

equivalents for each employee, vehicle reports, invoices and other source documents. Time reports or their equivalents will be maintained for each employee, including officers, in such detail as may be appropriate for each employee and the nature of the services provided. Employees will indicate on their time reports or their equivalents hours chargeable to the appropriate purchase order numbers.

Indirect Charges or Overhead Expenses

Indirect charges or overhead expenses consist of all costs of FPM, other than direct charges described above. These charges may be classified into the following two general categories:

1. **General FPM Overheads** - These charges include costs which cannot be identified as applicable to a particular purchase order number and which must be allocated to the appropriate company on a fair and equitable basis. The following items are illustrative, and not all-inclusive, of the types of costs which may be so allocated: rent, office supplies and expenses; depreciation; building operation and maintenance; insurance; reasonable compensation for necessary capital; general services, such as janitorial services, telephone services, etc.; employee benefits, including payroll-related costs and Federal taxes; and other general overheads.

General FPM overhead costs will be allocated to FPM, Mando and FPM's other customer companies on the basis of the direct FPM payroll costs charged to each such company.

2. **Non-Productive Time Overheads** - Lost or nonproductive time for vacation, personal time off, sickness, holidays, etc., of all employees will be allocated to FPM, Mando and FPM's other customer companies on the basis of FPM productive payroll costs charged to each such company.

CHARGES TO OTHER CUSTOMER COMPANIES

Special Services

Charges for specific services rendered in the appropriate purchase order numbers, including overhead items, will be billed directly to Mando.

General Services

Charges for general services rendered in the appropriate purchase order numbers, including overhead items, will be

allocated among and billed monthly to HANCO and FUM's other customers on a fair and equitable basis. The basis may include, but not necessarily limited to, revenues, payroll costs, customer, electric peak load, or such other basis as HANCO and FUM will provide a more fair and equitable allocation of charges.

DETAILS

Bills will be provided to HANCO in sufficient detail so as to identify the services rendered and permit proper accounting distribution of the charges under the rules and regulations of the FUM and the prescribed FUM Uniform System of Accounts. Detail on the bill will include: (1) the department or group providing the service; (2) location or type of service; and (3) nature of charges, whether direct or indirect (overhead).