

**§ 256.431**

interest and the principal amount of the advances or other obligations on which the interest is accrued. Separate subaccounts should be maintained for each related debt account.

**§ 256.431 Other interest expense.**

This account shall include all interest charges not provided for elsewhere.

**§ 256.457 Services rendered to associate companies.**

This control account shall include amounts billed to associate companies for services rendered at cost. See accounts 457-1 through 457-3. Overbillings or underbillings arising from adjustments of estimated costs to actual costs shall be cleared through this account and concurrent adjustments made to other accounts involved.

**§ 256.457-1 Direct costs charged to associate companies.**

This account shall include those direct costs which can be identified through a work order system as being applicable to services performed for associate companies. This account shall not include any compensation for use of equity capital or intercompany interest on indebtedness.

**§ 256.457-2 Indirect costs charged to associate companies.**

This account shall include recovery of those indirect costs which cannot be separately identified to a single or group of associate companies and therefore must be allocated. Journal or memorandum entries should be prepared monthly, by departments, for all such cost accumulated and billed to customers. This account shall not include any compensation for use of equity capital or intercompany interest on indebtedness.

**§ 256.457-3 Compensation for use of capital—associate companies.**

This account shall include only the portion of compensation for use of equity capital and intercompany interest on indebtedness before income taxes which is properly allocable to services rendered to each associate company.

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**§ 256.458 Services rendered to non-associate companies.**

This account shall include amounts billed for services rendered to nonassociate persons. See accounts 458-1 through 458-4.

**§ 256.458-1 Direct costs charged to nonassociate companies.**

This account shall include those direct costs which can be identified through a work order system as being applicable to services performed for nonassociate persons. This account shall not include any compensation for use of equity capital or interest on indebtedness.

**§ 256.458-2 Indirect costs charged to nonassociate companies.**

This account shall include recovery of those indirect costs of services performed for nonassociate persons which cannot be separately identified to nonassociate persons and therefore must be allocated. The amounts would be as set forth in the same monthly departmental journal or memorandum entries referred to for these costs in account 457-2, Indirect costs charged to associated companies. This account shall not include any compensation for use of equity capital or intercompany interest on indebtedness.

**§ 256.458-3 Compensation for use of capital—nonassociate companies.**

This account shall include only the portion of compensation for use of equity capital and intercompany interest on indebtedness before income taxes which is properly allocable to services rendered to nonassociate persons. A statement to support the basis for the compensation and how it was calculated should be attached to a separate journal entry, ledger system, or memorandum file.

**§ 256.458-4 Excess or deficiency on servicing nonassociate companies.**

This account shall include the amount by which the aggregate price received for services rendered to nonassociate persons differs from the sum of the total direct and indirect costs and compensation for use of capital which are properly allocable to such

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services. (Accounts 458-1 through 458-3).

### 2. EXPENSE

#### § 256.920 Salaries and wages.

(a) This account shall include salaries, wages, bonuses and other consideration for services, with the exception of director's fees paid directly to officers and employees of the service company.

(b) This account shall be supported by time records and appropriately referenced to detailed records subdividing salaries and wages by departments or other functional organization units. See General Instructions.

#### § 256.921 Office supplies and expenses.

(a) This account shall include office supplies and expenses incurred in connection with the general administration of service company operations assignable to specific administrative or general departments and not specifically provided for in other accounts. This includes the expenses of the various administrative and general departments, the salaries and wages of which are includable in account 920.

(b) This account may be subdivided in accordance with a classification appropriate to the departmental or other functional organization of the service company.

### ITEMS

1. Automobile service, including charges through clearing account.
2. Bank messenger and service charges.
3. Books, periodicals, bulletins and subscriptions to newspapers, newsletters, tax service, etc.
4. Building service expenses for customer accounts, sales, and administrative and general purposes.
5. Communication service expenses to include telephone, telegraph, wire transfer, micro-wave, etc.
6. Cost of individual items of office equipment used by general departments which are of small value or short life.
7. Membership fees and dues in trade, technical, and professional associations paid by a utility for employees. (Company memberships are includable in account 930.2, Miscellaneous general expenses.)
8. Office supplies and expenses.
9. Payment of court costs, witness fees, and other expenses of legal department.
10. Postage, printing and stationery.

11. Meals, traveling, entertainment and incidental expenses.

(c) Records shall be so maintained to permit ready analysis by item showing the nature of the expense and identity of the person furnishing the service.

#### § 256.922 Administrative expenses transferred—credit.

This account shall be credited with administrative expenses recorded in accounts 920 and 921 which are transferred to construction costs of the asset and other debit accounts.

#### § 256.923 Outside services employed.

(a) This account shall include the fees and expenses of professional consultants and others for general services with the exception of fees and expenses for outside services of account 928, Regulatory commission expense, and account 930.1, General advertising expenses. Separate subaccounts shall be provided for auditing, legal, engineering, management consulting fees and, if material in amount, any other fees of professional or outside services.

(b) Records shall be so maintained to permit ready analysis showing nature of service, identity of the person furnishing the service, affiliation to the service company, and, if allocated to more than one company, the specific method of allocation.

#### § 256.924 Property insurance.

(a) This account shall include the cost of insurance premiums to protect the service company against losses and damages to owned or leased property used in its operations. Recoveries from insurance companies or others for property damages shall be credited to the account charged with the cost of the damage. If the damaged property has been retired, the credit shall be to the appropriate account for accumulated provision for depreciation.

(b) Records shall be kept so as to show the amount of coverage for each class of insurance carried, the property covered, and the applicable premiums. Any dividends distributed by mutual insurance companies shall be credited to the accounts to which the insurance premiums were charged.