and assistants as would fairly represent the expense of the purchases made for such construction and betterment. In the consideration of this question account No. 95, "Store expenses," should not be overlooked. (See Case 6.)

#### CASE 23.

*Query.* A company conducting a railway, power, and light business carries its general accounts in the power and light department. A monthly charge for power is made to the street railway department and to the light department. Are the monthly charges for power to the light and street railway departments satisfactory? Is a single balance sheet for the entire business permissible?

*Answer.* Each company conducting a railway, power, and light business shall include all expenses incident to the production of power used by the railway, power, and light departments in primary accounts Nos. 45 to 62, inclusive, under the general account Power. The proportion of the cost of such power assignable to the power and light departments shall be cleared through primary account No. 62, "Other operations—Cr.," in accordance with instructions contained in section 4, page 17, of the Uniform System of Accounts for Electric Railways.

The Commission has not prescribed a classification of revenues and expenses for auxiliary operations of electric railways.

One balance sheet is all that is necessary for the entire business described in this query.

CASE 24.

*Query.* To what account should be charged payments made to the Government, on the basis of a specific charge per passenger, for the privilege of stringing wires and operating cars over a public bridge?

*Answer.* To account No. 215, "Taxes assignable to railway operations." (See Cases 67 and 163.)

CASE 25.

*Query.* What disposition should be made of custom labor or labor of employees in various departments on work entirely outside of railway operation, for which the railroad is reimbursed the wages of the employees, together with the profit on same and the general shop expenses?

What disposition should be made of profits on new material sold to some outside concern from storeroom stock which has been handled in sales account?

*Answer.* Assuming that the amount involved in the custom labor account is small, and that the expenses have been charged to operating accounts, items covering labor performed for outside parties, together with the percentage added for profit and general shop expenses, shall be debited to account No. 410, "Miscellaneous accounts receivable," and credited to the operating expense accounts originally charged.

The profit from the sales account shall be credited to account No. 212, "Miscellaneous income."

CASE 26.

*Query.* To what accounts should be charged the cost of new structures and general improvements in a free private park owned by the carrier, and the maintenance expenses of such a park?

*Answer.* The cost of new structures and improvements of a substantial character shall be charged to account No. 526, "Park and resort property," in the classification for road and equipment.

Maintenance expenses shall be charged to operating expense account No. 81, "Park, resorts, and attractions."

CASE 27.

*Query.* A company organized for purely local street railway business and having no electric-light or gas department and no joint arrangement with any other company in the operation of cars, requests information as to the manner in which the accounts "Other operations—Dr." and "Other operations—Cr." in various parts of the classification of operating expenses would enter into its records.

*Answer.* From the foregoing statement it is evident that the company will not require the accounts "Other operations—Dr." and "Other operations—Cr." It is not expected that a carrier will keep on its books any accounts for which it has no need.

CASE 28.

*Query.* A light and traction company operates gas, electric-light, and street railway properties. The operating expenses of the three coordinate departments are kept entirely separate, except the general expenses, consisting of

clerical salaries, rent, and office supplies. Will it be satisfactory to the Commission if the company should continue carrying expenses of this character in one account covering all departments?

*Answer.* Yes, provided such account is reported in detail, according to the primary accounts provided under General and Miscellaneous in the annual report form and the proportion chargeable to other departments is reported in account No. 100, "Other operations—Cr."

If the light department is accounted for as an auxiliary operation, the taxes on the property used by such department shall be charged to account No. 215, "Taxes assignable to railway operations." If the property used in the production of gas is carried in account No. 404, "Miscellaneous physical property," the taxes on such property shall be charged to account No. 205, "Net income from miscellaneous physical property," or No. 219, "Net loss on miscellaneous physical property," as may be appropriate. (*See Cases 188, 198, 300, 362*).

#### CASE 29.

*Query.* We are charging to account No. 59, "Power purchased," the actual cost of electric current generated at our plant (gas, electric-light, and street railway property) and consumed by the railway department. Is this correct?

*Answer.* The practice above outlined is not in accordance with the requirements of the classification of operating expenses. All expenses incident to the production of power shall be charged to the appropriate primary accounts (Nos. 45 to 62, inclusive) under the railway department general account Power, and the amounts chargeable to the other departments, representing their proportions of the cost of power furnished, shall be cleared through account No. 62, "Other operations—Cr." Account No. 59, "Power purchased," is intended to include amounts paid for power purchased from other companies. (*See Case 28.*)

#### CASE 30.

*Query.* This company operates a sprinkler car for the purpose of sprinkling certain streets and highways on which our track is laid. The city in which this service is performed pays us, as its proportion of the cost of this service, from 15 to 20 cents per sprinkler car-mile run. Please advise to what accounts the corresponding debits and credits should be made.

*Answer.* The amount received from the city shall be credited to revenue account No. 109, "Miscellaneous transportation revenue."

If the service rendered is performed primarily for revenue purposes, the expense of operating the sprinkler car shall be charged to the appropriate expense accounts under the general account Conducting Transportation. If, however, the service is performed primarily for the benefit of the railway and the amount received from the city is only incidental, the expense of operating the sprinkler car shall be charged to operating expense account No. 11, "Cleaning and sanding track."

In either case the cost of repairing the car shall be charged to account No. 32, "Service equipment."

#### CASE 31.

*Query.* Is there not a conflict between account No. 511, "Paving," and account No. 516, "Crossings, fences, and signs," in the classification for road and equipment, so far as they refer to labor and material on crosswalks?

*Answer.* There is no conflict between the accounts mentioned. Account No. 511 embraces the expense of labor and material used in crosswalks constructed

In connection with paving on streets along which the electric road extends; while account No. 516 covers street and highway crossings at other points where it may be necessary to construct entirely new crossings or to provide crossings of an improved character over those previously existing.

## CASE 32.

*Query.* To what operating expense account should be charged the cost of labor and material used in connection with the repair of overhead contacts installed in the trolley wire, and repair of wiring leading from the trolley to magnets, etc., which operate an electric track switch, a device for automatically doing the work of a switchman through the operation of the magnets?

*Answer.* The cost of material shall be charged to account No. 6, "Special work," and the cost of labor to account No. 8, "Track and roadway labor."

## CASE 33.

*Query.* To what account should be charged an amount paid for rent of land on which a Y or switch is located?

*Answer.* To account No. 217, "Miscellaneous rents."

## CASE 34.

*Query.* This company has an arrangement with telephone, telegraph, and electric-lighting companies, whereby it pays amounts for the privilege of making attachments to their poles for carrying its wires, and collects from them other amounts for attachments to its poles for carrying their cables and wires. To what accounts should the resulting debits and credits be made?

*Answer.* Charge the amounts paid to operating expense account No. 23, "Miscellaneous electric line expenses," or to No. 49, "Transmission system," according to the character of line, and credit the amounts received to revenue account No. 117, "Rent of buildings and other property."

## CASE 35

*Query.* To what account should be charged the cost of *material* used in the construction of a retaining wall for the protection of banks from high tides, it being understood that account No. 8, "Track and roadway labor," is intended to cover the cost of labor expended in such work?

*Answer.* Operating expense account No. 8, "Track and roadway labor," is intended to cover the cost of *labor* expended in "protecting banks by retaining walls, riprap, piling, piers, dikes, or other means." The cost of *material* used in connection with such work properly chargeable to Operating Expenses shall be charged to account No. 9, "Miscellaneous track and roadway expenses."

Expenditures of the above nature arising in connection with the construction of a new road shall be charged to account No. 504, "Grading," in the classification for road and equipment.

## CASE 36.

*Query.* To what account should be charged rent of land used for storage of track material, part of which is for use in repairs of track, but most of which is for use in the construction of new track?

*Answer.* If the amount of the rent is considerable, it shall be apportioned upon an equitable basis, the proportion assignable to construction being in-

cluded in road and equipment account No. 529, "Other expenditures--Way and structures," and the proportion assignable to repairs included in income account No. 217, "Miscellaneous rents."

If it be impracticable to divide the rent as between construction and repairs, and the amount involved is small, the entire amount may be included in income account No. 217, "Miscellaneous rents."

#### CASE 37.

*Query.* This company owns a nine-story building. One-third of the ground floor is used for tracks for cars running into and out of the building, waiting room, ticket office, etc., and the remainder is rented for store purposes, concessions, etc. The general offices occupy about one floor, and the remaining floors are rented for office purposes. Should rents received from tenants be credited as operating revenues or as miscellaneous income?

*Answer.* Rents shall be credited to revenue account No. 117, "Rent of buildings and other property," if the expense of maintaining and operating the portions rented can not be separated from the expense of maintaining and operating the portion used by the railway company.

In case the expense of maintaining and operating the portions rented can be separated from the expense of maintaining and operating the portion used by the railway company, the rents received shall be included in income account No. 204, "Miscellaneous rent income," and not in Operating Revenues, and the expense of maintaining and operating the rented portions shall be charged against the rents received.

#### CASE 38.

*Query.* We are in doubt as to the proper account to be charged for trolley parts, namely, wheels, axles, washers, springs, harps, poles, bushings, etc., and for carbon brushes, carbons, headlight parts, etc. Should these items be charged to accounts Nos. 30 to 34, inclusive, or to account No. 67, "Miscellaneous car-service expenses"?

*Answer.* Trolley parts are to be considered as electric motive equipment and, if for repairs thereof, shall be charged to account No. 33, "Electric equipment of cars," or No. 34, "Locomotives," as may be appropriate. The first cost of such parts shall be charged to account No. 533, "Electric equipment of cars," or No. 534, "Locomotives."

Headlight parts for cars are to be considered as parts of the cars and, if for repairs, shall be charged to account No. 30, "Passenger and combination cars," No. 31, "Freight, express, and mail cars," or No. 32, "Service equipment," as may be appropriate. The first cost shall be charged to like accounts in Road and Equipment.

Carbons for electric-arc headlights and carbon brushes for motors of cars shall be charged to account No. 67, "Miscellaneous car-service expenses," to which account are chargeable only such items as do not pertain to maintenance of equipment.

The following indicates the line of demarcation between the electric equipment of a car and the car: "Electric equipment" of a car includes the electric motive equipment and wiring; the term "car" includes the car body and trucks, electric bells and wiring, electric heaters and wiring, electric lights and wiring, and air-brake equipment and wiring.



## CASE 39.

*Query.* Are Classes B and C of electric railways required to keep all the accounts composing the classifications of road and equipment, operating revenue, income, profit and loss, and general balance-sheet accounts, as is required of Class A companies?

*Answer.* All electric railways subject to the jurisdiction of the Commission are required to keep their road and equipment, operating revenue, income, profit and loss, and general balance-sheet accounts under the same classifications, no condensed classification of such accounts being provided for companies of Class B or Class C.

## CASE 40.

*Query.* What is meant by the term "car hours" as used in the mileage, traffic, and miscellaneous statistics of the form for annual report, particularly with reference to "passenger car hours"?

*Answer.* "Passenger car hours" include not only the actual time while in revenue service, but also the time consumed in running from carhouses to points where regular service is begun, time lost between trips, and time lost on account of delays caused by blockades, parades, etc. The entire time during which the cars are in charge of the motormen and conductors is to be reported as passenger car hours.

## CASE 41.

*Query.* Is it permissible to apportion store and stable expenses among the water, light, and railway departments in proportion to the services rendered by the storeroom and the stables?

*Answer.* Yes. The proportion of store and stable expenses chargeable to the water and light departments shall be credited to account No. 100, "Other operations—Cr.," it being the intention that the "other operations" accounts shall apply in connection with all general and miscellaneous accounts.

Carriers are at liberty to distribute store and stable expenses of the railway department to the various operating expense accounts affected, but for the purpose of the annual reports the amounts distributed shall be reported under account No. 95, "Store expenses," and No. 96, "Garage and stable expenses," and such amounts eliminated from the accounts to which they were originally distributed.

In this connection attention is called to the fact that no portion of store expenses or stable expenses which is properly chargeable to Road and Equipment shall be included in accounts Nos. 95 and 96, as these accounts are intended to include operating expenses only. (*See Case 6.*)

## CASE 42.

*Query.* A company is required by its franchise to widen one of the streets upon which it operates, and pay all expenses of excavating, moving back and resetting curbs, constructing new catch basins with sewer connections, adjusting all sidewalks and crosswalks disturbed, readjusting all pole lines, hydrants, etc., owned by other corporations, and laying a new asphalt pavement between the brick-paved railroad strip and the curbs. Would it be proper to consider this as an incidental cost of the road itself and chargeable to account No. 502, "Right of way"; or should the cost be charged to account No. 550, "Miscellaneous"?

*Answer.* The cost shall be charged to account No. 502, "Right of way," except cost of paving, which shall be charged to account No. 511, "Paving." (See Cases 84 and 134.)

#### CASE 43.

*Query.* Is it intended that account No. 24, "Buildings, fixtures, and grounds," shall be used solely for repairs of owned buildings, or may the cost of repairs to rented buildings be included?

*Answer.* Account No. 24, "Buildings, fixtures, and grounds," is intended to include cost of repairs of owned buildings or buildings held under long-term leases. The cost of repairs of buildings rented from month to month is not to be included in this account, but shall be charged to the account to which the rent is charged.

#### CASE 44.

*Query.* Should repairs to rented passenger waiting rooms where tickets are sold be charged to account No. 69, "Station expenses"?

*Answer.* Yes. (See Case 43 respecting repairs to buildings held under long-term leases.)

#### CASE 45.

*Query.* We have a contract with another carrier under which the other carrier provides cars and maintains them for the purpose of furnishing through service. While these cars are on our tracks we pay all expenses of operation.

The junction point is a fare limit. Each company collects fares for travel upon its own tracks. We retain all fares collected from passengers who travel only between points on our line, but we pay to the other company a certain part of the fares collected by our company from passengers who travel between points on our line and points beyond the junction. How shall we charge amounts paid under this contract?

*Answer.* As the payor receives only the use of equipment, the amounts so paid shall be charged to account No. 98, "Rent of equipment."

#### CASE 46.

*Query.* In account No. 519, "Poles and fixtures," in the classification for road and equipment is the statement "This account shall include the cost of \* \* brackets and other pole fixtures; \* \* structures for supporting the overhead electric construction." In account No. 521, "Distribution system," in the same classification, is the statement, "This account shall include the cost of labor and material used in constructing the distribution system, including \* \* overhead trolley lines, including cost of trolley, guard, span, strain, supplementary, and other wires." Since brackets used for supporting trolley wires are analogous to span wires, should not the cost of such brackets be charged to account No. 521, "Distribution system"?

*Answer.* Brackets used for supporting trolley wires are distinctly pole fixtures and shall be charged to account No. 519, "Poles and fixtures."

The phrase "structures for supporting the overhead electric construction" in account No. 519, is intended to cover such structures as steel catenary bridges, which are used by some railways to carry the double-track overhead lines and which have two side towers and a connecting truss built of light angles and channels,

## CASE 47.

*Query.* Our master mechanic asks that we define the term "electric locomotive" in relation to the classification of operating expenses, his desire being to know whether the build of the machine or the use to which it is put governs. We have a machine with standard express car body, but with low-speed high-power motor equipment, which is used in handling ballast cars, flat cars, etc., in maintenance work, and sometimes in hauling such freight as lumber, wood, etc., in car lots.

*Answer.* In defining the term "electric locomotive" the build of the machine, rather than the use to which it is put, should govern. If it is so arranged that it can carry freight or passengers within itself it shall be considered a car.

This distinction seems necessary, as it frequently happens that regular passenger cars, freight cars, or work cars are used to haul other cars. To treat them as locomotives, when so used, would undoubtedly lead to confusion.

## CASE 48.

*Query.* To what account in the classification for road and equipment should be charged the cost of electric headlights for passenger cars?

*Answer.* To account No. 530, "Passenger and combination cars." Account No. 533, "Electric equipment of cars," is intended to include only the electric motive equipment. (See Case 5.)

## CASE 49.

*Query.* The classification of operating revenues provides in account No. 101, "Passenger revenue," under the caption Revenue from Transportation: "To this account shall be charged amounts paid for \* \* \* tickets and transfers redeemed." In Note B it is provided that all tickets may be credited to an open account and this account charged when tickets are collected. In case tickets are redeemed, should they not be charged to the open account to which the sale has been credited?

*Answer.* When receipts from the sale of tickets are credited to a suspense account, that account shall also be charged with amounts paid for tickets redeemed.

## CASE 50.

*Query.* Note B under revenue account No. 101, "Passenger revenue," states that the proceeds from the sale of mileage books are to be carried to that account as they are honored for transportation. We have always handled the sale of these tickets by crediting directly to revenue, the same as we would round-trip tickets. Is it required that interurban companies reporting to the Commission shall follow the directions in account No. 101?

To what account should be credited the value of coupons from mileage books which for any reason remain unrepresented?

*Answer.* It is not permissible to credit revenue account No. 101, "Passenger revenue," with receipts from mileage books at the time of sale. It is necessary to credit, at the time of sale, the receipts from mileage books to a suspense account under balance-sheet account No. 446, "Other unadjusted credits," and, as the mileage is honored, to charge such account and credit account No. 101, "Passenger revenue," in accordance with Note B of that account.

The value of unrepresented mileage coupons, the validity of which has expired, shall be credited to account No. 101, "Passenger revenue."

## CASE 51.

*Query.* Should the cost of tools used in the maintenance of way and structures, including those used in the repairs of bridges and buildings, interlocking systems, transmission and distribution systems, and the cost of crucibles, etc., used in connection with a thermit welding machine, be charged to account No. 9, except as provided in accounts Nos. 11 and 12?

*Answer.* Account No. 9, "Miscellaneous track and roadway expenses," includes only the "cost of roadway tools when chargeable to Operating Expenses; material used in repairing tools, velocipedes, hand and push cars, implements, flags, lanterns, etc., used when repairing track and roadway." This would include crucibles, etc., used in connection with a thermit welding machine.

The cost of renewing and repairing tools shall be charged to account No. 15, "Bridges, trestles, and culverts," if the tools are used in the maintenance of bridges; to account No. 17, "Signal and interlocking apparatus," if used in the maintenance of interlocking systems; to account No. 23, "Miscellaneous electric line expenses," if used in the maintenance of the distribution system; to account No. 24, "Buildings, fixtures, and grounds," if used in the maintenance of buildings named in that account; to account No. 46, "Power plant buildings, fixtures, and grounds," if used in the maintenance of power plant and sub-station buildings; and to account No. 49, "Transmission system," if used in the maintenance of the transmission system.

It is not necessary to apportion among a number of accounts the cost of maintenance of tools used for general purposes.

## CASE 52.

*Query.* A conductor on one of our cars, in discharge of his duty, ejected an unruly passenger who refused to pay fare. In doing so the conductor was injured to such an extent that he was unable to attend to his duties for some time. It has been decided to pay the conductor for all the time lost. Is this a proper charge to account No. 92, "Injuries and damages"?

*Answer.* The payment shall be charged to account No. 92, "Injuries and damages." (See Cases 10, 110, 111, and 125.)

## CASE 53.

*Query.* Please advise if premiums paid to guaranty companies for bonds furnished municipalities in accordance with franchises granted for the privilege of constructing and operating railroads on the streets should be charged to account No. 93, "Insurance," in the classification of operating expenses. The bonds referred to are given for the faithful performance of all the terms of the franchise, including the construction of the line, the payment of a percentage of the gross receipts, and the maintenance and operation of the line. The bonds are continuous and run during the life of the franchise.

*Answer.* Such payments shall be charged to account No. 550, "Miscellaneous," in the classification for road and equipment, when they are incurred in connection with construction work; and to account No. 89, "Miscellaneous general expenses," in the classification of operating expenses, when they are incurred in connection with operation.

## CASE 54.

*Query.* This company uses large numbers of portable iron signs, which are hooked on the fronts of the cars to indicate the destination. They are in nowise permanent fixtures of the cars, but are used on different cars as occasion

requires. On some of our new cars we have adjustable signs which consist of rolls with various destinations painted thereon and are essential parts of the cars themselves. To which accounts should the cost of these signs be charged?

*Answer.* The portable signs shall be charged to account No. 67, "Miscellaneous car-service expenses." The first cost of the adjustable signs attached to the cars shall be charged to account No. 530, "Passenger and combination cars," and the maintenance to account No. 30, "Passenger and combination cars."

#### CASE 55.

*Query.* Should the wages of engineers and other employees engaged in operating power plants and substations be charged to repair accounts when they are engaged in making minor repairs during their regular hours?

*Answer.* It is not intended that any portion of the wages of engineers and other employees engaged in station operation shall be charged to repair accounts when they are engaged incidentally in making minor repairs during their regular shifts.

As a general rule, it is not necessary to distribute the wages of a regular employee to the several accounts affected if part of his time is devoted only incidentally to repair work. If, however, he is required to devote a considerable part of his time to such repairs, his wages shall be apportioned to the proper accounts in accordance with the work performed. (*See Cases 109, 181, and 187.*)

#### CASE 56.

*Query.* To what account should be charged the cost of printing tariffs, and the cost of printing orders for conductors and motormen in connection with transportation rules, regulations, etc.?

*Answer.* To account No. 94, "Stationery and printing."

#### CASE 57.

*Query.* We have a track that is "plain back filled," that is, filled with crushed stone to the top of the rails. Strictly speaking, it is not ballast, although in many instances, it would be hard to distinguish it from ballast. Should the cost of this filling be charged to account No. 2, "Ballast," or to account No. 9, "Miscellaneous track and roadway expenses"?

*Answer.* The cost of filling track with crushed stone to the top of the rails shall be charged, when in connection with maintenance, to account No. 2 "Ballast," as regards material, and to account No. 8, "Track and roadway labor," as regards labor.

#### CASE 58.

*Query.* Under our contract for carrying the mail we are required to transfer the mail at certain points from the cars to the post-office. To what account shall we charge the cost of this service?

*Answer.* Specific payments for this service shall be charged to account No. 78, "Other transportation expenses."

#### CASE 59.

*Query.* Since commencing operations we have considered the policy of charging our several departments at a rate per car-hour for the use of work cars in order that the department head would have it brought forcibly to his attention that the work cars should be used as little as possible. Is this permissible?

If equipment is rented to a contractor, the company furnishing employees to operate the same, to what account shall be credited the amounts received from the contractor?

*Answer.* No charge shall be made against maintenance or other operating accounts for the use of work cars. If work cars are used on construction work by the company itself, and a charge is made against construction accounts therefor, it shall be as near actual cost as possible, and credit shall be given to operating expense general account Transportation for Investment—Cr.

When a charge is made against a contractor for use of equipment, credit shall be given to revenue account No. 116, "Rent of equipment." The wages of conductors, motormen, and other employees engaged on work cars rented to contractors shall be charged to account No. 66, "Miscellaneous car-service employees." (See Cases 21 and 30.)

