**Section 711.25 Affiliate Transactions**

a) The cost allocation procedures included in this Part specify the methodology to apportion costs between regulated and nonregulated activities. Each local exchange carrier shall file with the Chief Clerk of the Commission a description of the type of affiliate transactions that are either provided to regulated operations by nonregulated entities or to nonregulated entities by regulated operations (see Section 7-101 of the Act [220 ILCS 5/7-101]). This description is to be included in the carrier's cost allocation manual.

b) The filing shall include the following details for each affiliate transaction:

1) Type of transaction;

2) Billing provisions for each service or product provided categorized in one of three methods:

A) Market Rate: Using a price given in current market conditions where this price is determined in an arms length transaction;

B) Cost: Using the cost apportionment principles and standards included in this Part; or

C) Tariff: Using an established rate or charge that has been filed with the Commission;

3) Frequency of transactions.

c) Transactions between carriers and their affiliates are to be recorded on the carrier's books at market price, if market price can be determined from a price list or tariff. In the absence of a list or tariff price, assets transferred from the carrier to the nonregulated entity are to be recorded at the higher of the net book cost or fair market value, while assets transferred from the nonregulated entity to the company are to be recorded at the lower of net book cost or fair market value. Services for which there exists no list or tariff price are to be valued using fully distributed cost. See 83 Ill. Adm. Code 710.27.

(Source: Amended at 27 Ill. Reg. 12388, effective August 1, 2003)