

**Chapter PSC 103**  
**ALLOCATION OF JOINT EXPENSES AMONG DEPARTMENTS OF**  
**CLASS A AND CLASS B UTILITIES**

PSC 103.01 Joint utility operations, accounting.  
 PSC 103.02 General.  
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PSC 103.04 Sales expenses.  
 PSC 103.05 Administrative and general expenses.

**PSC 103.01 Joint utility operations, accounting.** Each utility operating more than one utility department (electric, gas, water, etc.) shall observe the general procedure set forth in this order classifying customers accounting and collecting expenses, sales expenses, and administrative and general expenses among utility departments.

**PSC 103.02 General. (1)** Expenses directly applicable to the operations of a specific utility shall be charged to the accounts of that utility. The charges for wages and expenses of employes shall, to the extent practicable, be assigned directly based upon the actual time engaged on a particular utility department, or on the basis of a study of the time actually spent during a representative period.

**(2)** Expenses applicable to joint utility operations shall be charged initially to separate joint utility expense accounts unless the utility elects to apportion such expense accounts among utility departments as incurred. The apportionment or allocation of joint utility expenses thus accumulated shall be made in accordance with the general provisions set forth herein.

**(3)** Each utility shall include in its first annual report to the commission, following adoption of the joint expense allocation procedure set forth herein, a statement giving a full explanation of its procedure, including the weighting factors used in computing the weighted number of meters or customers used in making allocations. This statement may be referred to in annual reports of following years with any significant changes in allocation procedures being noted.

**PSC 103.03 Customer accounts expenses.** Joint utility customers accounting and collection expenses shall be allo-

cated among utility departments on the basis of the weighted number of customers or meters. The weighting assigned to the different classes of service should be prepared by each utility giving effect to its operating and service characteristics.

**PSC 103.04 Sales expenses.** Joint utility sales expenses shall be allocated among utility departments on the basis of the directly assigned sales expenses; provided, however, that deviation from such procedure may be made in instances where the activities of sales personnel do not conform with the distribution of directly assignable expenses.

**Note:** The entire cost of sales expenses applicable to merchandising operations must be charged to account 416, costs and expenses of merchandising, jobbing, and contract work.

**History:** 1-2-56; am. Register, February, 1961, No. 62, eff. 3-1-61.

**PSC 103.05 Administrative and general expenses. (1)** Accounts 925, injuries and damages, and 926, employe pensions and benefits shall be apportioned on the basis of dollars of operating payroll of each utility department.

**(2)** The remaining joint utility administrative and general expenses shall be apportioned on the basis of the average of the ratios which the amount of the following for each department bears to the total for all departments:

- Gross operating revenue;
- Utility plant in service;
- Supervised operating expenses.

Supervised operating expenses includes total of accounts 401, operation expense, and 402, maintenance expense, less amount of general and administrative expenses to be allocated.

**History:** 1-2-56; am. Register, February, 1961, No. 62, eff. 3-1-61.