#### CASE 60.

*Query.* Notes under operating expense accounts Nos. 3, 4, 5, 6, and 7 provide that the cost of labor shall be charged to account No. 8. If this refers to the first handling of material from cars or boats to yards or docks, it will be difficult, if not impossible, to separate that portion properly chargeable to Operating Expenses from that chargeable as expenditure for road, as it will not be possible when the material is received to tell which part of the material will be used in repairs and which part in construction. This labor has always been considered as part of the cost of material. Should it not be so considered?

*Answer.* The notes under the accounts mentioned do not refer to the first handling of material from cars or boats to yards or docks, but to the unloading at the points where the material is to be used. The cost of the first handling is properly chargeable to the cost of the material. (See Case 371.)

#### CASE 61.

*Query.* Should the cost of labor and materials, such as special grubbing tools, liquid weed-killer, and sprinkling devices, used in clearing track and right of way of weeds, be charged to account No. 11, "Cleaning and sanding track"?

*Answer.* The cost of material shall be charged to account No. 9, "Miscellaneous track and roadway expenses," and the cost of labor to account No. 8, "Track and roadway labor."

#### CASE 62.

*Query.* To what account should be charged the cost of planks used in crossings of steam railroads in city streets?

*Answer.* If the planks are used in maintenance, the cost shall be charged to account No. 16, "Crossings, fences, and signs," in the classification of operating expenses; if used in construction, to account No. 516, "Crossing, fences, and signs," in the classification for road and equipment.

#### CASE 63.

*Query.* To what account should be charged the cost of wooden plugs used for filling spike holes in ties?

*Answer.* To account No. 3, "Ties."

## CASE 64.

*Query.* Should the wages of levermen on derailleurs at steam railroad crossings be charged to "Miscellaneous car-service employees" or to "Operation of signal and interlocking apparatus"?

*Answer.* To account No. 72, "Operation of signal and interlocking apparatus."

## CASE 65.

*Query.* To what account should be charged cost of removing car ashes from cars to dump?

*Answer.* If removal is made by company employees, the cost shall be charged to account No. 70, "Carhouse employees"; otherwise to account No. 67, "Miscellaneous car-service expenses."

## CASE 66.

*Query.* Please advise whether the salaries of accounting department clerks engaged in handling the accounts of the maintenance of way, mechanical, and stores departments should be charged to account No. 84, "Salaries and expenses of general office clerks," or apportioned to accounts No. 1, "Superintendence of way and structures," No. 29, "Superintendence of equipment," No. 45, "Superintendence of power," and No. 95, "Store expenses."

*Answer.* Assuming that the clerks in question, although exclusively engaged in handling the accounts pertaining to separate departments, are employed in the general accounting office, their salaries shall be charged to account No. 84, "Salaries and expenses of general office clerks."

## CASE 67.

*Query.* Should amounts paid to cities for licenses to operate cars within city limits, and payments based on percentage of gross receipts in accordance with the terms of franchises, be charged as taxes?

*Answer.* Payments to municipalities for privilege of operating cars (license tax) and payments of a percentage of operating revenues in accordance with terms of franchises (franchise tax) shall both be charged to account No. 215, "Taxes assignable to railway operations." (See Cases 20, 24, and 163.)

## CASE 68.

*Query.* A ruling is desired as to the proper accounts to be charged with amounts paid for telephone service, such as for tolls, and for rent of private lines and operating systems. They appear to be in the nature of miscellaneous expenses chargeable to the department for whose benefit the expenses are incurred.

*Answer.* Rent of telephone lines used primarily for the operation of cars shall be charged to account No. 73, "Operation of telephone and telegraph lines"; amounts paid for local telephone service at stations to account No. 69, "Station expenses"; and all other telephone expenses to account No. 89, "Miscellaneous general expenses." (See Cases 149, 167, and 235.)

## CASE 69.

*Query.* At different points on our line we have electric lights, some of which have been installed in accordance with our franchise agreements, others because of the necessity of providing lights for the safety of our passengers. To what

account should be charged the labor and material used in repairing and renewing such lights?

*Answer.* The cost of repairing and renewing lights along tracks, either in accordance with franchise agreements or for the purpose of avoiding accidents, shall be charged to account No. 78, "Other transportation expenses." In the case of lights installed at stations owned by a company, the cost of repairing and renewing wiring in connection with such lights shall be charged to account No. 24, "Buildings, fixtures, and grounds," and the cost of renewing the lamps to account No. 69, "Station expenses."

If, however, the station is rented, the entire expense shall be charged to account No. 69. If it is not practicable to separate the expense of renewing and repairing the wiring from that of renewing the lamps at stations owned by a company, the entire cost may be included in account No. 69.

#### CASE 70.

*Query.* Our franchise for the use of a county bridge carries an obligation to pay a proportion of the cost of bridge maintenance and operation. How shall we charge such payments?

*Answer.* The cost of maintaining a bridge used under long-term lease or franchise shall be treated the same as maintenance of property owned. With this understanding, the maintenance of the bridge in question shall be charged to account No. 15, "Bridges, trestles, and culverts," and the cost of any paving done shall be charged to account No. 10, "Paving." The wages of bridge tenders shall be charged to account No. 66, "Miscellaneous car-service employees."

#### CASE 71.

*Query.* What is the proper disposition of the cost of patterns used in making castings? In some cases these patterns were made for cars being built, and are now carried in stock and used for making repair parts when necessary. In other cases the patterns were made solely for the casting of repair parts. Is it proper to charge the cost of the patterns to the cost of the equipment built, in the first instance, and to the cost of repairing the equipment in the second instance; or should the patterns be treated as hand tools and machine tools?

*Answer.* The cost of patterns originally made for cars being built by a company shall be included in the cost of the equipment. The cost of patterns made expressly for the casting of repair parts shall be included in the cost of repairing equipment.

#### CASE 72.

*Query.* Referring to accounts No. 507, "Rails, rail fastenings, and joints," and No. 508, "Special work," in the classification for road and equipment, kindly advise to which of these accounts should be charged the cost of guard rails placed around plain curves in main tracks where there are no frogs, switches, cross-overs, or other special work in connection therewith. Does account No. 508, "Special work," include the cost of any guard rails except those used in connection with railroad crossings, cross-overs, frogs, switches, turn-outs, or other parts of the track made to order?

*Answer.* The cost of guard rails placed around plain curves in main tracks where there are no frogs, switches, cross-overs, or other special work in connection therewith shall be charged to account No. 507, "Rails, rail fastenings, and joints." Account No. 508, "Special work," shall include the cost of only such guard rails as are used in connection with railroad crossings, cross-overs, frogs, switches, turn-outs, and other parts of the track made to order.



## CASE 73.

*Query.* We are required by city ordinance to cut and restore overhead wires when it is necessary to move any building across or along our streets. Is this a charge proper to Operating Expenses or to Income?

*Answer.* Such expenses shall be charged to account No. 23, "Miscellaneous electric line expenses."

## CASE 74.

*Query.* This company owns ferry slips at a wharf in connection with which we have considerable maintenance expenses. Should we charge to a subaccount under No. 19, "Miscellaneous way expenses," or to account No. 24, "Buildings, fixtures, and grounds"? At the end of the wharf are fuel-oil tanks for the operation of our ferry. Should we charge maintenance expenses to account No. 19, "Miscellaneous way expenses," or to account No. 24, "Buildings, fixtures, and grounds"?

*Answer.* Expenses of maintenance of ferry slips and ferry fuel-oil tanks shall be charged to account No. 24, "Buildings, fixtures, and grounds."

## CASE 75.

*Query.* Is it necessary for a carrier operating a ferry to separate its general and miscellaneous operating expenses between the railway and the ferry?

*Answer.* No.

## CASE 76.

*Query.* To what account should be charged tools other than track tools, such as wheelbarrows, hose, level boards, paving hammers, hydrant wrenches and reducers, mattocks, hand axes, rail tongs, etc., purchased for construction work?

*Answer.* These tools shall be charged to the construction work for use upon which they are issued. If after the completion of the work, the tools have any salvage value, it shall be credited to the work to which the tools were originally charged, and charged to the work to which the tools are thereafter applied. (See Cases 137 and 367.)

## CASE 77.

*Query.* Kindly advise the proper distribution of—

(1) Trustees' commissions and fees for paying out bond interest on coupons, and expenses, including registrars' fees, connected with same.

(2) Cost of general audit of company's books by an audit company.

*Answer.* The items described should be charged as follows:

(1) To account No. 225, "Miscellaneous debits."

(2) To account No. 89, "Miscellaneous general expenses."

## CASE 78.

*Query.* Is it intended that items properly chargeable to account No. 37, "Shop expenses," in the classification of operating expenses, are to remain as charged; or may they be distributed in the same manner as store expenses?

*Answer.* It is not intended that the items contained in account No. 37, "Shop expenses," shall be distributed to the various operating accounts benefited thereby. However, if any portion of shop expenses is properly chargeable

to Road and Equipment, such portion shall be deducted from account No. 37, "Shop expenses," since that account should represent only the portion chargeable to Operating Expenses.

## CASE 79.

*Query.* Is there any objection to the creation of a reserve to take care of settlements of loss and damage claims filed by shippers of freight? The intention is to make charges of an arbitrary amount, so as to take care of claims of this nature during the period within which the damage is done.

*Answer.* There is no objection to including in operating expenses each month a proportion of the total amount which it is estimated will be necessary to expend on account of loss and damage claims, provided that the charges are adjusted annually so far as practicable.

## CASE 80.

*Query.* To what account should be charged the salaries of clerks employed in compiling data and making out reports to public service commissions, State boards of tax commissioners, Federal departments, and others? To what account should be charged the salaries of engineers employed in compiling data in regard to way and structures for such reports?

*Answer.* The salaries of clerks shall be charged to account No. 84, "Salaries and expenses of general office clerks." The salaries of engineers shall be charged to account No. 1, "Superintendence of way and structures."

## CASE 81.

*Query.* To what account should be charged amounts paid to the United States Government for the right to operate a line across a Government reservation?

*Answer.* If the cars have a private right of way over the Government reservation, the payments shall be charged to account No. 217, "Miscellaneous rents." If the line runs in a highway which is used by the public, the payments shall be charged to account No. 215, "Taxes assignable to railway operations." (See Cases 20 and 24.)

## CASE 82.

*Query.* Frequently when streets upon which rails are laid are torn up for repairs it is necessary for passengers to change from cars on one side of the break in the street to cars on the other side, and men are stationed at the break to care for the cars, to assist the passengers if required, and to perform any other duties in connection therewith. The men employed for this work are not regular car-service employees. To what account should their wages be charged?

*Answer.* To account No. 66, "Miscellaneous car-service employees."

## CASE 83.

*Query.* To what account should be charged the cost of filling land?

*Answer.* The cost of filling land, in the ordinary acceptation of the term, shall be added to the cost of the land. If, however, the filling is for the purpose of grading the roadbed, the cost shall be charged to account No. 504, "Grading."

## CASE 84.

*Query.* A town, in granting a franchise for the construction of a new line on the streets, requires the railway company to set back the curbs and flagstones. The work is not necessary for the construction of the line, as there is plenty of room on the highway without setting back the curbs. To what account in the classification for road and equipment should such expenditures be charged?

*Answer.* Expenditures of this nature shall be charged to account No. 502, "Right of way." In case there is any paving to be done in connection with this work, the cost of such paving shall be charged to account No. 511, "Paving." (See Case 42.)

## CASE 85.

*Query.* To what accounts should be charged items for—

(1) City assessment for street grade crossing our right of way, being our proportion for the right of way abutting on the street and extending back from the street.

(2) City assessment for new trunk sewer, being the amount charged us for our proportion based on right of way through the section served by the sewer.

(3) City assessment for new street pavement, being our proportion of paving inside and alongside our tracks on streets on which our track is laid, the streets not having been previously paved.

(4) Cost of installing new crossings when new streets are opened.

*Answer.* These items shall be charged as follows:

(1) To account No. 516, "Crossings, fences, and signs."

(2) To account No. 502, "Right of way." (See Case 161.)

(3) To account No. 511, "Paving." (See Cases 2 and 161.)

(4) To account No. 516, "Crossings, fences, and signs."

## CASE 86.

*Query.* To what account should be charged the expense of an examination of titles of real property and other questions affecting the validity of an issue of bonds?

*Answer.* If such expense is incurred in connection with the issue of the bonds it shall be charged to account No. 418, "Discount on funded debt," and written off by charges to income account No. 222, "Amortization of discount on funded debt," over the life of the bonds, in accordance with the instructions in section 3, page 76, of the Uniform System of Accounts for Electric Railways.

If the expense has been incurred in connection with a suit to test the validity of the bond issue it shall be charged to account No. 86, "Law expenses."

## CASE 87.

*Query.* A State assesses railway corporations each year a certain amount graduated on basis of capital stock. To what account should the assessment be charged?

Would this apply to a franchise assessment of a percentage of gross earnings, levied under city ordinance?

Would it apply to what is known as a license tax, levied by a city and based on a certain fixed charge per car for the number of cars operated in the city?

*Answer.* State taxes assessed against railway corporations, the amounts of which are graduated on a basis of capital stock, franchise taxes levied on operating revenues, and license taxes based on the number of cars operated in a city, shall be charged to income account No. 215, "Taxes assignable to railway operations."

## CASE 88.

*Query.* By reason of the construction of a sewer in a street occupied by electric railway tracks, it becomes necessary to lay a temporary track around the break in the regular line in order to maintain the regular running schedule and avoid compelling the passengers to make a change of cars at that point. Should the cost of laying and removing the temporary track be charged to account No. 19, "Miscellaneous way expenses," or to account No. 67, "Miscellaneous car-service expenses"?

*Answer.* The cost of temporary track made necessary by the removal of tracks for the purpose of laying a sewer shall be charged to account No. 19, "Miscellaneous way expenses."

## CASE 89.

*Query.* To what account should be charged the cost of putting in iron-pipe culverts for drainage purposes?

*Answer.* To account No. 515, "Bridges, trestles, and culverts," in the classification for road and equipment.

## CASE 90.

*Query.* We are constructing a new power station which is to be operated by steam turbines. The water for the condensers in this station is to be obtained from a pool to be formed in a near-by river by a dam at or near the station. To what account should be charged the cost of the dam and the pipes conveying the water from the pool to the condensers?

*Answer.* The cost of the dam as well as the cost of the pipes used in conveying the water from the pool formed by the dam shall be charged to account No. 541, "Dams, canals, and pipe lines," in the classification for road and equipment.

## CASE 91.

*Query.* To what account should be credited the proceeds of an annual tax voted to a carrier by the districts through which the carrier operates?

*Answer.* If the annual contribution is for the purpose of aiding in the construction or acquisition of property, the credit shall be made to account No. 426, "Grants in aid of construction." If it is made to meet an operating deficit, the credit shall be made to account No. 211, "Contributions from others."

## CASE 92.

*Query.* To what account in the classification for road and equipment should be cleared rent and operation of equipment (rented locomotive, pile driver, etc., used in bridge and track work)?

*Answer.* Rent and operation of equipment shall be cleared to account No. 529, "Other expenditures—Way and structures," unless the expenses can be readily apportioned and included in the primary accounts to which the cost of the specific work is chargeable.

## CASE 93.

*Query.* To what account should be credited revenue from express traffic handled under a contract with an express company, the railway company owning the cars and charging the express company on a mileage basis?

*Answer.* To account No. 105, "Express revenue," in the classification of operating revenues. The revenue received covers compensation for the handling of express traffic exclusively and should be treated accordingly, regardless of the arrangement or the basis upon which the compensation is fixed.

## CASE 94.

*Query.* Would it be proper to charge to road and equipment account No. 508, "Special work," the cost of labor and material used in running a wire from a substation to several of our sidings for the purpose of turning on electric switch lights at said sidings by means of a switch at the substation?

*Answer.* No. The cost shall be charged to account No. 517, "Signals and interlocking apparatus," in the classification for road and equipment. However, it is not the intention that carriers should be required to capitalize insignificant amounts.

## CASE 95.

*Query.* To what accounts should be charged the cost of maintenance and operation of machinery in air-compressor stations, used for charging storage tanks for air brakes?

*Answer.* The cost of maintenance shall be charged to account No. 36, "Shop equipment," and the cost of operation to account No. 67, "Miscellaneous car-service expenses."

## CASE 96.

*Query.* To what accounts should be charged the cost of construction and maintenance of conduits and fixtures built from a compressor station, located a block or so away from the main line, to a point alongside of the track, the conduits being used for conveying the compressed air to be used on cars on account of air brakes?

*Answer.* The cost of construction shall be charged to account No. 536, "Shop equipment," in the classification for road and equipment, and the cost of maintenance to account No. 36, "Shop equipment," in the classification of operating expenses.

## CASE 97.

*Query.* In a certain system of side-bracket construction, the trolley wire is suspended by a short wire attached to the bracket. Is this piece of wire a part of the bracket and so chargeable to account No. 20, "Poles and fixtures," or is it a span wire and so chargeable to account No. 22, "Distribution system"?

*Answer.* The wire is a part of the bracket, and the cost of maintenance shall be charged to account No. 20, "Poles and fixtures," in the classification of operating expenses.

## CASE 98.

*Query.* Should not account 505, "Ballast," in the classification for road and equipment, provide for a separate account to cover ballast produced, as is provided in the classification of operating expenses?

*Answer.* If the entire cost of ballast produced is chargeable to Road and Equipment, it could be properly charged to account No. 505, "Ballast." If, however, the ballast produced is chargeable partly to Road and Equipment and partly to Operating Expenses, Note A, under account No. 2, "Ballast," in the classification of operating expenses, would apply. (See Case 381.)

## CASE 99.

*Query.* Where track has been laid in an unimproved street under an ordinance which requires the carrier to pay its proportion of the paving when the city paves, should not this proportion be charged to account No. 511, "Paving," in the classification for road and equipment, even when the proportion is included in a special assessment and spread over a period of years?

*Answer.* Yes. (See Case 185.)

## CASE 100.

*Query.* Should the cost of macadamizing a road or filling a dirt road up to the head of the rail be considered a paving cost and charged to account No. 511, "Paving," or should it be charged to account No. 510, "Track and roadway labor"?

*Answer.* For the cost of labor and material used in macadamizing, charge shall be made to account No. 511, "Paving"; for the cost of filling the dirt road between the tracks up to the head of the rail, charge for the material used shall be made to account No. 505, "Ballast," and charge for the labor shall be made to account No. 510, "Track and roadway labor."

## CASE 101.

*Query.* Is it proper to charge account No. 515, "Bridges, trestles, and culverts," in the classification for road and equipment, with the cost of a trestle used to handle coal, when the coal is handled in the carrier's own cars and over its own road, and the trestle is used to secure sufficient elevation to dump the coal into coal pockets?

*Answer.* If the coal pocket is primarily for power plant or generating uses, the cost of the trestle shall be charged to account No. 539, "Power plant buildings." If the coal pocket can not be considered a part of the power plant, the cost of the trestle shall be charged to account No. 524, "Stations, miscellaneous buildings, and structures." (See Case 105.)

## CASE 102.

*Query.* When rails are drilled at the mill for bonding and the cost is included in the price paid for the rails, should the entire cost be included in account No. 507, "Rails, rail fastenings, and joints," in the classification for road and equipment?

*Answer.* Yes.

## CASE 103.

*Query.* To what account should be charged the amount of conductors' remittances stolen from a safe provided by a carrier?

*Answer.* To account No. 89, "Miscellaneous general expenses," in the classification of operating expenses.

## CASE 104.

*Query.* When the general office is a part of the car house and occupies, say, the second story, how should the cost of the general office be charged?

*Answer.* The entire cost of the building shall be charged to account No. 523, "Shops and car houses," in the classification for road and equipment.

## CASE 105.

*Query.* Should the cost of a coal pocket be charged to account No. 539, "Power plant buildings," in the classification for road and equipment, as a building used in power generation, or to account No. 523, "Shops and car houses," as a storehouse, or to account No. 524, "Stations, miscellaneous buildings, and structures," as a building not provided for otherwise?

*Answer.* If the coal pocket is primarily for power plant or generating uses, its cost shall be charged to account No. 539, "Power plant buildings." If the coal pocket can not be considered a part of the power plant, the cost shall be charged to account No. 524, "Stations, miscellaneous buildings, and structures." (See Case 101.)

## CASE 106.

*Query.* To what account should be charged the cost of snowplows, such as nose plows, etc., attached to cars?

*Answer.* The cost of snowplows attached to cars shall be charged, under the classification for road and equipment, to account No. 530, "Passenger and combination cars"; No. 531, "Freight, express, and mail cars"; No. 532, "Service equipment"; or No. 534, "Locomotives," according to the class of equipment to which the attachments are made.

The cost of repairing snowplows attached to cars shall be charged, under the classification of operating expenses, to accounts No. 30, "Passenger and combination cars"; No. 31, "Freight, express, and mail cars"; No. 32, "Service equipment"; or No. 34, "Locomotives," according to the class of equipment to which the plows are attached.

## CASE 107.

*Query.* To what account should be charged the cost of terminal houses erected to contain the apparatus necessary in connection with the change from high-tension overhead to underground line?

*Answer.* The cost of original installation shall be charged to account No. 544, "Transmission system," in the classification for road and equipment. The cost of repairs shall be charged to account No. 49, "Transmission system," in the classification of operating expenses.

## CASE 108.

*Query.* When a substation attendant who has little or nothing to do, but must be on duty in case a circuit breaker goes out, also sells tickets, handles express, etc., and generally acts as station agent, must his wages be apportioned, and, if so, on what basis?

*Answer.* The wages of such an employee shall be apportioned among the accounts affected. It is not intended, however, to require an undue refinement of accounting in a matter of this kind.

## CASE 109.

*Query.* When headlights, markers, etc., are cared for and handled at the general office, say a mile from the carhouse, and the man who does this work also handles baggage and express matter and acts as janitor of the building, must his wages be apportioned, and, if so, on what basis?

*Answer.* The wages of such an employee shall be apportioned, so far as practicable, among the accounts affected. If, however, the item is small and the circumstances are such that any one account could, with propriety, include the entire expense, it may be assigned thereto. (*See Cases 55, 108, 181, and 187.*)

**CASE 110.**

*Query.* A conductor on duty is stabbed by a drunken passenger without any fault or negligence whatever on the part of the carrier. He has been a faithful employee and it has been decided to pay him for the time lost during the resulting illness. Should the amount be charged to account No. 89, "Miscellaneous general expenses," or to account No. 92, "Injuries and damages"?

*Answer.* To account No. 92, "Injuries and damages." (*See Cases 10, 52, 111, and 425.*)

**CASE 111.**

*Query.* A conductor is knocked from a crowded running board of an open car while the car is passing close to a pile of building material of the existence of which he is well aware. No negligence on the part of the company is shown or claimed. He has been a faithful employee, and it has been decided to pay him for the time lost during the resulting illness. Should the amount be charged to account No. 89, "Miscellaneous general expenses," or to account No. 92, "Injuries and damages"?

