

**610.01(a) Classification of Companies**

A. All water companies shall be required to maintain the accounts and comply with the record keeping requirements described herein. For accounting purposes, companies shall be divided into classes as follow:

1. **Class A.** Utilities having annual water operating revenues of \$750,000 or more.
2. **Class B.** Utilities having annual water operating revenues of \$150,000 or more, but less than \$750,000.
3. **Class C.** Utilities having annual water operating revenues of less than \$150,000.

B. The class to which any utility belongs shall originally be determined by the average of its annual water operating revenues for the last three consecutive years. Subsequent changes in classification shall be made when the annual water operating revenues for each of the three immediately preceding years shall exceed the upper limit, or be less than the lower limit, of the annual water operating revenues of the classification previously applicable to the utility.

C. Water companies shall keep all the accounts of this system of accounts which are applicable to their affairs and are designated. These companies shall also keep Basic Property Records.

**610.01(b) Records**

A. The company's financial records shall be kept in accordance with generally accepted accounting principles to the extent permitted by this system of accounts. The books of accounts of all water utilities shall be kept by the double entry method, on an accrual basis. Each utility shall keep its accounts monthly and shall close its books at the end of each calendar year.

B. The company's financial records shall be kept with sufficient particularity to show fully the facts pertaining to all entries in these accounts. The detail records shall be filed in such manner as to be readily accessible for examination by representatives of this Commission.

C. The Commission shall require a company to maintain financial and other subsidiary records in such a manner that specific information, of a type not warranting disclosure as an account or subaccount, shall be readily available. When this occurs, or where the full information is not otherwise recorded in the general books, the subsidiary records shall be maintained in sufficient detail to facilitate the reporting of the required specific information. The subsidiary records, in which the full details are shown, shall be sufficiently referenced to permit ready identification and examination by representatives of this Commission,

1. The books referred to herein include not only books of accounts in a limited technical sense but all other records such as minute books, stock books, etc., which will be useful in developing the history of any transaction.

**610.01(c) Regulated Accounts**

A. In the context of this system of accounts, the regulated accounts shall be interpreted to include the investments, revenues and expenses associated with those water products and services to which the tariff filing requirements contained in this Commission's rules, as amended, are applied, except as may be otherwise provided by the Commission. Regulated water products and services shall thereby be fully subject to the accounting requirements as specified in this Commission's rules, as amended, and as detailed in this system of accounts.

B. In addition to those amounts considered to be regulated by the provisions of (A) above, those water products and services to which the tariff filing requirements of other jurisdictions are applied shall be accounted for as regulated, except where such treatment is prescribed or otherwise excluded from the requirements pertaining to regulated water products and services by this Commission.

**610.01(d) Accounts - General****610.01(d)(1) General - Numbering System**

A. The account numbering scheme used herein consists of a system of three digit numbers as follows:

100-199	Assets and Other Debits
200-299	Equity, Liabilities and Other Credits
300-399	Water Plant Accounts
400-434	Income Accounts
435-439	Retained Earnings Accounts
460-499	Water Operating Revenue Accounts
600-999	Water Operation and Maintenance Expenses

B. In certain instances, numbers have been skipped in order to allow for possible later expansion or to permit better coordination with the numbering system for other utility departments.

C. The numbers prefixed to account titles are solely for convenience of reference and are not a part of the titles. Each utility may adopt such scheme of account numbers as it deems appropriate; provided, however, that it shall keep readily available a list of the account numbers and subdivisions of accounts which it uses and a reconciliation of such numbers and subdivisions with the account numbers and titles provided herein. Further, the records must be