§ 256.01–11 Methods of allocation.

Indirect costs and compensation for use of capital shall be allocated to work orders in accordance with the service company’s applicable and currently effective methods of allocation filed with the Commission. Both direct and allocated indirect costs of work orders for two or more associate companies shall be allocated among such companies in the same manner. Each work order should identify the methods of allocation to associate companies and the accounts to be charged. The associate companies should be notified in writing of any change in the methods of allocation.

§ 256.01–12 Compensation for use of capital.

Paragraph (a) of Rule 91 provides in pertinent part that a servicing transaction shall be deemed to be performed at no more than cost if the price of such service does not exceed a fair and equitable allocation of expenses plus reasonable compensation for necessary capital procured through the issuance of capital stock. Interest on borrowed capital and compensation for the use of capital shall only represent a reasonable return on the amount of capital reasonably necessary for the performance of services or construction work for, or the sale of goods to, associate companies. Such compensation may be estimated and shall be computed monthly in the manner prescribed by the Commission. The amount of compensation shall be stated separately in each billing to the associate companies. An annual statement to support the amount of compensation for use of capital billed for the previous twelve months and how it was calculated shall be supplied to each associate company at the end of the calendar year.

§ 256.01–13 Submission of questions.

To promote and maintain uniformity in accounting, the service companies shall submit all questions of doubtful interpretation of the prescribed accounting to the Division of Corporate Regulation or its successor for consideration and decision.