*Answer.* To account No. 92, "Injuries and damages." (*See Cases 10, 52, 110, and 425.*)

**CASE 112.**

*Query.* To what account should be charged the cost of replacing a pavement taken up during construction work for the purpose of removing obstructions such as gas and sewer pipes? This paving is more or less removed from the paving described as the paving strip, extending approximately two feet beyond the outside rail and between the rails, and is not maintained by the street railway company.

*Answer.* The cost of replacing a pavement taken up during construction work for the purpose of removing obstructions such as gas and sewer pipe, shall be charged to account No. 511, "Paving," in the classification for road and equipment, whether or not such pavement is outside of the so-called paving strip maintained by the company in consequence of municipal requirements.

**CASE 113.**

*Query.* Is account No. 509, "Underground construction," in the classification for road and equipment, intended to include all labor in placing the material described, as well as the cost of material itself, including transportation?

*Answer.* Such labor shall not be included in account No. 509, "Underground construction," but shall be charged to account No. 510, "Track and roadway labor," in analogy with maintenance account No. 8, "Track and roadway labor."

**CASE 114.**

*Query.* Should the cost of labor incident to hauling track material from the storeroom to the place where it enters into construction be regarded as a part of the labor cost covered by account No. 510, "Track and roadway labor," in the classification for road and equipment?

*Answer.* Yes. (*See Case 371.*)



## CASE 115.

*Query.* How should guard rails, walks, and railings along the tracks of elevated railways be classified?

*Answer.* Timber guard rails, footwalks, and railings along the tracks of elevated railways shall be charged to road and equipment account No. 514, "Elevated structures and foundations." The reason that track rails and ties are excluded from this account and put in separate accounts is that they can be used on other roadbeds. The timber work described is peculiar, however, to the elevated structure, and shall therefore be included in that account for the same reason that all parts of bridges and trestles, except track rails, cross ties, etc., are included in account No. 515, "Bridges, trestles, and culverts," in the same classification.

## CASE 116.

*Query.* This company is desirous of keeping a subaccount, "Lighting system," under account No. 23, "Miscellaneous electric line expenses," to contain the cost of maintaining the lighting system on both the elevated and the subway lines. It is desired to show the cost of maintenance of the lighting system on both divisions in one account, which would not be possible if the cost of maintaining the lighting system of the subway and elevated were charged to accounts No. 13, "Tunnels and subways," and No. 14, "Elevated structures and foundations."

*Answer.* If the company is interested in showing the combined cost of maintaining the subway and elevated lighting systems it may keep an apportionment account to be cleared monthly, but it would destroy the uniformity sought if the account were to be kept as a regular operating account and thus show expenses that in the case of other companies would appear under accounts No. 13, "Tunnels and subways," and No. 14, "Elevated structures and foundations."

## CASE 117.

*Query.* To what account should be charged the cost of building snow fences, as well as the expense of setting them up and removing them?

*Answer.* The first installation of snow fences shall be charged to road and equipment account No. 516, "Crossings, fences, and signs." After the first installation, the cost of repairing such fences, as well as the expense of setting them up and removing them, shall be charged to operating expense account No. 12, "Removal of snow and ice."

## CASE 118.

*Query.* To what account should be charged expenses incident to the trial of an ejected passenger who shot and killed one of our trainmen, and burial expenses of said trainman paid by this company?

*Answer.* The expenses incident to the trial shall be charged to account No. 86, "Law expenses," and the burial expenses, if not paid from a relief association fund, shall be charged to account No. 92, "Injuries and damages."

## CASE 119.

*Query.* To what account should be charged an assessment for constructing a new ditch by which this company is partly benefited? The road has been in operation for some time.

**Answer.** Provision is made for the cost of ditching roadway and of ditches for waterways in account No. 504, "Grading," in the classification for road and equipment. If the ditch to which you refer is along the public highway and is not made use of in the operation of the railroad, the amount of the assessment shall be charged to account No. 502, "Right of way," in the same classification.

**CASE 120.**

**Query.** To what account should be charged the cost of pieces of glass for fronts of headlights on cars? Is this charge the same as for globes and carbons, or is the glass considered as a repair rather than a supply?

**Answer.** Pieces of glass for fronts of headlights on cars shall be charged, under the classification of operating expenses, to account No. 30, "Passenger and combination cars"; No. 31, "Freight, express, and mail cars"; No. 32, "Service equipment"; or No. 34, "Locomotives," according to the class of equipment upon which the glass is used.

Globes and carbons used for headlights shall be charged to account No. 67, "Miscellaneous car-service expenses."

**CASE 121.**

**Query.** To what account should be charged the cost of sprinkling pavement of streets (other than pavement near tracks) in front of passenger and freight stations?

**Answer.** If the sprinkling in front of stations is performed by employees around the stations the labor shall be charged to account No. 68, "Station employees," and other expenses to account No. 69, "Station expenses." If the service is performed by outside parties, the entire expense shall be charged to account No. 69.

**CASE 122.**

**Query.** To what account should be charged the cost of tube cleaners and repair parts for removing scale from boiler tubes in boilers at power plants?

**Answer.** The cost of first installation of tube cleaners shall be charged to account No. 542, "Power plant equipment," in the classification for road and equipment. Replacements and repairs shall be charged to account No. 47, "Power plant equipment," in the classification of operating expenses.

**CASE 123.**

**Query.** To what account should be charged the cost of envelopes and bags used for filing canceled tickets turned in by conductors?

**Answer.** To account No. 94, "Stationery and printing."

**CASE 124.**

**Query.** To what account should be charged the cost of fire extinguishers which are to be installed in passenger and freight cars and in power stations?

**Answer.** The cost of first installation shall be charged to account No. 530, "Passenger and combination cars"; No. 531, "Freight, express, and mail cars"; No. 532, "Service equipment"; or No. 534, "Locomotives," in the classification for road and equipment, according to the class of equipment in which the fire extinguishers are installed. The cost of first installation in power plants shall be charged to account No. 542, "Power plant equipment," in the same classification. It is not intended, however, to require carriers to charge insignificant items to road and equipment accounts. (See Case 125.)

## CASE 125.

*Query.* To what account should be charged the cost of renewing fire extinguishers used in passenger and freight cars and in power stations?

*Answer.* The cost of refilling fire extinguishers in cars shall be charged to account No. 67, "Miscellaneous car-service expenses," and in power plants to account No. 56, "Miscellaneous power plant supplies and expenses." The cost of replacing hand grenades shall be similarly charged. (*See Case 124.*)

## CASE 126.

*Query.* To what account should be charged the cost of installing fire hose?

*Answer.* The cost of first installation of fire hose shall be charged to the same account under Road and Equipment as the building in which the hose is installed. It is not intended, however, to require carriers to charge insignificant items to road and equipment accounts.

## CASE 127.

*Query.* To what account should be charged the cost of renewing or replacing fire hose?

*Answer.* To the account to which would be charged repairs to the building in which the hose is located.

## CASE 128.

*Query.* To what account should be charged the expenses incurred on account of a remonstrance against constructing a new ditch along right of way?

*Answer.* To operating expense account No. 86, "Law expenses," if the remonstrance occurred after the commencement of operations; or to road and equipment account No. 546, "Law expenditures," if the remonstrance occurred during the construction period.

## CASE 129.

*Query.* To what account should be charged the cost of services of an electric clock at a dispatcher's office for use in train service?

*Answer.* To account No. 63, "Superintendence of transportation."

## CASE 130.

*Query.* To what account should be charged the cost of a reseating machine and repair parts, for grinding and cleaning caps for boiler tubes in power stations?

*Answer.* The cost of first installation of reseating machines for grinding and cleaning caps for boiler tubes in power plants shall be charged to account No. 542, "Power plant equipment," in the classification for road and equipment. Replacements and repairs shall be charged to account No. 47, "Power plant equipment," in the classification of operating expenses.

## CASE 131.

*Query.* What accounts should be charged with the rent and the cost of maintenance and operation of a steam locomotive and other classes of equipment, such as work cars, etc., used in the construction of an electric railway? What disposition should be made of rental charges for time during which the equipment is lying idle on account of inclement weather?

*Answer.* The rent of such equipment held for use in construction, whether in use or idle, together with the cost of repairs and supplies used in its operation, shall be charged to the accounts in the classification for road and equipment that are benefited by the service, being apportioned among them on an equitable basis. When such expenses can not properly be included as a part of the cost of any specific work they shall be charged to account No. 529, "Other expenditures—Way and structures." (See Case 92.)

#### CASE 132.

*Query.* When cartage is included in the rates, what should be the accounting for receipts from and payments for cartage other than that for collection and delivery, mentioned in account No. 76?

*Answer.* When freight rates include cartage, the total amounts earned shall be credited to account No. 107, "Freight revenue," in the classification of operating revenues, and the amounts paid to a cartage agency for cartage in accordance with tariff provision shall be charged to the same account.

#### CASE 133.

*Query.* Should freight earnings be charged with amounts paid to other companies for the use of their cars?

*Answer.* Amounts paid to other companies for the use of their cars shall be charged to account No. 98, "Rent of equipment," in the classification of operating expenses, and not to the revenue account benefited by the use of the cars. (See Case 13.)

#### CASE 134.

*Query.* A company is called upon by the various municipalities through which it operates to pay for street improvements, either by assessments levied by municipal authority or by payments to contractors in accordance with city ordinances. Is the initial cost of street paving, sidewalks, curbs, gutters, etc., chargeable to Operating Expenses or to Road and Equipment?

Are payments for improvements of the above nature made in connection with depots and depot grounds chargeable to account No. 502, "Right of way," or account No. 503, "Other land used in electric railway operations," in the classification for road and equipment?

*Answer.* The initial cost of street pavements, sidewalks, curbs, gutters, etc., is chargeable to road and equipment accounts. Expenditures of this nature within the limits of depots and depot grounds shall be charged to account No. 524, "Stations, miscellaneous buildings, and structures," except that the cost of all paving about tracks and special work, when incident to track construction, shall be charged to account No. 511, "Paving," whether in the public way or upon grounds used in connection with depots or depot grounds. (See Cases 42, 84, and 236.)

#### CASE 135.

*Query.* To what account should be charged the cost of land acquired for station and terminal grounds and for shops and power houses?

*Answer.* The cost of such land shall be charged to account No. 503, "Other land used in electric railway operations."

## CASE 136.

*Query.* To what account should be charged insurance premiums paid on construction material or on equipment or structures under construction?

*Answer.* Insurance premiums paid on construction material or on equipment or structures under construction shall be charged to specific accounts when they can be allocated to such accounts; otherwise to account No. 550, "Miscellaneous," in the classification for road and equipment.

## CASE 137.

*Query.* What account should be charged with the cost of a steam shovel used in the construction of an electric railway?

*Answer.* If, as is assumed, the steam shovel is to be used in grading, its cost shall be charged to account No. 504, "Grading," in the classification for road and equipment. If the steam shovel is sold after the completion of the grading, the proceeds from the sale shall be credited to account No. 504. If, however, it is retained and used, account No. 504 shall be credited with the inventory value at the completion of the grading, and account No. 532, "Service equipment," charged, provided the steam shovel is permanently mounted on a car. In case it is not so mounted, account No. 512, "Roadway machinery and tools," shall be charged. (See Cases 76 and 367.)

## CASE 138.

*Query.* Under a joint arrangement, practically all the scrap material of several companies controlled by the same interests is sold under contract to a single purchaser. The contract provides that the scrap shall be cleaned, packed, if necessary, shipped to a designated point, and delivered to the purchaser at prices fixed in the contract. Should the cost of cleaning, cutting up, collecting, and packing, and amounts paid for cartage and freight be charged to account No. 95, "Store expenses," in the classification of operating expenses?

*Answer.* Account No. 95, "Store expenses," provides for the cost of collection of scrap material, but it is not intended that this account should include the cost of cleaning and cutting up scrap material, or of packing and shipping it to the point where it is sold. Such expenses shall be deducted from the amounts received from the sale of the scrap material.

## CASE 139.

*Query.* The property of a railway company suffered considerable damage by floods. Temporary repairs were made to permit the operation of trains over the damaged portion, it being deemed advisable to postpone permanent repairs on account of the approach of winter. During the following year the damaged property was restored to a condition equal to that before the flood. May a reserve be set up through charges to Operating Expenses of the flood year to provide for the repair of the property damaged?

*Answer.* If the cost of the permanent repairs proposed can be approximately determined, there is no objection to charging Operating Expenses each month with a proportion of the cost of such repairs, with the understanding that such charges shall be adjusted to the basis of actual expenditures as soon as the work is completed. The amounts charged to Operating Expenses for this purpose shall be carried in a reserve, against which the cost of the repairs shall be charged as they are made.

## CASE 140.

*Query.* To what account should be charged the cost of current purchased from another company to supply electric-light clusters at stopping points along the line, not stations?

*Answer.* To account No. 59, "Power purchased." (See Case 165.)

## CASE 141.

*Query.* A company owns tracks but no cars or power house. To operate the road, cars and power are obtained from another company at the rate of 3 cents per car-mile for both cars and power. How should amounts thus paid be treated?

*Answer.* They shall be apportioned between account No. 98, "Rent of equipment," and account No. 59, "Power purchased."

## CASE 142.

*Query.* The tracks and equipment of a dummy freight line owned by a street railroad are leased to a steam road for exclusive use, the steam road maintaining and operating the line. Should the street railroad include the yearly rent received under revenue account No. 115, "Rent of tracks and facilities," or in the Income Account?

*Answer.* The amount of rent received as described above shall be included, under account No. 203, "Income from lease of road."

## CASE 143.

*Query.* An electric railway is operated in three divisions; the first division including the lines in two cities, A and B, separated by a river; the second division including the lines in a third city, C; and the third division including an interurban line, 22 miles in length, connecting B and C. The main supply depot is at A. Would it be proper to credit the revenues of the interurban line and charge the expenses of the lines in C with freight charges on company material and supplies carried from B to C to be used in C?

*Answer.* Under the Uniform System of Accounts it is not proper for a carrier to include in its operating revenues freight charges for the transportation of company material and supplies for the maintenance and operation of its property.

## CASE 144.

*Query.* Should an electric railway company whose line is under construction, no part of it having been completed and no cars having been run, open any account for operating expenses, or should it charge all expenditures to construction accounts?

*Answer.* It is not proper to open any account for operating expenses before cars are run in revenue service. All expenditures in connection with the construction of a road shall be charged to the accounts prescribed in the classification for road and equipment.

## CASE 145.

*Query.* Several cars of coal were purchased by a road under construction, to be held for use for generating purposes in the power house after operations are begun. To what account should be charged the cost of the coal?

*Answer.* The cost of coal purchased for use after the beginning of operations shall be charged to a fuel account under balance-sheet account No. 411, "Material and supplies." This account shall be credited and the appropriate operating expense accounts shall be charged as the coal is used.

## CASE 146.

*Query.* To what account should be charged an amount paid to a city for permission to open a pavement in order to repair joints, relay rails, etc.? The pavement is in good condition and the amount of the payment covers the estimated cost of replacing it.

*Answer.* The cost shall be charged to account No. 10, "Paving," in the classification of operating expenses.

## CASE 147.

*Query.* To what account should be charged the wages of pilots directing the operation of a company's own cars by crews not familiar with certain divisions of the line, or directing the operation of cars of another company by their own crews?

*Answer.* Pilots as described above shall be considered trainmen and their wages charged to operating expense account No. 64, "Passenger conductors, motormen, and trainmen," or account No. 65, "Freight and express conductors, motormen, and trainmen," according to the service in which they are engaged.

## CASE 148.

*Query.* To what account should an electric railway company credit an amount received from another company for the privilege of running cars over a portion of its line, the first company furnishing the power and pilots to direct the movement of the cars, which are furnished and operated by the second company?

*Answer.* The amount received for such a privilege shall be credited to revenue account No. 115, "Rent of tracks and facilities," with the exception of the portion of the amount applicable to the wages of the pilots, which shall be credited to the account to which the wages are charged.

## CASE 149.

*Query.* What account is chargeable with the cost of telephone service, including both tolls and rents, in stations for agents' use in reaching patrons of the line, and in the offices of the operating officers?

*Answer.* Payments for local telephone service for agents' use in reaching patrons shall be charged to account No. 69, "Station expenses." Payments for telephone service in the offices of operating officers shall be charged to account No. 73, "Operation of telephone and telegraph lines." Payments for telephone service in connection with the general management of the company shall be charged to account No. 89, "Miscellaneous general expenses."

## CASE 150.

*Query.* A passenger holding a ticket is ejected from an electric railway company's car and enters suit against the company for damages. To what account should the amount of the damages awarded be charged?

*Answer.* Damages awarded to a passenger on account of his ejection from a car shall be charged to account No. 92, "Injuries and damages," in the classification of operating expenses.

## CASE 151.

**Query.** An electric railway company owns five automobiles, one used by the president, one by the general superintendent, one by the superintendent of maintenance of way, and the other two by linemen. What accounts should be charged with the garage expenses, including the wages of men in charge; with the cost of gasoline, oil, and waste used in the machine; and with the cost of material used in making repairs?

**Answer.** The garage expenses, including the wages of the men in charge, and the cost of gasoline, oil, and waste used in connection with automobiles, shall be charged to account No. 96, "Garage and stable expenses." The cost of repairs shall be charged to account No. 38, "Vehicles and horses."

## CASE 152.

**Query.** To what account should be charged the cost of a concrete foundation for tracks when forming part of a pit in a carhouse or in a yard?

**Answer.** Assuming that the pit is built to facilitate the housing and maintenance of equipment, the cost of the foundation put in for tracks in building a pit in a carhouse shall be considered a part of the cost of the carhouse, and so charged to account No. 523, "Shops and carhouses," in the classification for road and equipment.

A pit in a yard is presumably built to facilitate the examination and repair of equipment and shall be considered a miscellaneous structure, the cost of which is chargeable to account No. 524, "Stations, miscellaneous buildings, and structures."

A pit constructed to facilitate the change between the underground and the overhead electric contact system shall be considered as underground construction.

## CASE 153.

**Query.** An electric railway company expects to engage in the power and light business. Is it proper to charge the various accounts in the classification for road and equipment with the cost of installation of additional units in the power house, and the cost of pole lines and feeder lines? If this is not permissible, will it be satisfactory to have one balance sheet to cover both the railway business and the power and light business?

**Answer.** It is proper to include the cost of additional units in the power house and of pole lines and feeder lines in the accounts provided in the classification for road and equipment. One balance sheet is sufficient for the entire business.

## CASE 154.

**Query.** What rates of depreciation should be applied to the different portions of an electric railway's plant? Should the principle of depreciation be applied in the case of each of the 50 classes of construction covered by the accounts prescribed in the classification for road and equipment?

**Answer.** The Interstate Commerce Commission requires of electric railway companies subject to its jurisdiction depreciation accruals only on equipment covered by accounts Nos. 530 to 535, inclusive. Provision is made in the classification of operating expenses for three depreciation accounts. The use of account No. 40, "Depreciation of equipment," is mandatory. The use of accounts No. 25, "Depreciation of way and structures," and No. 50, "Depreciation



of power plant buildings and equipment," is optional with the carrier. (*See section 14, page 19, of the Uniform System of Accounts for Electric Railways.*)

The question as to rates of depreciation to be used is one which each carrier must determine for itself. The Interstate Commerce Commission has issued no order fixing such rates.

**CASE 155.**

*Query.* What account should be credited with discounts allowed by manufacturers for payment, within specified times, of bills for material purchased?

*Answer.* Discounts allowed for the prompt payment of bills for material purchased shall be credited to the accounts to which the original invoices are charged.

**CASE 156.**

*Query.* To what revenue account should be credited receipts for the transportation of newspapers on passenger cars? Newspaper stamps are sold at fixed rates per 100 pounds and affixed to the packages to indicate their weight and the fact that prepayment has been made.

*Answer.* To account No. 105, "Express revenue," in the classification of operating revenues.

**CASE 157.**

*Query.* What accounts should be charged with the cost of maintenance of a bonding car and its electric equipment?

*Answer.* A bonding car shall be considered a car rather than a tool. The cost of its maintenance shall be charged to account No. 32, "Service equipment," and the cost of maintenance of its electric equipment to account No. 33, "Electric equipment of cars," in the classification of operating expenses. It is understood that "electric equipment" as here used includes only the electric motive equipment and wiring.

**CASE 158.**

*Query.* What account should be charged with the cost of installing a creosoting plant for the purpose of treating poles, ties, cross arms, etc., used for both maintenance and construction work?

What account should be charged with the maintenance of such a plant?

Should the cost of labor and supplies used in the operation of the plant be distributed to the maintenance and construction accounts?

*Answer.* The original cost of the creosoting plant shall be charged to road and equipment account No. 536, "Shop equipment."

The cost of maintaining the creosoting plant shall be charged to operating expense account No. 36, "Shop equipment." The cost of labor and supplies used in the creosoting plant shall be included upon an equitable basis in the cost of the material treated.

**CASE 159.**

*Query.* What account should be charged with the cost of electric meters installed by an electric railway on the premises of customers to whom current is furnished for power and light?

*Answer.* The cost of meters installed on customers' premises shall be included in account No. 521, "Distribution system," in the classification for road and equipment.

If desired, appropriate subaccounts may be opened for the purpose of keeping separate from railway accounts the investment in and maintenance of meters installed on the premises of customers of the power and light department.

**CASE 160.**

*Query.* What account should be charged when conductors are given relief from charges for shortages shown by register readings and credited to "Passenger revenue"? The relief is granted as the result of investigation or at the request of the superintendent on account of operating conditions.

*Answer.* "Passenger revenue" shall be charged, as the amounts in question were previously credited to it.

**CASE 161.**

*Query.* What account should be charged with the amount assessed against a street railway for paving and a sewer? As the work is done for the city by contract, the actual cost can not be determined for either the paving or the sewer.

*Answer.* The amount of the assessment shall be apportioned as equitably as may be between account No. 511, "Paving," and account No. 502, "Right of way," in the classification for road and equipment. (See Cases 2, 85, and 396.)

**CASE 162.**

*Query.* As a condition to permission to place double tracks in subways under the tracks of steam roads, a company was required by ordinance to change the grade on a street in another part of the city. Should the cost of the work on the city street, such as the changing of the grade, curbing, etc., be charged to account No. 502, "Right of way," in the classification for road and equipment?

*Answer.* Yes. (See Case 349.)

**CASE 163.**

*Query.* To what account should a street railway company charge periodical payments to a city for the privilege of operating cars and stringing wires over a bridge crossing a river?

*Answer.* To account No. 215, "Taxes assignable to railway operations."

**CASE 164.**

*Query.* To what account should be charged fees of witnesses and others appearing for a motorman and conductor at a coroner's inquest, occasioned by an accident?

*Answer.* To account No. 92, "Injuries and damages," in the classification of operating expenses.

