a substantial portion thereof, or to a
sale of assets other than goods; or
(f) Such transaction, although not
exempted by any of the foregoing para-
graphs of this section, is not in the reg-
ular course of business of such holding
company and does not involve a cost to
the associate of more than $2,500, in-
cluding the cost of such associate of all
previous transactions with such hold-
ing company consummated in the same
fiscal year which were exempted only
by this paragraph.

§ 250.86 Prohibition of unauthorized
transactions by subsidiaries.
Except as authorized by rule, regula-
tion, or order of the Commission, no
subsidiary company (including a mu-
tual service company) of a registered
holding company shall—whether or not
pursuant to a contract heretofore or
hereafter entered into—perform any
service or construction for, or sell any
goods to, any associate company there-
of, or enter into any contract to do so.

§ 250.87 Subsidiaries authorized to
perform services or construction or
to sell goods.
(a) Subject to compliance with the
provisions of such rules, regulations, or
orders of the Commission as may be ap-
plicable (including § 250.90), the fol-
lowing classes of subsidiary companies
of registered holding companies may
perform services or construction for, or
sell goods to, associate companies there-
of:
(1) An approved mutual service com-
pany.
(2) A subsidiary company whose orga-
nization and conduct of business the
Commission has found, pursuant to
§ 250.88, sufficient to meet the require-
ments of section 13(b) of the Act.
(3) A subsidiary company which is
principally engaged in the business of
an operating electric or gas utility
company, or any business or businesses
other than that of selling goods to
associate companies, that of performing
services or construction, that of a hold-
ing company of fiscal or financing
agency of a holding company, or that of an
investment company or investment
trust; and which, incidentally to
such business, performs such services
or construction or sells such goods.
(b) Any subsidiary of a registered
holding company, whether or not it is
a company specified in paragraph (a)
(1), (2), or (3) of this section, may per-
form services or construction for; or
sell goods to, an associate company
thereof if:
(1) Such associate company is not an
electric or gas utility company and is
principally engaged in a business or
businesses other than that of a holding
company or fiscal or financing agency
of a holding company, or that of an in-
vestment company or investment
trust; or
(2) Such services, construction, or
goods are reasonably required by such
associate to meet a break-down or
other emergency, and the parties be-
lieve in good faith that, under the con-
ditions then existing, such transaction
will be to the advantage of such asso-
ciate; or
(3) Such transaction consists of per-
formance of a contract made before
August 26, 1935, for the construction of
a specific project, building, or unit, pur-
suant to which contract substantial
expenses were incurred before August
26, 1935; or
(4) Such transaction consists of the
sale, at not more than cost less depre-
ciation, of goods purchased by such
subsidiary company for its own use; or
(5) Such transaction consists of a sale
of goods which is merely incidental to
a sale of an entire business or a sub-
stantial portion thereof, or to a sale of
assets other than goods; or
(6) Such transaction consists of a sale
of goods produced by the seller.
(c) This section shall not be applica-
table to a subsidiary which is itself a reg-
istered holding company. Such a com-
pany may perform services or construc-
tion for, or sell goods to, associate com-
panies as provided in § 250.85.

§ 250.88 Approval of mutual service
companies; organization and con-
duct of business of subsidiary serv-
ice companies.
(a) Application for approval of a com-
pany as a mutual service company
shall be filed by the company, or the
persons proposing to organize it, with
the Commission on Form U–13–1, as
specified in the instructions for that
form. The Commission will not approve