

Fine, Karlene K.

From: Groenewold, Gerald [ghg@undeerc.org]
nt: Thursday, September 03, 2009 4:17 PM
Subject: tgrgr@rrt.net; rodholth@invisimax.com; mack@admworld.com;
mark.nisbet@xcelenergy.com; randy@sengercpa.com; achristianson@greenergy.com
Goettle, Shane C.; Fine, Karlene K.; Kelley, R.O.; Directors
FW: Indirect Cost Concern

Good afternoon,

Attached is an explanation I sent to Shane stating why we cannot accept federal indirect cost rates for nonfederal projects, including NDIC.

Best,

Gerry



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From: Groenewold, Gerald
Sent: Thursday, August 13, 2009 11:19 AM
To: 'Shane Goettle (sgoettle@nd.gov)'
Cc: 'kfine@nd.gov'; 'Robert Kelley'; Erickson, Thomas A.; Haley, Deb; Harju, John; Heide, Carsten; Hendrikson, John
Subject: Indirect Cost Concern

Shane,

We have prepared the following explanation regarding the EERC's concern with the NDIC Renewable Energy Council's contemplation of prescriptive indirect cost policies for program participants and/or contractors.

Indirect costs represent the actual costs of running an entity, and an entity should not have to forego actual costs in order to apply for NDIC funding. Disallowing costs above a federally approved rate more detrimental than asking an entity to forego profit: the indirect costs are actual costs, and profit is what is left after all expenses are paid.

In the EERC's case, the difference between the federal rate and the nonfederal rate represents actual costs that exceed the allowable 26% federal cap on administrative costs as well as depreciation/use allowance on buildings and equipment that have been purchased with federal dollars, which cannot be included in the federal rate. These costs, which are not allowed by federal agencies, are actual costs that nonfederal agencies derive a benefit from and for which the EERC needs to recover revenue in order to continue providing the benefit.

Adoption of rigid indirect cost limitations in the NDIC Renewable Energy Development Program Policy will likely result in the preclusion of various private and nonprofit contractors' ability to participate and will absolutely result in preclusion of the EERC from submitting proposals.

Best,

Gerry

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