**CASE 165.**

*Query.* Should account No. 59, "Power purchased," in the classification of operating expenses include the cost of all power purchased for use in connection with the operation of a line, or of only the amount actually used for the propulsion of cars? A considerable portion of the power purchased is used in lighting cars and car barns and in operating track cranes, etc.

*Answer.* The entire cost of power purchased shall be charged to account No. 59, "Power purchased." (See Case 140.)

## CASE 166.

*Query.* To what account should be charged the cost, which is small, of loading and unloading cinders used in filling ground around a power plant and car barns?

*Answer.* To operating expense account No. 24, "Buildings, fixtures, and grounds," or No. 46, "Power plant buildings, fixtures, and grounds," as may be appropriate. (See Case 289.)

## CASE 167.

*Query.* To what account should be charged the cost of dry batteries required for telephone instruments?

*Answer.* If the telephones are used primarily in the operation of cars, the cost of dry batteries required shall be charged to account No. 73, "Operation of telephone and telegraph lines"; if for local telephone service at stations they shall be charged to account No. 69, "Station expenses"; if in connection with the general management of the company they shall be charged to account No. 89, "Miscellaneous general expenses." (See Cases 68 and 149.)

## CASE 168.

*Query.* To what account should be charged the cost of rubber bands used by conductors in sorting and bunching tickets lifted?

*Answer.* To account No. 94, "Stationery and printing."

## CASE 169.

*Query.* To what account should be charged the cost of sleet cutters and sleet-cutter wheels?

*Answer.* The first cost shall be charged to account No. 533, "Electric equipment of cars," in the classification for road and equipment. The cost of repairing and replacing sleet cutters and sleet-cutter wheels shall be charged to operating expense account No. 33, "Electric equipment of cars."

## CASE 170.

*Query.* To what account in the classification of operating revenues should be credited receipts for the transportation of corpses?

*Answer.* To account No. 101, "Passenger revenue."

## CASE 171.

*Query.* An electric railway company does repair work for a steam road, rendering a bill for the actual labor and material used and for the service of a motor work car at a certain rate per car-mile. To what account should be credited the amount charged for the service of the work car?

*Answer.* To revenue account No. 109, "Miscellaneous transportation revenue."

## CASE 172.

*Query.* A traction company engaged in construction was sued by a gas company for damages to the latter's pipe line along and across the former's right of way. To what account should the traction company charge the amount of damages awarded and the costs?

*Answer.* To account No. 502, "Right of way," in the classification for road and equipment.

## CASE 173.

*Query.* To what account should be charged the cost of velocipedes and of hand and push cars for use on an electric railway?

*Answer.* The cost of first installation shall be charged to account No. 512, "Roadway machinery and tools," in the classification for road and equipment. The cost of repairs and renewals shall be charged to operating expense account No. 9, "Miscellaneous track and roadway expenses."

## CASE 174.

*Query.* In cases where repairs are necessitated by the failure of concrete base for ballast, should the cost of tearing up and replacing paving be charged to "Ballast" or to "Paving"?

*Answer.* The cost of tearing up and replacing paving in connection with such repairs shall be charged to account No. 10, "Paving," in the classification of operating expenses.

## CASE 175.

*Query.* An electric railway company has rented space for its transmission line in another company's subway. To what account should be charged the rent paid?

*Answer.* To operating expense account No. 49, "Transmission system."

## CASE 176.

*Query.* To what account should be charged the cost of a stationary crushing plant located in a stone quarry and used by an electric railway in the production of ballast for maintenance?

*Answer.* To account No. 512, "Roadway machinery and tools," in the classification for road and equipment.

## CASE 177.

*Query.* To what account should be charged the cost of gage glasses and gage-glass preservers?

*Answer.* The cost of first installation shall be charged to account No. 542, "Power plant equipment," in the classification for road and equipment; and the cost of repairs and replacements to account No. 47, "Power plant equipment," in the classification of operating expenses.

## CASE 178.

*Query.* To what account should be credited the revenue from the transportation of dogs?

*Answer.* If the dogs are carried as baggage in baggage cars the revenue shall be credited to account No. 102, "Baggage revenue"; if carried as express, to account No. 105, "Express revenue"; if carried by an urban road which does not make a practice of carrying either baggage or express matter the credit shall be to account No. 109, "Miscellaneous transportation revenue."

## CASE 179.

*Query.* To what account should be charged the expenses of a general manager, whose duties include those of passenger and freight agent, while attending traffic associations?

*Answer.* To account No. 83, "Salaries and expenses of general officers," in the classification of operating expenses.

## CASE 180.

*Query.* What account should be charged for labor unloading coal at car houses for use in car stoves?

*Answer.* The cost of unloading shall be added to the cost of the fuel. If, however, the work of unloading is done by regular car house operating employees it is not necessary to charge a portion of their wages to the cost of the fuel.

## CASE 181.

*Query.* To what account should be charged the cost of labor unloading coal at a power plant?

*Answer.* The cost of unloading shall be added to the cost of the fuel. If, however, the work of unloading is done by regular power plant operating employees it is not necessary to charge a portion of their wages to the cost of the fuel. (See Cases 55, 109, and 180.)

## CASE 182.

*Query.* A company operating its line with gasoline motor cars has adopted the classification prescribed for electric railways. What account should be charged with the cost of repairs to engine, transmission, or ignition parts? What account should be charged with the cost of batteries, spark plugs, connecting wire and terminals, electrolyte for storage batteries, etc.?

*Answer.* The cost of repairs to the motor features of gasoline motor cars shall be charged to account No. 34, "Locomotives" (preferably in a subaccount), and the cost of repairs to the car features of such motor cars shall be charged to account No. 30, "Passenger and combination cars"; account No. 31, "Freight, express, and mail cars"; or account No. 32, "Service equipment," as may be appropriate.

The cost of repairs or renewals of batteries, spark plugs, connecting wire and terminals, electrolyte for storage batteries, and other appliances for the motive power of such cars shall be charged to account No. 34, "Locomotives," (preferably in a subaccount). (See Case 4.)

## CASE 183.

*Query.* A practically new car was destroyed in a wreck, the salvage amounting to a few hundred dollars. What disposition should be made of the loss and the salvage?

*Answer.* The road and equipment account to which the cost of the car was originally charged shall be credited with the ledger value of the equipment destroyed, and the amount of the credit shall be concurrently charged as follows:

The value of the salvage shall be charged to "Material and supplies"; account No. 443, "Accrued depreciation—Road and equipment," shall be charged with the amount carried therein in connection with the equipment destroyed; the amount of depreciation prior to July 1, 1914, not previously written off; shall be charged to Profit and Loss; and the remainder of the credit shall be charged to operating expense account No. 41, "Equipment retired."

## CASE 184.

*Query.* A city proposes to repave its streets with improved materials and the street railway company is required by the terms of its franchise to repave its strip at the same time and with the same kind of material. Would it be proper to charge the cost of the new paving to account No. 511, "Paving," in the classification for road and equipment?

*Answer.* The excess cost of the new paving over the cost of the original paving shall be charged to road and equipment account No. 511, "Paving," and the remainder, including the cost of removing old paving, to operating expense account No. 10, "Paving."

## CASE 185.

*Query.* A street railway line was constructed in unpaved streets, and after the line had been in operation for a number of years the city decided to pave. To what account should be charged the railway's share of the cost of paving?

*Answer.* To account No. 511, "Paving," in the classification for road and equipment. (See Case 99.)

## CASE 186.

*Query.* An electric railway obtained permission to increase its capital stock by \$500,000. Of this increase \$250,000 was authorized and issued for the specified purpose of a 25 per cent stock dividend, but the remaining \$250,000 was not authorized for any specific purpose and was not issued. Should the entry in the general ledger be made to cover more than the \$250,000 authorized and issued?

*Answer.* No. Capital stock shall be considered as issued only when the certificates are signed and sealed and placed with the proper officer for sale or delivery.

## CASE 187.

*Query.* Should any charge be made to account No. 63, "Superintendence of transportation," for the services of agents and substation men used to some extent in dispatching trains and in delivering dispatchers' orders to train crews?

*Answer.* No charge shall be made to the superintendence account for such incidental service. (See Cases 55 and 109.)

## CASE 188.

*Query.* An electric railway company proposes to furnish electric current for lighting some small towns along its line, also to furnish power for the operation of several manufacturing plants. How should the revenues and expenses be handled?

*Answer.* If a general power and light business is to be undertaken in connection with the railway business, it should be treated as an auxiliary operation. The several accounts entitled "Other operations—Cr." in the classification of operating expenses shall be used to exclude from the total of each general account the portion of expenses that is not applicable to the railway business, these expenses being charged to account No. 214, "Auxiliary operations—Expenses." The revenues from the power and light business shall be credited to account No. 202, "Auxiliary operations—Revenues." (See Cases 7, 28, 198, 300, 362, and account No. 118.)

## CASE 189.

*Query.* To what accounts should be charged the cost of applying a new form of coupler to motor cars to be used in connection with trailers?

*Answer.* Such cost should ordinarily be charged to operating expense account No. 30, "Passenger and combination cars"; account No. 31, "Freight, express, and mail cars"; or account No. 32, "Service equipment," according to the class of equipment to which the couplers are applied.

If the couplers applied are heavier or of an improved type, and the cost is considerable, the excess cost of the new couplers over the original cost of those removed shall be charged to the proper account in the classification for road and equipment.

## CASE 190.

*Query.* To what account should be charged the cost of additions to a small plant operated by a railway company to furnish power for lighting in one of the towns on its line?

*Answer.* The cost of additions to the machinery and equipment of the plant shall be charged to account No. 542, "Power plant equipment," and of additions to the building to account No. 539, "Power plant buildings," in the classification for road and equipment.

## CASE 191.

*Query.* To what account should be charged the cost of cutting trees and removing stumps from the right of way of an electric railway?

*Answer.* To account No. 504, "Grading," in the classification for road and equipment.

## CASE 192.

*Query.* Ties are frequently purchased some time in advance of their actual use in track work. Should their cost be charged to Operating Expenses in the month in which payment is made or in the month in which they are put in the track?

*Answer.* The cost of ties shall be charged to a material account at the time of purchase. This account shall be credited and operating expense account No. 3, "Ties," charged from month to month with the value of the ties put in the track.

In order that the cost of renewing ties may be distributed to the 12 months of the year, there would be no objection to charging the operating expense account "Ties" each month with its proportion of the total amount authorized or approximated for renewals during the fiscal year, regardless of the month in which the actual renewals are made, but the account shall be adjusted at the end of the year to the actual expenditures during the year.

In this connection note that equalization accounts Nos. 28, 44, and 51 have been provided for the convenience of carriers desiring to have each month's operating expenses reflect, by general account totals, an equitable proportion monthly of the estimated or authorized maintenance expenses for the year and show at the same time actual expenditures by primary accounts.

## CASE 193.

*Query.* In the construction of a street railway it is necessary to team rails from a yard to the street in which they are to be laid. To what account should be charged the cost of such teaming and the cost of unloading the rails on the street?

*Answer.* To account No. 510, "Track and roadway labor," in the classification for road and equipment.

## CASE 194.

*Query.* An electric railway company operating a line crossing a county bridge is required by the terms of its franchise to pay part of the cost of strengthening the bridge. To what account or accounts should be charged the amount paid?

*Answer.* The cost of the portion of the work properly considered as betterments to the bridge shall be charged to road and equipment account No. 502, "Right of way," and the remainder to operating expense account No. 15, "Bridges, trestles, and culverts."

## CASE 195.

*Query.* To what account should be charged the cost of repairs to a high smokestack at a power plant?

*Answer.* The cost of repairs to a smokestack which forms a part of the power plant shall be charged to operating expense account No. 46, "Power plant buildings, fixtures, and grounds."

## CASE 196.

*Query.* When equipment of the type ordinarily installed in substations is installed in a power plant building, should its cost be charged to road and equipment account No. 542, "Power plant equipment," or to No. 543, "Substation equipment"?

*Answer.* If the equipment is for use in connection with power generated in the same power plant, its cost shall be charged to account No. 542, "Power plant equipment." If it is to transform power generated elsewhere, its cost shall be charged to account No. 543, "Substation equipment."

## CASE 197.

*Query.* Should operating revenue account No. 103, "Parlor, sleeping, dining, and special car revenue," be credited with revenue derived from the operation of cars of the ordinary type on special or extra trips to handle an increase in traffic?

*Answer.* No; but the revenue from cars furnished for private use under special arrangement shall be credited to that account.

## CASE 198.

*Query.* To what accounts should be charged the first cost and the cost of maintenance of a lighting plant operated in connection with an electric railway?

*Answer.* The first cost of the building for such a plant shall be charged to road and equipment account No. 539, "Power plant buildings," and the first cost of machinery and other equipment to account No. 542, "Power plant equipment." The first cost of the distribution system shall be charged to account No. 521, "Distribution system," and the first cost of the transmission system to account No. 544, "Transmission system."

All expenses in connection with the maintenance and operation of the light plant shall be included in the appropriate railway primary accounts under the general account Power, and if the light department is conducted as an auxiliary operation an equitable proportion of such expenses shall be charged to the light department through account No. 214, "Auxiliary operations—Expenses," and corresponding credit made to account No. 62, "Other operations—Cr."



If the light business is small in amount and is not accounted for as an auxiliary operation, the cost of maintaining and operating the light plant shall be included in the appropriate railway operating expense accounts. (See Cases 28, 188, 300 and 362.)

#### CASE 199.

*Query.* To what account should be charged the loss from the operation of a hotel for the accommodation of employees, some being engaged in construction and some in transportation operation?

*Answer.* The net cost shall be apportioned between account No. 529, "Other expenditures—Way and structures," or No. 550, "Miscellaneous," as may be appropriate, and account No. 78, "Other transportation expenses," in the classification of operating expenses; or, if the amount is considerable, it may be divided among the various accounts affected.

#### CASE 200.

*Query.* To what account should be charged the cost of material for seats and sides purchased for use in converting open cars into closed cars?

*Answer.* Account No. 530, "Passenger and combination cars," in the classification for road and equipment, shall be charged with so much of the cost of converting open cars into closed cars as represents the excess value of the closed cars over the cost of the open cars. The remainder of the cost shall be charged to account No. 30, "Passenger and combination cars," in the classification of operating expenses.

#### CASE 201.

*Query.* To what accounts should be charged payments made to the Transcontinental Freight Bureau for the salaries of weighmasters located at various points on a railway's line?

*Answer.* To account No. 68, "Station employees."

#### CASE 202.

*Query.* What is the distinction between account No. 515, "Bridges, trestles, and culverts," and account No. 516, "Crossings, fences, and signs," in the classification for road and equipment, with reference, for instance, to the accounting for the cost of building an undergrade crossing for a highway?

*Answer.* Account No. 515, "Bridges, trestles, and culverts," shall include the cost of the structure (including foundations and abutments) built to carry the railway track over the highway, while the cost of the roadway passing under the bridge, including the cost of labor and material used in constructing the roadway and the cost of drainage arrangements and excavation, shall be charged to account No. 516, "Crossings, fences, and signs."

#### CASE 203.

*Query.* To what account should be charged the cost of new copper trolley wire stolen from the storehouse but recovered after being cut into short lengths?

*Answer.* The cost of the wire, less the value of scrap recovered, shall be charged to operating expense account No. 95, "Store expenses."

## CASE 204.

*Query.* Should the cost of constructing commercial power lines for power and light business in connection with a railway be included in the accounts prescribed in the classification for road and equipment?

*Answer.* Yes.

## CASE 205.

*Query.* To what accounts should be charged and credited amounts paid and received in the redemption of transfers issued by two connecting electric railways?

*Answer.* The transfer arrangement is in effect a division of revenues for through service. The amounts paid to another company for the redemption of transfers shall be charged to account No. 101, "Passenger revenue" in the classification of operating revenues, and the amounts received shall be correspondingly credited to the same account.

## CASE 206.

*Query.* To what account should be charged the cost of repairs and replacements of watchmen's portable clocks used in a carhouse and the cost of paper dials used in such clocks?

*Answer.* The cost of repairs and replacements of such clocks shall be included in operating expense account No. 71, "Carhouse expenses," and the cost of the paper dials in account No. 94, "Stationery and printing."

## CASE 207.

*Query.* To what account should be charged the amount assessed against an electric railway company for first cost of dredging a stream so as to drain towns and lands along said stream?

*Answer.* To road and equipment account No. 502, "Right of way," (See Case 119.)

## CASE 208.

*Query.* To what account should be charged the rent of coal pockets for storing coal for use of power plants?

*Answer.* To account No. 56, "Miscellaneous power plant supplies and expenses."

## CASE 209.

*Query.* To what account should be charged the cost of oil cans and other such devices for use by employees of various departments?

*Answer.* The cost of oil cans and such devices shall be charged to operating expense account No. 56, "Miscellaneous power plant supplies and expenses"; No. 58, "Substation supplies and expenses"; No. 71, "Carhouse expenses"; No. 37, "Shop expenses"; No. 23, "Miscellaneous electric line expenses"; No. 67, "Miscellaneous car-service expenses"; or No. 69, "Station expenses," according to the use for which they are intended.

## CASE 210.

*Query.* To what accounts should be charged the first cost and the cost of repairs and renewals of trolley retrievers and catchers?

*Answer.* The first cost shall be charged to road and equipment account No. 530, "Passenger and combination cars"; No. 531, "Freight, express, and mail cars"; No. 532, "Service equipment"; or No. 534, "Locomotives," according to the class of equipment fitted with the devices.

The cost of repairs and renewals shall be charged to operating expense account No. 30, "Passenger and combination cars"; No. 31, "Freight, express, and mail cars"; No. 32, "Service equipment"; or No. 34, "Locomotives," as may be appropriate.

## CASE 211.

*Query.* To what account should be charged the cost of transformer oil for use in power plants or substations?

*Answer.* The first cost shall be charged to road and equipment account No. 542, "Power plant equipment," if the oil is for use in a power plant, or to account No. 543, "Substation equipment," if for use in a substation. The cost of renewals shall be charged to operating expense account No. 47 or No. 48, as may be appropriate.

## CASE 212.

*Query.* To what account should be charged the cost of flowers and shrubs, the cost of labor for planting them about various buildings, and the cost of mowing lawns?

*Answer.* To operating expense account No. 24, "Buildings, fixtures, and grounds," No. 46, "Power plant buildings, fixtures, and grounds," or No. 71, "Carhouse expenses," as may be appropriate. If, however, the amounts involved are small and the work is done by employees of the Company as incidental to their regular duties, it is not necessary to apportion the pay of such employees.

## CASE 213.

*Query.* To what account should be charged a license fee paid in accordance with the State law relating to inspection?

*Answer.* To account No. 89, "Miscellaneous general expenses."

## CASE 214.

*Query.* To what account should be charged the cost of a car body constructed for use as a portable substation?

*Answer.* Assuming that the car body in question is mounted on trucks as a car, the cost of its construction shall be charged to account No. 543, "Substation equipment."

## CASE 215.

*Query.* To what account should be charged the wages paid by an electric railway to the crews of steam locomotives used in switching freight cars at terminals?

*Answer.* To operating expense account No. 65, "Freight and express conductors, motormen, and trainmen."

## CASE 216.

*Query.* To what account should be charged the cost of renewals of lamp cord, electric lamps, sockets, and switches used in carhouses, shops, power plants, substations, freight stations, and passenger stations?

*Answer.* To operating expense account No. 71, "Carhouse expenses"; No. 37, "Shop expenses"; No. 56, "Miscellaneous power plant supplies and expenses"; No. 58, "Substation supplies and expenses"; or No. 69, "Station expenses," according to the place where the articles are used.

CASE 217.

*Query.* A city builds a new bridge of sufficient strength to carry heavy cars. A railway company extending its lines over it is asked to pay the excess cost of the bridge over that of one built for ordinary highway travel only. To what account should the railway company charge such a payment?

*Answer.* To account No. 502, "Right of way," in the classification for road and equipment. (See Case 194.)

CASE 218.

*Query.* An electric railway company is having a branch line built by contract for a lump sum, payment being made each month for the estimated portion of the work completed. No distribution of expenditures is furnished to the railway company. Should the entire cost of the branch line be included in account No. 527, "Cost of road purchased," in the classification for road and equipment?

*Answer.* It would be preferable to have the detailed distribution made of the amounts paid among the several primary accounts of the classification for road and equipment as the work is done; otherwise the entire cost may be charged to account No. 527, "Cost of road purchased," and cleared in accordance with the provisions of the text of this account.

CASE 219.

*Query.* To what account should be charged receivers' allowances and expenses?

*Answer.* To operating expense account No. 83, "Salaries and expenses of general officers," except that expenses incurred for legal services shall be charged as indicated in the text of account No. 86, "Law expenses."

CASE 220.

*Query.* To what account should be charged counsel fees paid for the preparation of the legal papers required in the merger of one electric railway company with another?

*Answer.* To account No. 546, "Law expenditures," in the classification for road and equipment.

CASE 221.

*Query.* To what account should an electric railway company charge the cost of concrete in which the ties are embedded and on which paving is laid?

*Answer.* The cost of the materials shall be charged to account No. 505, "Ballast," and the cost of labor to account No. 510, "Track and roadway labor."

CASE 222.

*Query.* To what account should be charged the cost of a passenger elevator in a power plant?

*Answer.* To account No. 539, "Power plant buildings," in the classification for road and equipment.

## CASE 223.

*Query.* To what account should be charged the cost of filler blocks and guard rails used in connection with ordinary curves?

*Answer.* To account No. 507, "Rails, rail fastenings, and joints," in the classification for road and equipment.

## CASE 224.

*Query.* To what accounts should be charged the cost of moving and maintaining tracks, portable crossovers, and other work necessary to maintain continuous operation during the progress of reconstruction work?

*Answer.* To the appropriate operating expense accounts under general account Way and Structures.

## CASE 225.

*Query.* What account is chargeable with the cost of guard rails on bridges?

*Answer.* The cost of additional track rails laid to prevent cars from jumping the track shall be charged to road and equipment account No. 507, "Rails, rail fastenings, and joints." The cost of timbers or other devices placed at the sides of the bridge to prevent cars from leaving the structure if they jump the track shall be charged to account No. 515, "Bridges, trestles, and culverts." (See Case 115.)

## CASE 226.

*Query.* To what account should be charged the cost of excavation for underground construction?

*Answer.* The cost of excavation for underground construction for a system operated by underground electric contact or cable shall be charged to road and equipment account No. 509, "Underground construction." Excavation for conduits for feeders or return wire or cables shall be charged to account No. 520, "Underground conduits."

## CASE 227.

*Query.* To what account should be credited the amount received for advertising in time-tables?

*Answer.* The amount received for the sale of advertising space in time-tables shall be credited to operating expense account No. 80, "Advertising."

## CASE 228.

*Query.* To what account should be charged the cost of land and of water rights incident thereto, when acquired for reservoirs and pipe lines?

*Answer.* To road and equipment account No. 503, "Other land used in electric railway operations."

## CASE 229.

*Query.* To what accounts should be charged the cost of railway tracks and wagon roads built for exclusive service of water-power stations and the cost of wagon roads built to facilitate the patrolling of reservoirs, canals, etc.?

*Answer.* The cost of the tracks shall be distributed among the various construction accounts in the same way as the cost of other tracks. The cost of the

wagon roads serving the power stations shall be charged to the account to which the cost of the power stations is charged. The cost of the wagon roads built to facilitate the patrolling of reservoirs, canals, etc., shall be charged to road and equipment account No. 541, "Dams, canals, and pipe lines."

CASE 230.

*Query.* To what account should be charged the cost of signs warning against a third-rail?

*Answer.* To account No. 516, "Crossings, fences, and signs."

CASE 231.

*Query.* To what account should be charged the loss sustained by an electric railway company from the hold-up of a conductor, or through the defalcation of a conductor?

*Answer.* To operating expense account No. 78, "Other transportation expenses."

CASE 232.

*Query.* Is it proper to charge the various operating expense accounts for the transportation of employees of the different operating departments?

*Answer.* No charge shall be made against a company's operating expenses on account of the free transportation over its own lines of men, on or off duty, employed in maintenance or operation.

CASE 233.

*Query.* To what accounts should be charged the cost of construction and maintenance of cars equipped as track riveting machines or portable substations?

*Answer.* The first cost of electric motive equipment for track riveting machines or for portable substations shall be charged to road and equipment account No. 533, "Electric equipment of cars." The first cost of car bodies and trucks for the track riveting machines, together with the cost of the machines, shall be charged to account No. 532, "Service equipment." The cost of car bodies and trucks for portable substations shall be included with the cost of the substation equipment in account No. 543, "Substation equipment."

The cost of maintenance of riveter cars shall be correspondingly assigned to operating expense accounts No. 33, "Electric equipment of cars," and No. 32, "Service equipment"; and of substation cars to account No. 48, "Substation equipment."

CASE 234.

*Query.* In making an extension of a power house, it was necessary to tear down the end wall. The salvage, with other material, was used in building a new wall. What disposition should be made of charges and credits in such a case?

*Answer.* The cost of wall removed shall be credited to the road and equipment account to which it is charged. The same cost, less the value of salvage, together with the cost of removal, shall be charged to Operating Expenses. The cost of the new wall shall be charged to road and equipment account No. 539, "Power plant buildings."

## CASE 235.

*Query.* To what accounts should be charged the rent of rooms and the cost of telephone service for the claims department, which is accommodated in a portion of the space rented for general offices?

*Answer.* The rent shall be charged to operating expense account No. 85, "General office supplies and expenses," and the cost of telephone service to account No. 89, "Miscellaneous general expenses." (See Case 68.)

## CASE 236.

*Query.* An electric railway company which owns a private right of way in a city is required to pave intersecting streets to the full width of the right of way. To what account should be charged the first cost of such paving?

*Answer.* To road and equipment account No. 511, "Paving." (See Case 134.)

## CASE 237.

*Query.* To what accounts should be charged the cost of packing used in power plants, carbon rings for turbines, and power plant tools?

*Answer.* The cost of packing and of carbon rings for turbines shall be charged to operating expense account No. 47, "Power plant equipment"; the cost of repair parts of machine tools in power plants also to account No. 47; and the cost of hand tools to account No. 56, "Miscellaneous power plant supplies and expenses."

## CASE 238.

*Query.* To what account should be charged the first cost of welding rail joints?

*Answer.* If the work is done on existing tracks, the cost shall be charged to operating expense account No. 5, "Rail fastenings and joints," unless the welded joint is more expensive and is a distinct improvement over the joint replaced, in which case the excess cost of the new joint over the original cost of the old one shall be charged to account No. 507, "Rails, rail fastenings, and joints," the remainder of the cost being charged to Operating Expenses, as indicated above. If the welding of joints is done as part of the original construction of the road, the entire cost shall be charged to account No. 507, "Rails, rail fastenings, and joints."

## CASE 239.

*Query.* To what account should be charged the rent of a floor in a building to provide space for the receivers of conductors' collections, and for instruction and club rooms?

To what account should be charged the cost of maintaining the furniture and equipment of the club room, and incidental expenses therefor?

*Answer.* The rent of the portion of the building used for receiving and instruction rooms shall be charged to operating expense account No. 63, "Superintendence of transportation."

The rent of the portion used for recreation purposes, the maintenance of its furniture and equipment, and the incidental expenses of operation shall be charged to account No. 78, "Other transportation expenses." If the rent is an insignificant amount it may all be included in account No. 63, "Superintendence of transportation."

## CASE 240.

*Query.* To what account should an electric railway company charge the loss resulting from a fire which destroyed a station building not covered by insurance?

*Answer.* The cost of the building shall be credited to road and equipment account No. 524, "Stations, miscellaneous buildings, and structures," and if not to be replaced such cost shall be charged, less depreciation accrued, if any, to account No. 315, "Loss on road and equipment retired;" if it is to be replaced, the original cost, less depreciation accrued, shall be charged to operating expense account No. 24, "Buildings, fixtures, and grounds."

## CASE 241.

*Query.* Is it permissible to make an apportionment of the rent paid for the use of land occupied by a building used in part as a carhouse, in part as a repair shop, and in part as a storeroom?

*Answer.* The entire amount of rent shall be charged to account No. 217, "Miscellaneous rents."

## CASE 242.

*Query.* To what account should be charged the cost of repairs to a transformer located on a pole outside of a station building for the purpose of stepping down high-tension current in order to furnish electric light for the station?

*Answer.* To operating expense account No. 69, "Station expenses."

## CASE 243.

*Query.* An electric railway company sells current delivered for power and light directly from the trolley line. To what account should be charged the first cost of meters installed in connection with this business, and the cost of reading the meters?

*Answer.* The cost of installing meters for the purpose described shall be charged to road and equipment account No. 521, "Distribution system." No charge shall be made for the wages of an employee who reads the meters, if it is done as incidental to his ordinary duties. (See Case 362.)

## CASE 244.

*Query.* To what account should be credited the amount of a trainman's deposit not called for on his leaving the service of the company?

*Answer.* If the company chooses to close the liability account for such a deposit, the amount shall be credited to profit and loss account No. 306, "Miscellaneous credits."

## CASE 245.

*Query.* A company operates a coal mine as an auxiliary operation, the railway department furnishing cars to haul material for maintenance and construction in the coal-mining department and rendering bill for the cost of power used, the cost of maintaining the cars, and the wages of the train crews. To what account should the railway department credit amounts so received?

*Answer.* The amounts received for the maintenance of the cars and for power shall be credited to accounts Nos. 43 and 62, "Other operations—Cr.," respectively, while the amounts received for the wages of the train crews shall be credited to the accounts to which the wages were originally charged.



## CASE 246.

*Query.* To what account should be charged the cost of tracing cloth and blue-print paper used by the engineering department?

*Answer.* To operating expense account No. 94, "Stationery and printing."

## CASE 247.

*Query.* To what accounts should be charged the cost of constructing and maintaining a line of railway on right of way held under perpetual lease?

*Answer.* The cost of construction shall be charged to the appropriate accounts in the classification for road and equipment, and the cost of maintenance to Operating Expenses.

## CASE 248.

*Query.* To what account should be charged the wages paid to flagmen employed to facilitate car movement during renewals of track?

*Answer.* To operating expense account No. 66, "Miscellaneous car-service employees."

## CASE 249.

*Query.* To what account should be credited the value of scrap which is recovered in making renewals of trolley brackets, but is not to be sold until later—perhaps after the close of the fiscal year?

*Answer.* The estimated salvage value shall be credited to operating expense account No. 20, "Poles and fixtures," at the time of the renewals. Any adjustment necessary when the material is sold shall also be made through Operating Expenses.

## CASE 250.

*Query.* A company desires to set up in the depreciation reserve account the estimated amount of depreciation which has accrued from the beginning of its operations to the present. How should such adjustment be entered in the accounts?

*Answer.* That proportion of the charges representing depreciation on equipment covered by accounts Nos. 530 to 535, inclusive, and assignable to the period prior to July 1, 1914, shall be included in profit and loss account No. 317, "Miscellaneous debits," and a corresponding reserve created; that proportion of depreciation on such equipment assignable to the period subsequent to July 1, 1914, will have been provided for by the required monthly charges to operating expense account No. 40, "Depreciation of equipment," the corresponding credits being made to balance-sheet account No. 443, "Accrued depreciation—Road and equipment."

If a company desires to make an adjustment of depreciation on fixed improvements and property not included in accounts Nos. 530 to 535, inclusive, that proportion of such depreciation assignable to the period prior to the current fiscal year shall be charged to profit and loss account No. 317, "Miscellaneous debits," and the proportion assignable to the current fiscal year to accounts No. 25, "Depreciation of way and structures," and No. 50, "Depreciation of power plant buildings and equipment," as may be appropriate, and a corresponding reserve created.

## CASE 251.

*Query.* An electric railway company is required to lay improved paving and before doing so puts its tracks in good repair. To what accounts should be charged the cost of the track work and of the paving?

*Answer.* The cost of labor and material used in the track work shall be charged to the appropriate operating expense accounts. The excess cost of the new and improved paving over the original cost (estimated, if not known) of the paving replaced shall be charged to road and equipment account No. 511, "Paving," and the remainder of the cost to operating expense account No. 10, "Paving."

## CASE 252.

*Query.* To what account should be charged such part of the cost of restoring a trestle destroyed by fire as is in excess of the amount of insurance recovered?

*Answer.* To operating expense account No. 15, "Bridges, trestles, and culverts," except that any excess in the cost of the new trestle over the cost of the old as carried in the construction accounts shall be charged to road and equipment account No. 515, "Bridges, trestles, and culverts."

## CASE 253.

*Query.* To what accounts should be charged the first cost and cost of maintenance of telephone booths located along the track in public ways for use in dispatching cars or trains?

*Answer.* The first cost shall be charged to road and equipment account No. 518, "Telephone and telegraph lines," and the cost of maintenance to operating expense account No. 18, "Telephone and telegraph lines."

## CASE 254.

*Query.* An interurban electric railway engaged in passenger and freight business derives a portion of its revenue from switching steam railroad cars. To what account should be charged demurrage incurred on these steam railroad cars?

*Answer.* To operating expense account No. 78, "Other transportation expenses." If, in any case, a portion of the demurrage is recovered from the consignee or shipper, only the net amount payable shall be included in account No. 78.

## CASE 255.

*Query.* To what account should be charged the cost of printing cards and passes for the use of officers and employees of the company?

*Answer.* To operating expense account No. 94, "Stationery and printing."

## CASE 256.

*Query.* To what account should be charged expenditures, in connection with construction, for grading parkways between tracks on streets?

*Answer.* To road and equipment account No. 504, "Grading."

## CASE 257.

*Query.* To what accounts in the classification for road and equipment should be charged the cost of building and maintaining timekeepers' offices and temporary tool and supply houses; also the rent of ground in connection therewith?

*Answer.* On the assumption that the expenditures referred to are in connection with construction, the cost of building and repairing and the rent paid for ground in connection therewith shall be included in the accounts to which the cost of the work is charged. Any salvage recovered at the conclusion of the work shall be credited to accounts charged.

## CASE 258.

*Query.* To what account should be credited the proceeds received from the sale of a construction grading camp? This camp was built and maintained for the purpose of boarding men employed in grading during the construction period.

*Answer.* Assuming that the cost of constructing the grading camp was charged to road and equipment account No. 504, "Grading," the proceeds from the sale of the camp shall be credited to that account.

## CASE 259.

*Query.* At one of the stations on an interurban line a spur track is maintained for convenient handling of freight. Alongside of this spur track is a plank driveway which the company has to repair. To what account should be charged the cost of this repairing?

*Answer.* To operating expense account No. 24, "Buildings, fixtures, and grounds."

## CASE 260.

*Query.* Railway companies A, B, and C built a joint railway and highway bridge across a stream between two counties. The cost of the bridge was borne jointly by the three railway companies and the two counties. The contract between the railway companies for the erection and operation of the bridge provides that each company shall receive credit for one-third of the amount contributed by the counties, as each company will have borne one-third of the cost of maintenance and operation.

The bridge is to be maintained and operated by Company A, Companies B and C paying each one-third of the cost, and the counties contributing a stated amount per annum for the maintenance of the highway portion. Company A has charged its proportion of the cost of maintenance and operation to accounts No. 15, "Bridges, trestles, and culverts"; No. 17, "Signal and interlocking apparatus"; No. 59, "Power purchased"; No. 66, "Miscellaneous car-service employees"; and No. 78, "Other transportation expenses." Is this correct? And how should the amount paid by the counties be credited in the railway companies' accounts?

*Answer.* The accounting is correct. Assuming that the distribution of the cost of maintaining and operating the bridge is charged to the proper operating expense accounts of each company, the amounts received from the counties shall be credited by each company to the primary accounts affected.

## CASE 261.

*Query.* A company has made a change in the alinement of its tracks in order to avoid conditions dangerous to the public. In connection with the work there has been considerable expense in resetting curbs and repaving sidewalks. Should the cost of changing curbs and sidewalks be charged to road and equipment accounts?

*Answer.* The cost of relocating and relaying curbs in connection with realignment of tracks, in order to make operations safer, shall be charged to the proper maintenance accounts in operating expenses. If new curbs have been constructed or new paving laid where none existed previously, the cost thereof shall be charged to the proper road and equipment accounts.

## CASE 262.

*Query.* When a station is built at a point where the right of way is wide enough to accommodate it, should the cost of the land upon which the station is built be credited to account No. 502, "Right of way," and debited to account No. 503, "Other land used in electric railway operations"?

When a station is built at a point where the right of way is wide enough to accommodate only a part of the station, and additional property is purchased, the width added to the right of way making it no wider than the right of way at other near-by points, should the additional property purchased be charged to account No. 503 or account No. 502?

*Answer.* If the company in purchasing a right of way does not purchase an additional width in the expectation of using the same for station or other purposes, the entire cost of the property shall be charged to account No. 502, "Right of way."

If the company purchases an additional width for the purpose of using it at once or in the future for purposes other than construction of roadbed, the value of this additional land shall be charged to account No. 503, "Other land used in electric railway operations."

## CASE 263.

*Query.* A company moved a special train at a guaranty of a specified lump sum. The total fares of the passengers on this train did not equal the guaranty, based on the local tariff, leaving a deficiency of \$15.20. To what account should the deficiency be credited when collected?

*Answer.* Both fares and deficiency shall be credited to account No. 103, "Parlor, sleeping, dining, and special car revenue."

## CASE 264.

*Query.* A company has been compelled by a State highway commission to move about 1,000 feet of its track from the side to the center of the road, and also to pave between the rails. To what accounts should be charged the cost of moving the track and of paving?

*Answer.* If no additions or betterments were made in connection with the transfer of the track from the side to the center of the road, the expense incurred in connection with this removal shall be charged to Operating Expenses.

If there was no paving between the rails as originally laid, and paving has been put in after the removal of the tracks to the center of the road, the cost of the paving, being additional, shall be charged to road and equipment account No. 511, "Paving." If, however, there was similar paving between the rails before the track was moved, the cost of paving in the center of the road shall be charged to operating expense account No. 10, "Paving."

## CASE 265.

*Query.* A company has expended a considerable sum in new construction which will not be completed until March 1. Is it necessary to distribute the amount expended to December 31 to the primary construction accounts, or may the balance be carried in suspense till the work is completed?

*Answer.* The expenditure to December 31 shall be distributed, if possible, to the appropriate road and equipment accounts and so reported in the annual report to the Commission for the year ending December 31. If it is impossible to properly distribute such expenditure, the amount thereof may be carried over the fiscal year and reported on the balance sheet under an appropriate title in account No. 420, "Other unadjusted debits."

## CASE 266.

*Query.* This company is taking up 40-pound rail which was laid about 10 years ago, and is about to lay 70-pound rail in its place. The cost of the old rail will be taken out of the road and equipment accounts, and the cost of the new rail charged thereto. What account should be charged with the cost of labor taking up the old rail?

*Answer.* The cost of labor expended in taking up old rail for the purpose of replacing same shall be charged to operating expense account No. 8, "Track and roadway labor." (See Case 359.)

## CASE 267.

*Query.* To what account should be charged interest on unpaid paving taxes or assessments, such taxes or assessments being made by the municipality to cover the cost of paving between tracks? Such assessment may be paid in full at the time the assessment is made, or may be paid in 10 or more annual installments with the interest on the unpaid balance at a fixed rate.

*Answer.* Interest on unpaid paving assessments levied by a municipality shall be charged to income account No. 221, "Interest on unfunded debt."

## CASE 268.

*Query.* This company has considerable expense in connection with fire drills at its various shops and carhouses, or on its ferryboats. To what accounts should such expenses be charged?

*Answer.* If the expenses incident to fire drills are of sufficient amount to warrant it, they shall be charged to operating expense account No. 24, "Buildings, fixtures, and grounds," if incurred at shops and carhouses; or to account No. 35, "Floating equipment," if on ferryboats. Although men are taken from other work to go through fire drills, in most cases this expense is small, and if the segregation of such expense would result in an undue refinement of accounting, there is no objection to including such expense in the accounts to which the men's wages ordinarily are charged.

## CASE 269.

*Query.* To what accounts should be charged the cost of fighting fires?

*Answer.* The distribution of the expense of fighting fires shall be determined by the nature of the property protected. If the expense is incurred for protection of the roadway, account No. 19, "Miscellaneous way expenses," shall be charged; if to protect electric lines, poles, and fixtures, the charge shall be to account No. 23, "Miscellaneous electric line expenses"; if to protect buildings other than power plants and substations, the charge shall be to account No. 24, "Buildings, fixtures, and grounds"; if to protect power plant and substation buildings, the charge shall be to account No. 46, "Power plant buildings, fixtures, and grounds."

## CASE 270.

*Query.* When rails are welded with an electric-arc welder, thus doing away with rail bonds, should any portion of the expense of welding be charged to account No. 22, "Distribution system," or should the entire expense, including both labor and material, be charged to account No. 507, "Rails, rail fastenings, and joints"?

*Answer.* The cost of welding rails with an electric-arc welder, thus doing away with existing rail bonds, shall be charged to Operating Expenses, the cost of material being charged to account No. 5, "Rail fastenings and joints," and the cost of labor to account No. 8, "Track and roadway labor."

If the welding is done in connection with new construction, the cost of material shall be charged to account No. 507, "Rails, rail fastenings, and joints," and the cost of labor to account No. 510, "Track and roadway labor."

## CASE 271.

*Query.* To what account should be charged the cost of filling the cups in rails, caused by bad joints? This work is done with an electric-arc welding machine. When the cup is not at the end of the rail, to what account should be charged the cost of filling it?

*Answer.* The cost of material used in filling cups in rails shall be charged to operating expense account No. 4, "Rails," and the cost of labor in connection therewith to account No. 8, "Track and roadway labor," whether the cup is at the end of the rail or not.

## CASE 272.

*Query.* To what account should be charged the cost of building up chipped or worn places or broken points in special work, this work being done with an electric-arc welding machine?

*Answer.* The cost of material used in building up chipped or worn places or broken points in special work shall be charged to operating expense account No. 6, "Special work," and the cost of labor in connection therewith to operating expense account No. 8, "Track and roadway labor."

## CASE 273.

*Query.* Company A repairs its own cars and also those belonging to Company B. Company A charges Company B with the actual cost of material and labor in making the repairs. It is desired to charge also to Company B a proper proportion of the storeroom expenses of Company A. How should this be treated in the accounts?

*Answer.* The carrier making the repairs (Company A) shall credit operating expense account No. 95, "Store expenses," and the company whose cars are repaired (Company B) shall debit the same account for the proportion of storeroom expense billed by the former against the latter company. Such items shall not be treated through the accounts "Other operations—Dr." or "Cr."

## CASE 274.

*Query.* What is meant by the term "other rail equipment" in operating expense account No. 98, "Rent of equipment"? Is it intended to cover equipment such as steam rollers and pile drivers?

*Answer.* The term "other rail equipment" as used in account No. 98 is intended to include regular rail equipment only. The rent of a steam roller, pile driver, or similar equipment used in maintenance work shall be charged directly to the work upon which such equipment is used.

## CASE 275.

*Query.* This company has recently converted several ordinary cars into pay-as-you-enter cars. To what account should be charged the royalty we pay to the patentees?

*Answer.* A royalty paid on the patent in connection with the conversion of an ordinary passenger car into a pay-as-you-enter car shall be charged to road and equipment account No. 530, "Passenger and combination cars."

## CASE 276.

*Query.* This company erects car-stop signs, which are sometimes hung on span wires or fastened on iron pipes especially erected for that purpose. To what account should this expense be charged?

*Answer.* The original cost of the car-stop signs and of the pipes for their support shall be charged to road and equipment account No. 516, "Crossings, fences, and signs." The cost of repairing the signs and pipes shall be charged to operating expense account No. 16, "Crossings, fences, and signs."

## CASE 277.

*Query.* This company has a rail grinder, which grinds down the uneven portions of the rail; it is propelled by electric power and runs upon the tracks. We also have a bonding machine, run by electric power, which is used to solder the bonds at the rail joints. Should the rail grinder and the bonding machine be considered as tools or as equipment?

*Answer.* If the rail grinder and bonding machine are permanently mounted on wheels or cars and move over the carrier's tracks, they shall be considered equipment; if not mounted, they shall be considered as tools.

## CASE 278.

*Query.* This company sells commutation coupon-ticket books which expire upon the last day of the month in which sold. Is it permissible to credit to "Passenger revenue" the revenue derived from the sale of these ticket books, or should a suspense account be opened and the credit made to passenger revenue as the coupons are honored?

*Answer.* It is permissible to credit to account No. 101, "Passenger revenue," as the sales are made, the proceeds from sales of monthly commutation ticket books which expire upon the last day of the month in which sold.

## CASE 279.

*Query.* What account should be charged with the cost of paving done in connection with the renewal of rails, fastenings, and joints?

*Answer.* The cost of taking up and replacing paving in connection with the renewal of rails, fastenings, and joints shall be charged to operating expense account No. 10, "Paving."

## CASE 280.

*Query.* To what account should be charged the premium paid on a judicial bond necessary in connection with the appeal of an injuries case?

*Answer.* To operating expense account No. 92, "Injuries and damages."

## CASE 281.

*Query.* To what account should be charged the cost of snow scrapers?

*Answer.* If the snow scrapers are mounted, forming units of service equipment, the original cost shall be charged to road and equipment account No. 532, "Service equipment." If, however, the snow scrapers are attachable to revenue cars, their cost shall be charged to road and equipment account No. 530,

"Passenger and combination cars"; No. 531, "Freight, express, and mail cars"; or No. 534, "Locomotives," as may be appropriate. If attachable to service cars the cost of the scrapers shall be charged to road and equipment account No. 532, "Service equipment."

## CASE 282.

*Query.* In purchasing a piece of right of way a railway company agreed to put in a road crossing at a certain point. Later, however, the company paid the former owner of the right of way a certain amount of cash in order to relieve the company from putting in the crossing. Should this latter amount be charged to account No. 502, "Right of way," or to No. 516, "Crossings, fences, and signs"?

*Answer.* The amount paid for the purpose of relieving the company of the necessity of putting in a road crossing shall be charged to account No. 502, "Right of way," for the reason that the price originally paid for the right of way was undoubtedly reduced because the railroad company had agreed to install a crossing.

## CASE 283.

*Query.* To what accounts should be charged amounts paid as rent of power plant units and transformers to be used in emergency cases?

*Answer.* To account No. 56, "Miscellaneous power plant supplies and expenses." (See Case 366.)

## CASE 284.

*Query.* A company purchased a portable substation mounted on wheels and equipped to be moved from point to point and to be connected with the high-voltage line in order to deliver current to the distribution system. To what accounts should be charged the cost of this substation and the cost of its maintenance?

*Answer.* The first cost of the substation shall be charged to account No. 543, "Substation equipment," and the cost of maintenance to account No. 48, "Substation equipment."

## CASE 285.

*Query.* An interurban line carries milk on equipment used solely in freight service and the rates are included in its freight tariff. The milk is never carried on passenger cars. To what account should be credited revenue derived from the above source?

*Answer.* Revenue received from the transportation of milk, whether on passenger or freight trains, shall be credited to account No. 106, "Milk revenue."

## CASE 286.

*Query.* To what account should be credited the value of unredeemed passenger tickets when written off annually?

*Answer.* To account No. 101, "Passenger revenue."

## CASE 287.

*Query.* To what account should be charged—

- (1) The cost of supplies for cleaning and washing cars?
- (2) The cost of rebonding rails?



(3) The cost of taking off storm sashes and putting guard rails on cars?

(4) The cost of painting and varnishing cars?

*Answer.* (1) To account No. 67, "Miscellaneous car-service expenses."

(2) To account No. 22, "Distribution system."

(3) (4) To account No. 30, "Passenger and combination cars"; account No. 31, "Freight, express, and mail cars"; or account No. 32, "Service equipment," as may be appropriate.

#### CASE 288.

*Query.* To what account should be charged the original cost of an automobile used by the chief engineer of a railway company who has charge of the power house and line department of the railway and of allied lighting companies?

*Answer.* The cost of the automobile shall be charged by the company which owns it to road and equipment account No. 538, "Miscellaneous equipment." If the automobile is owned by several companies the cost shall be apportioned to their respective property accounts upon an equitable basis.

#### CASE 289.

*Query.* A company has a power plant where it is necessary to load cinders by hand. The cinders are loaded on cars by the track department and hauled to points on the line where they are unloaded and used for grading and widening the roadbed. Should the entire expense be charged to maintenance of way and structures, or should some portion be charged to the operation of power plant?

*Answer.* The cost of removing cinders shall be charged to the operation of power plant. The cost of hauling and unloading the cinders used for maintenance purposes shall be charged to the appropriate accounts according to the use made thereof.

#### CASE 290.

*Query.* To what account should be charged the cost of superintending the maintenance of floating equipment?

*Answer.* To account No. 29, "Superintendence of equipment."

#### CASE 291.

*Query.* A company lays tiling between rails lengthwise with the track, for the purpose of draining the roadbed. To what accounts should be charged the cost of the tiling and the labor of laying same?

*Answer.* The original cost of tiling and labor laying same shall be included in road and equipment account No. 504, "Grading." If the charges are for maintenance, the amount paid for labor shall be charged to account No. 8, "Track and roadway labor," and the cost of material to account No. 9, "Miscellaneous track and roadway expenses."

#### CASE 292.

*Query.* To what account should be charged wages of track or section foremen engaged in maintenance work?

*Answer.* To account No. 8, "Track and roadway labor."

#### CASE 293.

*Query.* Please define the word "appliances" as used in account No. 32, "Service equipment."

*Answer.* The term "appliances" is intended to include all devices, except the electric motive equipment, which are attached to the car and not used separately therefrom. Devices shall be considered as "appliances" if they form a necessary part of the mechanism permanently affixed to the car.

## CASE 294.

*Query.* Should the cost of tools forming a necessary part of the mechanism permanently attached to a service car be charged to account No. 532, "Service equipment," or to account No. 3, "Miscellaneous track and roadway expenses"?

*Answer.* The original cost of tools or appliances (except electric motive equipment) permanently attached to a service car or forming a necessary part of the mechanism permanently attached to the car shall be charged to account No. 532, "Service equipment." The cost of maintenance shall be charged to account No. 32, "Service equipment."

## CASE 295.

*Query.* To what account should be charged the salaries and expenses of clerks employed to investigate and keep records of loss and damage and overcharge claims?

*Answer.* The pay and expenses of clerks other than agency employees, when engaged exclusively in recording, investigating, and adjusting loss, damage, and overcharge claims, shall be charged to account No. 84, "Salaries and expenses of general office clerks."

## CASE 296.

*Query.* This company has a car which cost \$5,000 and upon which depreciation amounting to \$1,500 has accrued. Because of an accident the car is unfit for service on the main line, but it has been repaired and is to be used on a small branch line. Is it necessary to make any adjustment in the road and equipment accounts; and may the reserve for accrued depreciation be charged with the repairs?

*Answer.* No adjustment shall be made in the road and equipment accounts until the car is permanently retired from service. In the present case, the cost of repairs shall be included in the appropriate repair accounts. If, however, additions or betterments (as defined in section 2, page 91, of the Uniform System of Accounts) are made during the process of reconstruction, the cost of the additions or betterments shall be included in the appropriate road and equipment accounts.

No charge shall be made against the reserve for accrued depreciation for repairs of equipment unless the equipment is converted from one class to another, in which case charge shall be made to balance-sheet account No. 443, "Accrued depreciation—Road and equipment," in accordance with instructions contained in section 6, page 92, of the Uniform System of Accounts for Electric Railways.

## CASE 297.

*Query.* A company owning property which extends some distance out into a river has driven piles along the boundary line as a retaining wall. Contractors doing excavating near by are paying for the privilege of dumping dirt upon this property. To what account should be credited such collections?

*Answer.* Assuming that the value of the land is not diminished, the amounts received from others for the privilege of dumping dirt upon it shall be credited to income account No. 212, "Miscellaneous income."

## CASE 298.

**Query.** A company is required by its mortgage to keep 300 of its bonds, or the proceeds thereof, in a fund which can be used only for the payment of the cost of new property acquired, or for additions, extensions, and permanent improvements. Under what balance-sheet account should be included the par value of the bonds or the proceeds thereof?

**Answer.** The par value of the bonds held in the company treasury, unsold, shall be included in balance-sheet account No. 421, "Securities issued or assumed—Unpledged." When the bonds are sold the proceeds, until used, should be included in balance-sheet account No. 408, "Special deposits."

## CASE 299.

**Query.** This company has an agreement with the city whereby it has a right to locate, maintain, and use tracks across a public bridge. For this privilege we pay the city a fixed amount annually. To what account should this item be charged?

To what account should be charged the cost of maintaining the tracks, poles, wires, etc., and the paving and planking on the bridge?

**Answer.** The amount paid annually to the city for the right to locate, maintain, and use tracks across the bridge shall be charged to income account No. 215, "Taxes assignable to railway operations."

The cost of maintaining and repairing the tracks, poles, wires, paving, and planking shall be charged to the same primary maintenance accounts as though the company owned the bridge.

## CASE 300.

**Query.** (1) A company operating a light plant as an auxiliary operation has, in connection with the light business, considerable expense which has no bearing whatever on the railway expenses. Is it permissible to charge directly to account No. 214, "Auxiliary operations—Expenses," the expenses which are incurred solely in connection with the light business?

(2) In one of the cities through which this company operates it furnishes power from a line used to operate the railroad. In addition, there is a further investment for poles and fixtures which are not used in the operation of the railway, but are used exclusively in the light business. Is it permissible to include the cost of the poles and fixtures used exclusively in the light business in balance-sheet account No. 404, "Miscellaneous physical property"?

**Answer.** (1) Expenses incurred solely in connection with the auxiliary operation, no proportion of which expenses is properly includible as a part of the cost of operating the railway, shall not be charged to the railway expense accounts. All expenses, however, in connection with the production or purchase of power used for both railway and light purposes shall be included in the appropriate primary accounts of the railway general account Power. The proportion of such power expenses assignable to the light department shall then be cleared from the railway expenses by crediting railway operating expense account No. 62, "Other operations—Cr.," and charging account No. 214, "Auxiliary operations—Expenses." If the expenses referred to are not those which enter into the cost of power production, they need not be included in the railway operating expenses.

(2) The cost of poles and fixtures used exclusively in the light business shall be included in the appropriate primary accounts of the road and equipment classification.

It has been found impracticable to make a complete and equitable separation of the investment in property used in the joint production of power as between the railway and light business. Therefore the cost of all equipment and structures, including property used exclusively in the light business, shall be charged to the appropriate road and equipment accounts.

There is no objection, however, to keeping the investment in poles and fixtures used exclusively in the light business separate from the investment in railway property, provided all charges thereto are classified in accordance with the primary accounts of the road and equipment classification. In compiling annual reports to this Commission the investment in the light property shall be merged with that for investment in the railroad property and the total reported. (*See Cases 28, 188, 198, 362.*)

#### CASE 301.

*Query.* A company in acquiring a right of way was compelled to purchase an orchard and now owns orchard lands on both sides of its right of way. The company has continued to cultivate the orchard. To what accounts should be charged the cost of the orchard and the cost of its cultivation?

*Answer.* The cost of the portion of the orchard acquired for right-of-way purposes shall be charged to account No. 502, "Right of way," and the remainder of the cost to account No. 404, "Miscellaneous physical property." The expenses incident to the care and cultivation of the orchard shall be charged to account No. 205, "Net income from miscellaneous physical property," or to account No. 219, "Net loss on miscellaneous physical property," as may be appropriate. (*See note, account No. 404.*)

#### CASE 302.

*Query.* Should account No. 95, "Store expenses," include the salaries of the purchasing agent and his staff as well as the cost of maintaining storeroom buildings?

*Answer.* The salary of the purchasing agent shall be charged to account No. 83, "Salaries and expenses of general officers." The salaries of the staff of the purchasing agent, if employed in the general office, shall be charged to account No. 84, "Salaries and expenses of general office clerks." The salaries of employees engaged in the storeroom shall be charged to account No. 95, "Store expenses." The cost of maintaining storeroom buildings shall be charged to operating expense account No. 24, "Buildings, fixtures, and grounds."

#### CASE 303.

*Query.* To what account should be charged depreciation on equipment the cost of which is included in road and equipment account No. 538, "Miscellaneous equipment"?

*Answer.* If depreciation has accrued on equipment the cost of which is included in account No. 538, "Miscellaneous equipment," it shall be included in account No. 40, "Depreciation of equipment," additional subaccounts being opened thereunder to cover the classes of equipment upon which depreciation has accrued.

#### CASE 304.

*Query.* Is it proper to charge to operating expense account No. 70, "Carhouse employees," the salaries and expenses of employees engaged in inspecting freight equipment out on the line, as well as of employees in the carhouses?

To what account should be charged the wages of inspectors superintending the movement of cars?

*Answer.* Account No. 70, "Carhouse employees," is intended to include the wages and expenses of inspectors of equipment, whether in the carhouses or on the road.

The wages of inspectors employed in superintending or facilitating the movement of cars and assisting in the superintendence of transportation generally shall be charged to account No. 63, "Superintendence of transportation." (See Case 386.)

#### CASE 305.

*Query.* To what account should be charged the salary and expenses of a car-service agent and his office clerks?

To what account should be charged the cost of icing refrigerator cars?

*Answer.* The salaries and expenses of a car-service agent and his clerks shall be charged to account No. 63, "Superintendence of transportation."

The cost of icing refrigerator cars shall be charged to account No. 67, "Miscellaneous car-service expenses."

#### CASE 306.

*Query.* To what accounts should conductors' and motormen's wages be charged when they are engaged in work other than revenue service?

To what account should their time be charged when deadheading cars from one carhouse to another for repairs?

*Answer.* If the conductors and motormen are engaged in construction or maintenance work, their wages shall be charged to the appropriate road and equipment or operating expense primary accounts, according to the purpose for which the equipment is being used.

The wages of conductors and motormen employed in deadheading cars from one carhouse to another for repairs shall be charged to the primary account to which the repairs of such cars are chargeable.

#### CASE 307.

*Query.* Prior to July 1, 1914, whenever an unusually heavy expenditure was incurred which was chargeable to a particular primary operating expense account the total amount of the item was charged to a suspense account and written off, in equitable monthly proportions, to the proper primary account, thus producing not only an even monthly showing in the general accounts but in the primary accounts as well. We are aware that the equalization accounts are provided for the purpose of equalizing the fluctuations in operating expenses, by general account totals, but desire to have the equalization results reflected in the primary accounts and desire permission to continue the use of the operating expense suspense account as indicated above. Will this method be permissible, providing the expenses are adjusted annually so that the actual expenses for the year will be included in operating expenses?

*Answer.* There is no objection to charging the operating expense primary accounts each month with an equitable monthly proportion of the total amount of authorized or approximated expenses for the year, regardless of the month in which the actual work is done. The suspense accounts, however, shall be adjusted at the end of the year, so that only the actual amount of operating expenses shall be included in the primary accounts.

#### CASE 308.

*Query.* To what account should a carrier credit the amount of interest which has been charged to construction? This company has no funded debt.

Are we permitted to charge to construction the interest on the company's working funds used for construction purposes?

*Answer.* Interest charged to construction shall be included in account No. 547, "Interest during construction," and corresponding credit shall be made to the account which was charged as such interest accrued. If no interest actually accrued or was paid, account No. 547 may include a reasonable charge for interest during the construction period on the carrier's own funds used temporarily, the corresponding credit being made to account No. 208, "Income from unfunded securities and accounts."

#### CASE 309.

*Query.* Is account No. 40, "Depreciation of equipment," intended to include any equipment other than that commonly termed "rolling stock"? Should it include equipment the cost of which is charged to account No. 538, "Miscellaneous equipment"?

*Answer.* Account No. 40, "Depreciation of equipment," is intended to include charges on equipment covered by road and equipment accounts Nos. 530 to 535, inclusive. Account No. 40 does not require charges for depreciation accrued on equipment included in account No. 538, "Miscellaneous equipment." Carriers desiring to charge depreciation accrued on shop equipment, furniture, or miscellaneous equipment covered by accounts Nos. 536 to 538, inclusive, may open additional subaccounts therefor under account No. 40.

#### CASE 310.

*Query.* A company has acquired by long-term lease an electric railway property. In connection with the text of account No. 40, "Depreciation of equipment," there is a doubt as to the valuation on which depreciation should be figured. Should the lessee company's rate of depreciation be based on the appraised or estimated value of the equipment when received, or on such value as of July 1, 1914, or on the original cost to the lessor company?

Is a lessee company required to provide a depreciation reserve covering the entire estimated life of the equipment leased from (1) the date of purchase or first use by the lessor, or from (2) the date on which the lessee acquired the equipment, or from (3) July 1, 1914?

*Answer.* The basis on which depreciation on equipment shall be charged is the original cost (estimated if not known), record value, or purchase price. If the equipment was appraised on July 1, 1914, or when received, the appraised value shall be used, provided the ledger value has been adjusted to such appraised value. In section 14, page 19, of the Uniform System of Accounts, the first paragraph provides that "depreciation charges with respect to property or equipment shall cease when the difference between the ledger value (estimated if not known) and the estimated scrap value shall have been credited to the depreciation reserve account."

The date from which a lessee company is required to provide a depreciation reserve on leased equipment will depend upon the terms of the lease. If the lessee company has agreed to be responsible for the complete maintenance of the equipment it will be necessary for such company to account for depreciation from the date the equipment is received by it. If such is the agreement and the lessee company has not accounted for depreciation prior to July 1, 1914, then the depreciation which is assignable to the period during which the equipment was held by the lessee prior to July 1, 1914, may be charged to Profit and Loss either immediately or when the equipment is retired or returned.

## CASE 311.

*Query.* A company is operating cars which it purchased about 10 years ago. Prior to July 1, 1914, no depreciation accrued on these cars. Are we required to account for depreciation during the remaining life of the car sufficient to provide for its retirement? In other words, must our charge to the depreciation account for the remaining years of the life of the car be sufficient to cover the entire depreciation which accrued from the date of purchase, which was prior to July 1, 1914?

*Answer.* It is intended that the operating expenses for each month, or each year, shall include sufficient reserve to provide for the current loss from depreciation accruing during that period. Therefore, beginning with July, 1914, each month's operating expenses shall be charged, under account No. 40, "Depreciation of equipment," with a monthly proportion of the estimated depreciation accruing during the year. It is not intended that the operating expenses of the period during which equipment is used subsequent to July 1, 1914, shall bear the entire depreciation on equipment which was in service prior to that date.

## CASE 312.

*Query.* Account No. 209, "Income from sinking fund and other reserves," provides that "this account shall include the income accrued on cash, securities (not issued or assumed by the accounting company), and other assets held in sinking and other reserve funds." To what account should be credited the income on securities issued or assumed by the accounting company?

*Answer.* Under the rules contained in accounts No. 220, "Interest on funded debt," and No. 310, "Dividend appropriations of surplus," it is provided that a company shall not include therein interest or dividends upon funded debt or stocks issued or assumed by the company and owned by it. Interest on funded debt and dividends on stocks may accrue or be paid only on securities not held by or for the accounting company.

If contractual requirements necessitate increasing the sinking fund annually by the amount of income which would have accrued on the company's own securities if they were not owned by the company, such amount may be charged to account No. 309, "Appropriations of surplus to sinking fund and other reserves," and credited to the appropriate reserve account. The equivalent of this sum may then be paid in cash into the reserve fund, in which case "Cash" shall be credited and account No. 402, representing the sinking fund assets, shall be correspondingly charged.

## CASE 313.

*Query.* This company purchased, according to the provision in one of its mortgages, \$8,000 (par value) of its bonds, for cash, at a premium of 1 per cent, amounting to \$80, plus accrued interest amounting to \$185.56.

- (1) To what account should be charged the premium of \$80?
- (2) To what account should be charged the interest amounting to \$185.56?
- (3) Should any adjustment be made for the face value, \$200, of the attached coupons next falling due, interest amounting to \$185.56 having accrued?

*Answer.* (1) The premium of \$80 shall be charged to account No. 317, "Miscellaneous debits," in accordance with the text of that account.

(2) The accrued interest of \$185.56 shall be charged to the account to which credit has been made for accrued interest.

(3) No adjustment as to the coupons is necessary, for the reason that it is not permissible for carriers to enter accruals of interest on bonds issued or assumed by them and reacquired.

CASE 314.

*Query.* Is it correct to charge to account No. 98, "Rent of equipment," demurrage paid on cars billed to our line on interline business?

If demurrage is paid on cars containing company coal, should such demurrage payments be included in the cost of the coal?

*Answer.* Demurrage paid on cars in interline revenue business shall be charged to account No. 98, "Rent of equipment."

Demurrage paid on cars containing company coal shall be charged to the coal supply account, thus entering into the cost of coal included in operating expenses.

CASE 315.

*Query.* Note B of account No. 40, "Depreciation of equipment," provides that depreciation assignable to the period prior to July 1, 1914, shall be charged to Profit and Loss. Is it the intention that the proportion of the actual loss from depreciation assignable to the period prior to July 1, 1914, shall be charged to Profit and Loss now, or shall it be charged thereto in the future, when the equipment is retired?

*Answer.* The charge to Profit and Loss for depreciation prior to July 1, 1914, may be made before or at the time of retirement of equipment. If the depreciation assignable to the period prior to July 1, 1914, is charged off before the equipment is retired, the credit shall be made to account No. 443, "Accrued depreciation—Road and equipment." If the depreciation assignable to the period prior to July 1, 1914, is not charged off until the equipment is retired, it shall be accounted for in accordance with the instructions contained in the last paragraph of section 14, page 19, of the Uniform System of Accounts.

CASE 316.

*Query.* Is it permissible to make a rental charge against a light department conducted by an electric railway for the use of poles and lines used jointly for both railway and light purposes?

*Answer.* No. It is proper, however, to charge the light department with an equitable proportion of the cost of maintaining poles and lines used jointly by the railway and light departments. Such joint expenses shall be first charged to the railway operating expense accounts, and the proportion assignable to the light department shall be cleared from the railway operating expenses by charging the light department and crediting account No. 27 or No. 62, "Other operations—Cr.," as may be appropriate.

CASE 317.

*Query.* This company has purchased an auto truck, which will be used for carrying newspapers and, by electricians, for repairing overhead wires. The company will receive \$10 a day for transporting the newspapers. To what account should be charged the cost of the truck, and to what account should be credited the revenue received for transporting the newspapers?

*Answer.* The cost of the auto truck shall be charged to road and equipment account No. 538, "Miscellaneous equipment." The amount received for transporting newspapers shall be credited to operating revenue account No. 109, "Miscellaneous transportation revenue."



## CASE 318.

*Query.* What account should be charged with expenses incurred because of a strike of motormen and conductors?

*Answer.* There is no special account in which to include strike expenses. The wages of employees taking the place of strikers shall be charged to the same accounts to which would have been charged the wages of the employees on strike. The same disposition shall be made of overtime of such employees.

Any unusual transportation expenses (not wages or overtime), such as police protection, shall be charged to account No. 78, "Other transportation expenses."

Any general expenses incurred directly in connection with the strike and not provided for in the primary accounts preceding general account General and Miscellaneous shall be charged to account No. 89, "Miscellaneous general expenses."

## CASE 319.

*Query.* To what account should be charged amounts paid to individuals for the privilege of cutting down trees at dangerous curves? These trees obstructed the view of the motormen.

*Answer.* Payments for the privilege of cutting down the trees shall be charged to account No. 502, "Right of way." The cost of labor trimming trees or cutting bushes standing close to right of way shall be charged to operating expense account No. 8, "Track and roadway labor." The cost of tools used in connection therewith shall be charged to account No. 9, "Miscellaneous track and roadway expenses."

## CASE 320.

*Query.* A railway company is compelled by municipal ordinance to lower the track along a public street in order to make it agree with the official grade. To what account should this expenditure be charged?

*Answer.* The cost of lowering a track along a public street, such change being required by the municipality, shall be charged to road and equipment account No. 504, "Grading."

## CASE 321.

*Query.* It has been the practice of this company since its organization to carry as a liability the total amount of unredeemed tickets, the balance being carried forward from year to year, no adjustment being made to reduce the amount outstanding. The balance of unredeemed tickets to-day includes an amount of approximately \$34,000, which we believe will never be presented for redemption. This amount has been arrived at after making allowance for the amount of tickets sold during the last three years and unredeemed. Will it be permissible to adjust this unredeemed ticket account by crediting Profit and Loss with \$34,000, which represents accumulations of unredeemed ticket balances during the period from 1862 to 1910? And may we hereafter make a credit to Profit and Loss representing a yearly adjustment of this unredeemed ticket balance?

*Answer.* For the reason that the item of \$34,000 represents accruals over a period of years it is permissible to credit this sum to profit and loss account No. 306, "Miscellaneous credits." Future annual adjustments, however, shall be credited to operating revenue account No. 101, "Passenger revenue."

## CASE 322.

*Query.* This company, in 1907, sold \$300,000 (par value) of bonds at a discount of \$16,000. These bonds will mature in 1916, nine years after the date of sale. Is it correct to charge income account No. 222, "Amortization of discount

on funded debt," annually with one-ninth of the total discount of \$16,000, beginning with the fiscal year ending June 30, 1915? As the bonds mature on June 30, 1916, there will have been amortized on that date but two-ninths of the total discount of \$16,000, or \$3,555.55. How shall the remainder of the discount, \$12,444.45, be extinguished?

*Answer.* As the bonds were sold prior to the effective date of the Classification of Expenditures for Road and Equipment, First Issue, effective January 1, 1909, it will not be necessary at this time to adjust the road and equipment accounts (assuming that all the discount was charged to road and equipment accounts) by charging such discount to income or profit and loss accounts, unless the carrier desires to make such adjustment. If it is desired to exclude the entire amount of discount from the property investment account, the income accounts for the fiscal years ending June 30, 1915 and 1916, may be charged with their respective proportions (\$1,777.78), and the remainder (\$12,444.44) may be charged to profit and loss account No. 313, "Debt discount extinguished through surplus."

#### CASE 323.

*Query.* To what account should be charged an amount refunded to a shipper in connection with an overcharge due to an error by one of our agents in misrouting?

*Answer.* The amount of the overcharge shall be charged to account No. 107, "Freight revenue."

#### CASE 324.

*Query.* A company acquired, through a receiver's sale, another railway property and assumed all of the outstanding obligations, which were promptly paid. Subsequently there was presented a claim for an attorney's fees for services rendered to the receiver. To what account should this fee be charged?

*Answer.* If the attorney's fee is an expense which your company properly is bound to assume as purchaser, the amount of the fee shall be charged to road and equipment account No. 527, "Cost of road purchased."

#### CASE 325.

*Query.* To what account should be charged the cost of driving a well to furnish water to condensers?

*Answer.* To account No. 539, "Power plant buildings," in the classification for road and equipment.

#### CASE 326.

*Query.* To what account should be charged the cost of keys for switch locks?

*Answer.* To operating expense account No. 67, "Miscellaneous car-service expenses."

#### CASE 327.

*Query.* To what account should an electric railway charge payments made to another company as a proportion of receipts from passengers carried over a viaduct owned by the other company, the tracks being owned and maintained by the railway company?

*Answer.* To operating expense account No. 97, "Rent of tracks and facilities." (See Case 20.)

## CASE 328.

*Query.* An electric railway company carries some cans of milk on a branch line over which there is no express service, turning them over to a local express company under contract for handling on the main line. To what account should be credited the receipts for the transportation over the branch line, the payments for the transportation over the main line being made by the express company and credited to "Express revenue"?

*Answer.* Assuming that the transportation of milk on the branch line is conducted by an arrangement with the express company, credit shall be made to operating revenue account No. 105, "Express revenue."

## CASE 329.

*Query.* To what account should be charged the cost of lightning arresters?

*Answer.* The cost of lightning arresters shall be charged to operating expense account No. 22, "Distribution system"; No. 33, "Electric equipment of cars"; No. 34, "Locomotives"; No. 47, "Power plant equipment"; No. 48, "Substation equipment"; or No. 49, "Transmission system," according to the location or purpose of the installation.

## CASE 330.

*Query.* To what account should an electric railway company credit amounts received from the subleasing of a portion of a building leased by it for use in operation?

*Answer.* The amounts received shall be credited to operating revenue account No. 117, "Rent of buildings and other property."

## CASE 331.

*Query.* To what account should be credited amounts received from an express company as extra compensation for the services of trainmen in handling express matter?

*Answer.* To the operating expense account to which the trainmen's pay is charged.

## CASE 332.

*Query.* To what accounts should be credited amounts received from other lines for their proportions of wages and expenses at joint stations.

*Answer.* To the accounts to which the wages and expenses are first charged.

## CASE 333.

*Query.* How should a lessee company account for the interest paid on the bonds of a lessor company in accordance with the terms of the rental agreement between them?

*Answer.* The amounts so paid shall be included in the lessee's income account No. 216, "Rent for leased roads," and correspondingly included in the lessor's account No. 203, "Income from lease of road."

## CASE 334.

*Query.* To what account should be charged the cost of tools and brushes purchased for the use of carpenters and painters employed generally in the maintenance of way and structures on an interurban railway?

*Answer.* The cost shall be apportioned between account No. 19, "Miscellaneous way expenses," and account No. 24, "Buildings, fixtures, and grounds."

**CASE 335.**

*Query.* Sanitary drinking-cup vending machines are installed under a perpetual lease agreement by the terms of which the machines are to be returned to the manufacturer whenever the use of the cups is discontinued. The cups are placed in the vending machines and distributed in stations and cars by means of penny slot.

(1) To what account should be charged the machines and cups when purchased?

(2) To what account should be credited the revenue received from the cup machines?

*Answer.* (1) The cost of the vending machines shall be charged to account No. 537, "Furniture," or to account No. 530, "Passenger and combination cars," according to whether they are installed in stations or in cars. The cost of the cups shall be charged to account No. 67, "Miscellaneous car-service expenses," or to account No. 69, "Station expenses," according to where the cups are installed.

(2) The revenue from the sale of the drinking cups shall be credited to account No. 110, "Station and car privileges."

**CASE 336.**

*Query.* Curbing is placed between a reservation in the center of the street for the use of cars and that portion of the street used by teams. The curbs are for the purpose of keeping street traffic from the tracks. To what account should be charged the curbing along the side of the neutral strip not owned by the company?

*Answer.* The original cost of curbing between the space reserved for tracks in a public way and that used by other vehicles shall be charged to road and equipment account No. 516, "Crossings, fences, and signs," and the cost of maintenance shall be charged to operating expense account No. 16, "Crossings, fences, and signs."

**CASE 337.**

*Query.* A railway company has installed interior telephones connecting its general offices, all of which are located in a leased building. To what account should be charged the cost of these interior telephones?

*Answer.* Interior telephones having the character of movable apparatus shall be charged to account No. 537, "Furniture." When interior systems are leased for use in general offices the rent shall be charged to account No. 89, "Miscellaneous general expenses."

**CASE 338.**

*Query.* A company operating an interurban electric railway system, and also an electric power and light system serving communities on or adjacent to its interurban lines, agreed to furnish electric current for lighting a certain church, a school, and residences as compensation for use of private property for right-of-way purposes for one of its interurban lines. To what account in the Uniform System of Accounts for Electric Railways should be charged the cost of the electric current?

*Answer.* The cost of furnishing electric current in exchange for the use of private property for right-of-way purposes shall be charged to income account No. 217, "Miscellaneous rents." (See Cases 20 and 33.)

## CASE 339.

*Query.* An interurban railway company, not engaged in a general freight business, moves steam railroad freight cars from one point to another, on two of its lines. The steam railroad freight cars are moved by being coupled to a work or service car. To what accounts should be credited the revenue derived from performing this service and to what accounts should be charged the cost thereof?

*Answer.* If the moving of the steam railroad freight cars is clearly but a switching service and is charged for at a rate per car, the credit shall be to account No. 108, "Switching revenue." Expenses in connection with the rendering of this service shall be charged to the appropriate operating expense accounts.

## CASE 340.

*Query.* In what account in the general balance sheet should be included advances to a subsidiary corporation formed for the purpose of holding title to property not used for railroad purposes? The advances are for the purpose of enabling the subsidiary company to acquire real estate.

*Answer.* To account No. 405, "Investments in affiliated companies."

## CASE 341.

*Query.* To what account should be charged the cost of painting switch targets mounted on and attached to switch stands? Also, to what account should be charged the cost of new switch targets purchased for switch stands on new installations?

*Answer.* The cost of labor painting switch targets mounted on and attached to switch stands shall be charged to operating expense account No. 8, "Track and roadway labor," and the material so used shall be charged to account No. 6, "Special work." The cost of original installations of switch targets mounted on and attached to switch stands shall be charged to road and equipment account No. 508, "Special work."

## CASE 342.

*Query.* To what account should be charged amounts paid telegraph companies for fire alarm service?

*Answer.* To operating expense account No. 24, "Buildings, fixtures, and grounds," or No. 46, "Power plant buildings, fixtures, and grounds," as may be appropriate.

## CASE 343.

*Query.* To what account should be charged the cost of maps and drawings prepared by draftsmen in the maintenance of way and structures department and used in connection with personal injury claims and suits growing out of operation of passenger cars?

*Answer.* Wages and materials for such work shall be charged to operating expense account No. 92, "Injuries and damages."

## CASE 344.

*Query.* (1) Should the wages of trainmen operating work trains engaged in maintenance be charged to account No. 66, "Miscellaneous car-service employees," or charged directly to the maintenance accounts affected?

(2) Should the cost of power used by work trains also be charged to maintenance accounts?

*Answer.* (1) The wages of trainmen operating work trains engaged in maintenance shall be charged to the maintenance accounts benefited.

(2) The cost of power used by work trains may be included in the appropriate operating expense accounts as a part of the cost of maintenance. The corresponding credit for such charges to maintenance accounts shall be made to account No. 61, "Power transferred—Credit." (*See text of account No. 61.*)

## CASE 345.

*Query.* To what account should be charged the cost of uniforms given to trainmen who attain a perfect record, according to rules laid down by the company, in the prevention of accidents?

*Answer.* To account No. 89, "Miscellaneous general expenses."

## CASE 346.

*Query.* To what account should be charged an amount paid annually to a water company for installation of a connection with a fire-protection system in the company's car barns? The fact of having this connection reduces the insurance premium.

*Answer.* To account No. 24, "Buildings, fixtures, and grounds."

## CASE 347.

*Query.* An electric railway at present in operation does its own construction work. Is it permissible to charge a percentage on all material and labor used on such construction to cover contractors' profits?

*Answer.* It is not permissible to charge the construction accounts with a percentage or amount representing contractors' profits, if by the term "contractors' profits" is meant the equivalent of a clear profit over and above the actual cost of construction. The road and equipment classification requires that all charges to property accounts "shall be based upon the actual cost of the property," and, therefore, an arbitrary charge to construction, representing contractors' profits on work being done by the company itself, is clearly contrary to the Commission's accounting rules.

## CASE 348.

*Query.* To what account should be charged an attorney's fee in connection with a suit to annul an electric-light franchise?

*Answer.* To operating expense account No. 86, "Law expenses," unless the lighting business is accounted for as an auxiliary operation, in which case the expense shall be charged to income account No. 214, "Auxiliary operations—Expenses." (*See Case 362.*)

## CASE 349.

*Query.* A company was required under the terms of its franchise to do extensive grading in connection with the initial construction of tracks. No distinction was made as between the amount of grading which would have been

necessary to construct an electric road and the amount of grading done in excess thereof in order to comply with the city's requirements. Will it be proper to charge the entire cost of such grading to road and equipment account No. 504, "Grading"?

*Answer.* The entire cost of grading a street in connection with the initial construction of the track shall be included in road and equipment account No. 504, "Grading." (See Case 162.)

CASE 350.

*Query.* To what account should be charged the cost of installing catch basins at the side of a city street for the purpose of carrying off surface water?

*Answer.* To road and equipment account No. 502, "Right of way." (See Cases 42 and 361.)

CASE 351.

*Query.* A company owning certain ocean-front lots, the cost of which is included in road and equipment account No. 503, has found it necessary to construct a sea wall to prevent the land from being washed away. To what account should the cost of the wall be charged?

*Answer.* To account No. 503, "Other land used in electric railway operations."

CASE 352.

*Query.* To what account should be charged an assessment against a street railway company for its share of the cost of elimination of a grade crossing, resulting from the elevation of a steam road crossing over that of the electric railway?

*Answer.* To road and equipment account No. 516, "Crossings, fences, and signs."

CASE 353.

*Query.* To what account should be charged an electric railway's proportion of the cost of building a city street over the electric railway's right of way?

*Answer.* To road and equipment account No. 516, "Crossings, fences, and signs."

CASE 354.

*Query.* Occasionally a company sells material from stores and a small percentage is added to cover the expense of handling, etc. To what account should the added percentage be credited?

*Answer.* As the added percentage represents principally cost of handling, it shall be credited to operating expense account No. 95, "Store expenses." (See Case 6.)

CASE 355.

*Query.* Under the terms of a mortgage a company is required to keep the proceeds of certain bonds in a fund to be used only in payment for newly acquired property. Under what balance-sheet account should the amount of this fund be entered?

*Answer.* If such funds are held by trustees or have been specially deposited, the amount thereof shall be included in balance-sheet account No. 408, "Special deposits."

CASE 356.

*Query.* A number of years ago a company sold bonds at par. These bonds are now due and refunding mortgage bonds, due 25 years hence, are being

issued at 90. Is it permissible to amortize the 10 per cent discount on the refunding mortgage bonds throughout the 25 years?

*Answer.* The 10 per cent discount on the refunding mortgage bonds shall be amortized over the life of such bonds by uniform monthly charges to income account No. 222, "Amortization of discount on funded debt."

CASE 357.

*Query.* In what balance-sheet account should be included interest paid in advance on notes payable?

*Answer.* In account No. 420, "Other unadjusted debits."

CASE 358.

*Query.* (1) To what account should be charged the cost of labor for changing advertising cards in cars?

(2) To what account should be credited the revenue received for the privilege of placing these cards in cars?

*Answer.* (1) To operating expense account No. 78, "Other transportation expenses," unless the employees performing such work are also engaged in other duties, and the amount involved in connection with changing or caring for the cards is small and not readily ascertainable, in which case there is no objection to including such expense in the account to which such employees' wages are ordinarily charged.

(2) To operating revenue account No. 110, "Station and car privileges."

CASE 359.

*Query.* (1) To what account should be charged the cost of labor removing ballast, ties, rails, rail fastenings and joints, and special work in connection with the renewal of such material?

(2) To what account should be charged the cost of labor removing foundations for elevated structures, bridges, trestles, and culverts, general office buildings, shops, and carhouses in connection with renewals?

*Answer.* (1) To operating expense account No. 8, "Track and roadway labor."

(2) To the operating expense accounts to which are chargeable the cost of repairs of the structures. (See Case 266.)

CASE 360.

*Query.* To what account should be charged commissions allowed trustees, acting under a sinking-fund provision of a mortgage, for redeeming bonds?

*Answer.* To income account No. 225, "Miscellaneous debits."

CASE 361.

*Query.* To what account should be charged the cost of track drips installed for draining tracks? These drips are installed without regard to street intersections or crossings, depending entirely on the condition of the soil.

*Answer.* The original cost of such drips, whether installed with new construction or subsequent thereto, shall be charged to road and equipment account No. 504, "Grading."

The cost of labor repairing or renewing track drips shall be charged to operating expense account No. 8, "Track and roadway labor." Material used in connection therewith shall be charged to account No. 9, "Miscellaneous track and roadway expenses." (See Case 350.)



## CASE 362.

*Query.* To what account should be charged expenses in connection with handling electric light and power accounts, including cost of meter reading, billing, and collecting by clerks connected with the general office?

*Answer.* If the light and power business is not accounted for as an auxiliary operation, the expenses in connection with the handling of the electric light and power accounts shall be included in the appropriate general expense accounts for the railway business. Expenses in connection with the reading of meters and the billing and collecting of light and power bills shall be charged to operating expense account No. 84, "Salaries and expenses of general office clerks."

If the light and power business is accounted for as an auxiliary operation, the expenses in connection with the handling of electric light and power accounts, including meter reading, billing, and collecting, shall be charged to account No. 214, "Auxiliary operations—Expenses," and if any of such expenses are included in the railway operating expense accounts they should be cleared therefrom by crediting operating expense account No. 100, "Other operations—Cr.," and charging account No. 214. (*See paragraphs 2 and 3 on page 17 of the Uniform System of Accounts for Electric Railways and Cases 28, 188, 198, 243, 300, and 348.*)

## CASE 363.

*Query.* To what account should be charged amounts paid for alleged damage to water and gas pipes by electrolysis?

*Answer.* To operating expense account No. 92, "Injuries and damages."

## CASE 364.

*Query.* To what account should be charged the cost of handling patterns which are kept in the custody of the stores department?

*Answer.* To operating expense account No. 95, "Store expenses."

## CASE 365.

*Query.* Stoves have been installed in a company's cars for the purpose of heating by the hot-water system. To what accounts should be charged the cost of installing the stoves and piping, and repairs thereto?

*Answer.* The original cost of the stoves and piping shall be charged to road and equipment account No. 530, "Passenger and combination cars," or No. 531, "Freight, express, and mail cars," as may be appropriate.

The cost of repairs shall be charged to operating expense account No. 30, "Passenger and combination cars," or No. 31, "Freight, express, and mail cars," as may be appropriate.

The cost of fuel shall be charged to operating expense account No. 67, "Miscellaneous car-service expenses."

## CASE 366.

*Query.* To what account should be charged the rent paid by a company for a power-plant building, power-plant equipment, and transmission lines? The lessee company has the exclusive use and maintains and operates the property leased. The amount of rent paid represents interest on investment only.

*Answer.* To income account No. 217, "Miscellaneous rents." (*See Case 283.*)

## CASE 367.

*Query.* To what account should be charged the cost of teaming materials, and cost of tools, used in construction?

*Answer.* The cost of hauling track material by team for construction purposes should be charged as follows:

To account No. 504, "Grading," if the cost of material is chargeable thereto; and to account No. 505, "Ballast," if the cost of the material is chargeable thereto (the cost of final distribution of ballast shall be charged to account No. 510, "Track and roadway labor"). The cost of teaming ties, rails, rail fastenings, special work, and material for underground construction, from storerooms or supply yards in final distribution, shall be charged to account No. 510, "Track and roadway labor." (See Case 377.)

The cost of tools purchased for use in construction shall be charged to the same primary account as the cost of work on which they are used. If, however, the tools are used generally, making it impracticable to distribute the cost to the several accounts affected, it may be charged to account No. 529, "Other expenditures—Way and structures." (See third paragraph of section 3 and section 10 of the general instructions on pages 92 and 93 of the Uniform System of Accounts for Electric Railways and Cases 76 and 137.)

#### CASE 368.

*Query.* An electric railway crosses a steam railroad at grade and shares in the expense of maintaining the crossing. To what account should be charged the electric railway's proportion of the cost of maintaining this crossing?

*Answer.* The electric railway company's proportion of the cost of labor and material shall be charged to the same accounts as if the electric railway did the work itself; for example, if the material used is chargeable to accounts Nos. 2 to 7, inclusive, the cost of labor shall be charged to account No. 8, "Track and roadway labor." If repairs are made to signals or interlocking apparatus, the labor and material shall be charged to account No. 17, "Signal and interlocking apparatus."

#### CASE 369.

*Query.* A company built an extension to its line, and property owners served by the extension agreed to pay \$25,000 toward the cost thereof. How should this contribution be accounted for?

*Answer.* The amount donated by the property owners shall be credited to profit and loss account No. 305, "Donations." The cost of constructing the extension shall be included in the appropriate road and equipment accounts. (See the second paragraph of the text and the note of account No. 305, "Donations.")

#### CASE 370.

*Query.* In connection with the reconstruction of a track over which operations are being conducted at the same time, it is necessary to have flagmen and watchmen, stationed at the place where the work is being done, to regulate the operation of cars and direct passengers. To what account should the wages of such employees be charged?

*Answer.* To account No. 66, "Miscellaneous car-service employees."

#### CASE 371.

*Query.* Is it permissible to credit operating revenue accounts with amounts representing the cost of transporting men engaged, and materials used, in the operations of a company?

*Answer.* The rules contained in the Uniform System of Accounts do not permit charging operating expenses and concurrently crediting operating revenues

with amounts representing the cost of transporting men engaged in and material to be used for maintenance and operation.

Charges made to construction accounts for the actual cost (or an estimate thereof) of transporting men and material for construction purposes shall be credited to operating expense general account VII, "Transportation for investment—Cr.," if the cost of such transportation was charged in the original distribution to operating expenses. (See Cases 60 and 114.)

#### CASE 372.

*Query.* To what account should be charged the amount of a premium paid on a bond given the United States Government in order to qualify a carrier to transport merchandise in bond?

*Answer.* To operating expense account No. 89, "Miscellaneous general expenses."

#### CASE 373.

*Query.* To what accounts should be charged rent and taxes on land leased for freight-house purposes?

*Answer.* The rent shall be charged to income account No. 217, "Miscellaneous rents," and the taxes to income account No. 215, "Taxes assignable to railway operations."

#### CASE 374.

*Query.* To what account should be charged amounts paid for the privilege of erecting poles to support distribution and transmission lines?

*Answer.* To account No. 23, "Miscellaneous electric line expenses," or No. 49, "Transmission system," as may be appropriate. (See Case 20.)

#### CASE 375.

*Query.* Should the cost of all purchased power be charged to operating expense account No. 59, "Power purchased," or may the amount of power used by a work train be charged directly to the appropriate maintenance accounts?

*Answer.* The cost of all power purchased shall be charged to account No. 59, "Power purchased," as required by the text thereof. In this connection see the text of account No. 61, "Power transferred—Credit." (See Cases 140 and 165.)

#### CASE 376.

*Query.* A portion of a company's track was laid upon a street which was later regraded by the municipality for the purpose of eliminating hills. The cost of regrading that portion of the street lying under the tracks was assessed against the company. To what account should be charged the amount of this assessment?

*Answer.* To road and equipment account No. 504, "Grading."

#### CASE 377.

*Query.* What is meant by the term "except final distribution" as found in road and equipment accounts Nos. 505, "Ballast"; 506, "Ties"; 507, "Rails, rail fastenings, and joints"; 508, "Special work"; and 509, "Underground construction"?

*Answer.* By this term is meant expenses incident to the distribution of ballast, ties, rails, rail fastenings and joints, special work, and materials used in under-

ground construction from the storehouse or delivery point to the place where such material enters into construction. (See Cases 114 and 367.)

#### CASE 378.

*Query.* What is meant by the term "cost of transporting," as used in operating expense general account VII, "Transportation for investment—Cr."? Is this term intended to include items of taxes, interest, or return upon investment?

*Answer.* By this term is meant such expenses as have been, for practical reasons, temporarily charged to operating expense accounts, but which are properly includible as a part of the cost of construction. No credit shall be made to this account for such items as taxes, interest, or return upon investment, as these are not included in operating expenses. (See Case 59.)

#### CASE 379.

*Query.* Is it proper to distribute the pay of officials in charge of the engineering and track-maintenance departments, who devote part of their time to construction, upon the basis of charges to construction and operating expenses?

If clerks in an executive office give substantially all of their time to the preparation of work orders and authorizations for construction expenditures, should their salaries and expenses be charged to road and equipment accounts?

*Answer.* If all or a substantial proportion of the time of officers in charge of the engineering or track-maintenance departments and of clerks employed in executive offices is devoted to construction work, it is proper to include in the construction accounts an equitable proportion of their salaries, such proportion being based upon the amount of time devoted to construction work. (See paragraph 11 of the general instructions contained on page 93 of the Uniform System of Accounts for Electric Railways.)

#### CASE 380.

*Query.* To what account should be charged the cost of an electric track switch installed in connection with new track?

*Answer.* To road and equipment account No. 508, "Special work."

#### CASE 381.

*Query.* A railway company has purchased a gravel pit in order to secure gravel for ballast.

(1) To what account should be charged the cost of the land purchased for gravel purposes?

(2) To what account should be charged the wages of employees engaged in excavating and transporting gravel?

(3) To what account should be credited the proceeds of incidental sales of gravel?

*Answer.* When the company does not use a clearing account as provided in Note A of operating expense account No. 2, "Ballast," or road and equipment account No. 505, "Ballast," the accounting shall be as follows:

(1) The cost of land bought for gravel purposes shall be charged to road and equipment account No. 503, "Other land used in electric railway operations." Any reduction in the value of the property due to the removal of gravel shall be credited to account No. 503 and included in the cost of the ballast.

(2) The wages of employees excavating and transporting gravel for company use shall be charged to operating expense account No. 2, "Ballast," or road and equipment account No. 505, "Ballast," as may be appropriate.

(3) If the railway company excavates the ballast, the proceeds of such incidental sales shall be credited to account No. 119, "Miscellaneous." If the vendee excavates the ballast, the profit (over and above the cost to the carrier of the gravel excavated) realized from the sale shall be credited to income account No. 212, "Miscellaneous income." (See Case 98.)

## CASE 382.

*Query.* To what account should be charged payments for loss and damage to clothing and other personal apparel not carried as baggage?

*Answer.* To account No. 92, "Injuries and damages."

## CASE 383.

*Query.* In relocating its line an electric railway purchased a piece of unimproved city property abutting on a street which is to be paved. None of the paving will be laid on the land used for right of way. To what account should the paving assessment be charged?

To what account should be charged the initial cost of paving a street adjacent to lots used for Y-track purposes?

*Answer.* The amount of the assessment and the initial cost of such paving shall in each case be included in the same account as the cost of the abutting property.

## CASE 384.

*Query.* To what account should be charged amounts paid in settlement of injury and damage claims for accidents occurring in an amusement park when operated (1) for the purpose of attracting traffic, or (2) as an auxiliary operation? (3) To what account should be charged insurance premiums on structures and buildings located in a park operated for the purpose of attracting traffic?

*Answer.* (1) To account No. 81, "Parks, resorts, and attractions." (2) To account No. 214, "Auxiliary operations—Expenses." (3) To account No. 81, "Parks, resorts, and attractions."

## CASE 385.

*Query.* A railway company has deposited a number of its bonds with a trust company as collateral for short-term trust notes. How should the deposited bonds be accounted for?

*Answer.* The par value of the deposited bonds shall be credited to balance sheet account No. 427, "Funded debt unmatured," and correspondingly charged to account No. 422, "Securities issued or assumed—Pledged," unless the bonds had previously been issued and are held in the company's treasury, in which case account No. 421, "Securities issued or assumed—Unpledged," shall be credited and account No. 422 debited with their par value. In reporting these bonds in the annual report to the Interstate Commerce Commission the par value thereof shall be deducted, in the short column, from the total book liability and, likewise, reported in the short column on the asset side of the balance sheet (in account No. 422).

## CASE 386.

*Query.* To what account should be charged the wages of freight-car inspectors, whose duty it is to pass on freight equipment received in interchange with foreign lines under Master Car Builders' Association rules and to inspect air brakes and trucks of freight cars before such cars leave terminals?

*Answer.* The wages of such inspectors shall be charged to operating expense account No. 70, "Carhouse employees," as provided in Case 304, unless the primary purpose of the inspection is to ascertain needed repairs, in which case account No. 31, "Freight, express, and mail cars," shall be charged.

CASE 387.

*Query.* A company is required by a municipality to move its poles from the center to the side of the street. To what account should the cost of removing the poles be charged?

*Answer.* If no additions and betterments were made in connection with the transfer of the poles, the expense of their removal shall be charged to operating expense account No. 20, "Poles and fixtures." (See Case 264.)

CASE 388.

*Query.* Does the term "regular rail equipment," contained in Case 274, include cars in commercial service only, or does it include steam shovels, unloaders, track pile drivers, and other service equipment?

*Answer.* The term as used in Case 274 is intended to include all equipment permanently mounted on trucks and moving over the company's tracks.

CASE 389.

*Query.* A company maintains and operates an interurban union station solely for the benefit of several tenant companies. All of the expenses of the station company are borne by the tenant companies upon the basis of ticket sales, freight tonnage, and baggage handled. To what account should the tenant companies charge their proportion of these expenses? No other rental is paid by the tenant companies.

*Answer.* The proportion of the cost of operating the union station, borne by the tenant companies, shall be charged to operating expense account No. 97, "Rent of tracks and facilities."

CASE 390.

*Query.* To what account should be charged the cost of installing "first aid" packages in cars and shops?

*Answer.* The cost of installing "first aid" chests or cabinets which are of a permanent nature shall be charged to the appropriate road and equipment account, according to the class of equipment or structure. If, for instance, the chests or cabinets are installed in passenger cars, the cost shall be charged to road and equipment account No. 530, "Passenger and combination cars," and if in shops, to account No. 523, "Shops and carhouses." The cost of the contents of such chests and cabinets, such as bandages, drugs, and other supplies, when purchased to replace similar supplies consumed in operation, shall be charged to operating expense account No. 92, "Injuries and damages."

CASE 391.

*Query.* To what account should be charged the cost of maintaining passimeter turnstiles located at elevated and subway stations?

*Answer.* To operating expense account No. 24, "Buildings, fixtures, and grounds."

## CASE 392.

*Query.* To what account should be credited amounts collected from connecting carriers for hauling freight cars at a flat rate per car?

*Answer.* To operating revenue account No. 107, "Freight revenue," or No. 108, "Switching revenue," as may be appropriate.

## CASE 393.

*Query.* To what account should be charged employers' liability insurance premiums paid in connection with construction work?

*Answer.* To the primary road and equipment accounts to which is chargeable the cost of the work upon which the employees are engaged. If it is impracticable to include the cost of insurance in the appropriate account under the general accounts "Way and structures," "Equipment," and "Power," the cost of such insurance should be included in road and equipment account No. 550, "Miscellaneous," as provided in the text thereof.

## CASE 394.

*Query.* To what account should be charged the cost of lanterns, oil, wicks, and similar supplies, and the wages of watchmen in connection with the construction of new track?

*Answer.* The cost of the lanterns, oil, wicks, and similar supplies shall be included in the same primary road and equipment accounts as the cost of the work in connection with which they are used. If it is impracticable to thus distribute the cost of such items, it shall be included in account No. 529, "Other expenditures—Way and structures."

The wages of watchmen employed in construction work (the labor on which is chargeable to road and equipment account No. 510) shall be charged to account No. 510, "Track and roadway labor."

## CASE 395.

*Query.* A company has installed dynamotor compressors in its passenger cars for the purpose of generating energy to supply air for air brakes and power for lighting cars and operating the control apparatus. To what account should be charged the cost of maintaining the dynamotor compressors?

*Answer.* To account No. 30, "Passenger and combination cars."

## CASE 396.

*Query.* A company owns a tract of land, part of which is used as a material yard. On a part of this land are also located a general office, power plant, car-house, and car shops. To what account should be charged a sewer assessment levied against such property?

*Answer.* To account No. 503, "Other land used in electric railway operations." (See Cases 2, 85, and 161.)

## CASE 397.

*Query.* (1) To what account should be charged the cost of labor unloading and handling old ties and lumber shipped to a store yard for use later as company fuel?

(2) To what account should be charged the cost of labor unloading and handling new ties shipped to the store department and placed in stock?

*Answer.* (1) The cost of such labor shall be included in an appropriate material and supply account representing the value of ties and lumber for fuel purposes.

(2) The cost of labor unloading and handling ties placed in stock shall be added to the cost of the ties.

**CASE 398.**

*Query.* To what account should be charged the fee and expenses of a consulting engineer and the cost of surveys for the purpose of mitigating electrolysis in city water mains?

*Answer.* To account No. 22, "Distribution system," if occasioned by the distribution system, or to account No. 49, "Transmission system," if occasioned by the transmission system.

If it can not be determined which of the systems should bear the whole charge, the expense shall be equitably distributed between accounts Nos. 22 and 49.

**CASE 399.**

*Query.* A company keeps extra sets of wheels on hand to be used to replace wheels removed from cars. How should the cost of these extra sets of wheels be accounted for?

*Answer.* The original cost of the extra sets of wheels shall be included, until used, in the appropriate material and supply account. When wheels are taken out of store and used to replace others worn out in service, the material and supply account shall be credited and the appropriate operating expense account charged.

**CASE 400.**

*Query.* To what account should be charged wages paid to conductors and motormen while "breaking in"?

*Answer.* To the same operating expense accounts as the wages of conductors and motormen engaged in regular employment.

**CASE 401.**

*Query.* To what account should be credited a penalty received from car builders owing to failure to deliver cars as per contract?

*Answer.* To the road and equipment account to which the cost of the cars has been charged.

**CASE 402.**

*Query.* An industry paid a sum of money to an electric railway company as an inducement to build a connecting track between its line and the line of another carrier. How should the entire transaction be accounted for?

*Answer.* The cost of building the connecting track shall be charged to the appropriate road and equipment accounts, and the amount received from the industry as an inducement to make the connection shall be credited to profit and loss account No. 305, "Donations," unless, as provided in the second paragraph of the text of account No. 305, there are conditions imposed requiring reimbursement for noncompliance.

**CASE 403.**

*Query.* A part of the road used by company A is owned by company B. Under a joint arrangement company A operates the stations on this portion of the line, billing company B for its portion of the joint expenses based on car mileage. To what account should amounts billed against company B be credited?



*Answer.* To the operating expense accounts which were originally charged with such expenses.

CASE 404.

*Query.* To what account should be charged the wages of electric railway wharf employees engaged in tying up incoming boats, casting off lines for departing boats, and performing general duties in connection with a water line?

*Answer.* To operating expense account No. 68, "Station employees."

CASE 405.

*Query.* To what account should be charged the cost of repairing a heating system which furnishes heat to the car shops, repair pits, and superintendent's office?

*Answer.* To operating expense account No. 24, "Buildings, fixtures, and grounds."

CASE 406.

*Query.* Is it permissible to spread the cost of repairs over the 12 months subsequent to the completion of the repair work, or should such expenses be charged out during the same fiscal year in which incurred?

*Answer.* The cost of repairs shall be included in the appropriate primary operating expense accounts as incurred. Equalization accounts (Nos. 28, 44 and 51) are provided to enable carriers to have each month's accounts reflect, by *general account* totals, an equitable monthly proportion of the estimated or authorized maintenance expense for the year, and at the same time to show the actual expenditures by primary accounts. (See Case 307.)

CASE 407.

*Query.* To what account should be charged the cost of copies of transcript of testimony taken in rate cases before commissions?

*Answer.* To account No. 86, "Law expenses."

CASE 408.

*Query.* To what account should be charged an amount paid monthly as royalty for a dumping device used on service equipment in which cinders, coal, and other supplies are hauled? The amount of the royalty is based on the number of carloads dumped.

*Answer.* If the equipment is used in revenue service, the charge shall be to operating expense account No. 67, "Miscellaneous car-service expenses"; if in the company's own operations, such as maintenance work, the charge shall be to the work benefited.

CASE 409.

*Query.* To what account should be charged a payment to a municipality of \$30,000 in lieu of the hauling of earth and material by the carrier as required by a provision in a newly acquired franchise?

*Answer.* The amount so paid shall be charged to road and equipment account No. 545, "Franchises," and amortized in accordance with the instructions contained in the texts of accounts No. 545, "Franchises," and No. 91, "Amortization of franchises."

## CASE 410.

*Query.* A company owns a building in which are located a passenger station and the general and departmental offices. The passenger station is so located that all the expenses pertaining thereto can readily be determined, but there are expenses common to all the general and departmental offices which can not readily be distributed, such as heat, light, water, ice, and telephone. How should the above expenses be accounted for?

*Answer.* The expenses incident to the operation of the passenger station shall be charged to operating expense account No. 69, "Station expenses." All of the other expenses referred to shall be charged to the appropriate primary accounts under general account VI, "General and miscellaneous," except the cost of maintaining the building, which shall be charged to operating expense account No. 24, "Buildings, fixtures, and grounds."

## CASE 411.

*Query.* To what account should be charged the amount of a judgment and costs in connection with the settlement of a suit brought by the United States against a company for violation of the Federal hours of service law?

*Answer.* The amount of the judgment shall be charged to profit and loss account No. 317, "Miscellaneous debits," and the costs of the suit to operating expense account No. 86, "Law expenses."

## CASE 412.

*Query.* To what account should be credited an amount collected by a carrier as damages from a power company for failure to furnish necessary power to operate cars in accordance with its contract? The measure of damages was the loss of revenue because of the carrier's inability to operate its cars.

*Answer.* To profit and loss account No. 306, "Miscellaneous credits."

## CASE 413.

*Query.* Under a State workmen's compensation act a company is liable for injuries sustained by employees while in the performance of their duties. The act provides that, by agreement with the beneficiaries, the compensation may be paid in a lump sum instead of in weekly payments over the required period. If the company elects to make weekly payments, should the total liability be set up on the books when it is determined or should the weekly payments be charged to operating expense account No. 92, "Injuries and damages," without setting up the total liability?

*Answer.* If the company maintains a reserve for injuries by monthly charges to operating expense account No. 92, "Injuries and damages," it would be proper to charge such reserve account as payments are made. If, however, the company does not maintain such a reserve, the total amount allowed as compensation for an injury shall be charged to operating expenses as soon as the amount to be paid is determined, preferably, if possible, in the fiscal year in which the injury occurred. The corresponding credit will record the liability, and it is then immaterial whether the amount is paid in one lump sum or in installments.

## CASE 414.

*Query.* To what account should be charged the cost of maintaining a ticket bureau the functions of which are to contract for the printing of tickets and to distribute them among ticket agents?

*Answer.* The salaries and expenses of clerks employed in this bureau shall be charged to operating expense account No. 84, "Salaries and expenses of general office clerks." The cost of printing the tickets shall be charged to account No. 94, "Stationery and printing."

CASE 415.

*Query.* To what account should be charged the cost of repairing flags used on a general office building?

*Answer.*—To account No. 85, "General office supplies and expenses."

CASE 416.

*Query.* To what account should be charged the cost of installing an overhead trolley wire and special switches used in connecting current on a ferry boat which carries passenger coaches?

*Answer.* To account No. 521, "Distribution system."

CASE 417.

*Query.* To what account should be charged the cost of labor, fuel, and supplies necessary in connection with the operation of a steam shovel used in excavating ballast for maintenance purposes?

*Answer.* The cost of labor in connection with such excavating, together with all expenses incident thereto, including fuel and supplies for the steam shovel, shall be charged to operating expense account No. 2, "Ballast."

CASE 418.

*Query.* To what account should be charged the cost of power purchased for lighting arc lights furnished under a franchise requirement?

*Answer.* To operating expense account No. 59, "Power purchased."

CASE 419.

*Query.* To what account should be charged the rent of motor busses used for transporting passengers during the progress of reconstruction work?

*Answer.* To operating expense account No. 98, "Rent of equipment."

CASE 420.

*Query.* To what account should be charged the cost of constructing steam mains and distributing pipes for conveying steam along city streets from a power house to various buildings where the steam is used for heating purposes?

*Answer.* To road and equipment account No. 524, "Stations, miscellaneous buildings, and structures."

CASE 421.

*Query.* To what account should be charged the cost of general officers' business cars?

*Answer.* To road and equipment account No. 532, "Service equipment."

CASE 422.

*Query.* To what account should be charged the salary and expenses of a chief special agent who supervises investigations made by his assistants for a number of departments?

*Answer.* The salary and expenses of the chief special agent shall be charged to operating expense account No. 83, "Salaries and expenses of general officers."

## CASE 423.

*Query.* To what account should be charged the rent of fire plugs placed inside and adjacent to car barns to be used only in case of fire?

*Answer.* To operating expense account No. 24, "Buildings, fixtures, and grounds."

## CASE 424.

*Query.* To what account should be charged the cost of taking off, oiling, and testing lightning arresters on cars?

*Answer.* To operating expense account No. 33, "Electric equipment of cars."

## CASE 425.

*Query.* To what account should be charged the wages of a shop foreman who is on sick leave?

*Answer.* When an employee is unable to perform his duties on account of sickness and his wages are paid during such absence, and no special action has been taken, the amount paid shall be charged to the accounts to which his time would have been charged if he had been at work. If, however, a welfare plan has been adopted by the company and payments are made in conformity therewith, or if special action has been taken by the officers of the company in relation thereto, such payments shall be charged to operating expense account No. 88, "Pensions and gratuities." (See Cases 10, 52, 110, and 425.)

## CASE 426.

*Query.* A railway company has leased its power station to another company for a period of 20 years, and in connection with the lease incurred special legal and other expenses. To what account should such expenses be charged?

*Answer.* To income account No. 204, "Miscellaneous rent income."

## CASE 427.

*Query.* To what account should be charged the cost of newspaper advertising for the purpose of calling attention to new forms of transfers, discontinuance of the operation of ferryboats, and to unusual service, such as New Year's Eve and other times?

*Answer.* To operating expense account No. 80, "Advertising."

## CASE 428.

*Query.* Is revenue account No. 116, "Rent of equipment," intended to cover amounts received for the use of rail equipment only, or is it intended to include rent of all equipment mentioned in road and equipment accounts Nos. 530 to 538, inclusive?

*Answer.* Operating revenue account No. 116, "Rent of equipment," is intended to include the rent received for use of any equipment included in road and equipment accounts Nos. 530 to 538, inclusive.

## CASE 429.

*Query.* To what account should be charged the cost of replacing an air hose lost or stolen from a steam road freight car while upon an electric railway's tracks?

*Answer.* To operating expense account No. 31, "Freight, express, and mail cars."

## CASE 430.

*Query.* A contractor obtained a judgment against a railway company for grading its right of way. Several of the bondholders purchased the judgment, which has not been paid by the railway company. How should this transaction be recorded in the accounts of the carrier?

*Answer.* The amount of the judgment shall be charged to road and equipment account No. 504, "Grading," and a corresponding credit to represent the company's liability shall be made to balance-sheet account No. 432, "Miscellaneous accounts payable."

## CASE 431.

*Query.* In what account should be included the proceeds derived from the sale of waste paper and old records?

*Answer.* The amount of such proceeds shall be credited to account No. 119, "Miscellaneous."

## CASE 432.

*Query.* To what extent should detailed information be shown in the general books of electric railway companies?

*Answer.* The records shall be kept with sufficient particularity to show fully the facts pertaining to all entries made in the accounts. Where the full information is not recorded in the general books the entries therein shall be supported by other records in which the full details shall be shown. Such general book entries shall contain sufficient reference to the detail records to permit ready identification of the latter, and the detail records shall be kept in such manner as to be readily accessible when required for examination by representatives of the Interstate Commerce Commission.

## CASE 433.

*Query.* What should be the accounting for commissions paid to brokers for the purchase of the securities of other companies?

*Answer.* The amount of such commissions shall be considered as a part of the cost of the securities purchased.

## CASE 434.

*Query.* Is it required that all materials and supplies be carried through the materials and supplies account?

*Answer.* No. Materials and supplies purchased for a specific purpose or for immediate use may be charged to the accounts affected and need not be carried through account No. 411, "Material and supplies."

## CASE 435.

*Query.* Does the Uniform System of Accounts for Electric Railways require that assets be specifically set aside to cover sinking-fund appropriations?

*Answer.* No. The setting aside of assets usually depends upon the provisions of the mortgage or upon the policy of the company. If assets are set aside they shall be carried in account No. 402, "Sinking funds."

## CASE 436.

*Query.* What should be the accounting for amounts paid or received for options to bind a proposed purchase, sale, or lease?

*Answer.* Amounts paid for options shall, pending final disposition, be charged to account No. 420, "Other unadjusted debits." If the general project for which the option was obtained is finally carried out, the cost of the option shall be considered as part of the price or rental paid and charged to the appropriate asset, income, or other account. If the general project is finally abandoned, the cost shall be charged to account No. 317, "Miscellaneous debits."

Amounts received for options given by the company shall, pending final disposition, be credited to account No. 446, "Other unadjusted credits." If the transaction is made as contemplated, the amount received shall be considered as a part of the price or rental received and credited to the appropriate account. If the option is forfeited, the amount originally received by the company shall be credited to account No. 306, "Miscellaneous credits."

CASE 437.

*Query.* Should notes be treated as funded debt or a current liability if given when money is borrowed under an arrangement requiring a series of partial payments which commence within a year but extend over a period longer than one year?

*Answer.* Such notes shall be treated as funded debt and credited to account No. 427, "Funded debt unmaturred."

CASE 438.

*Query.* When the expenses of a State utilities commission are borne by the utilities and apportioned among them, to what account should be charged an electric railway company's proportion of such expenses?

*Answer.* To account No. 215, "Taxes assignable to railway operations."

CASE 439.

*Query.* To what accounts should be charged the original cost and the cost of repairing portable fire-hose bridges?

*Answer.* The original cost of portable fire-hose bridges shall be charged to account No. 538, "Miscellaneous equipment," and the cost of repairs shall be charged to operating expense account No. 39, "Miscellaneous equipment expenses."

CASE 440.

*Query.* A company having a number of electric locomotives in service keeps on hand extra armatures and pantographs for emergency use in order to keep its equipment in service when similar parts are removed for repairs. To what account should be charged the cost of such extra armatures and pantographs? Is it permissible to accrue depreciation on such parts?

*Answer.* The cost of the extra armatures and pantographs shall be included in the appropriate road and equipment accounts, and accruals for depreciation thereon shall be accounted for in the same manner as for the equipment in connection with which they are used.

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