

memorandum

DATE: 9/20/2024

REPLY TO
ATTN OF: CP-7

SUBJECT: BFAI Interim Policy FY 25001—Increase De Minimis Indirect Rate Thresholds and Modified Total Direct Costs

TO: Lynnial Trusty—NSS
Bill Cochenour—NSSP

The purpose of this memorandum is to provide detailed guidance (referred to as the “Interim Policy”) to the Bonneville Financial Assistance Instructions (BFAI) regarding Bonneville’s consideration of the Office of Management and Budget’s (OMB’s) implementation (in Chapter 2 Part 200 of the Code of Federal Regulations (CFR)) to increase, for recipients of Federal funds the following changes:

- the de minimis indirect rate from 10% to 15%, and
- subaward thresholds, to apply to their modified total direct cost (MTDC), from \$25,000 to \$50,000

While the Bonneville Power Administration is not obligated to follow 2 Part 200 CFR, we recognize that adopting these practices strengthens our partnerships, increases financial assistance within the community, and is a method of burden reduction for all recipients.

This Interim Policy is effective October 1, 2024 and applies to all new awards and will remain in effect until further notice or superseded by a BFAI update. Contracting Officers must abide by all changes issued under this interim policy update. All applicable financial assistance awards issued after the effective date of this transmittal shall comply with the requirements of this update unless otherwise directed or waived by the HCA.

BFAI 5.414 Indirect (F&A) costs and 6.510 Financial statements policy has changed, and the definition of Modified Total Direct Cost (MTDC) has been changed in BFAI 1.10. The following policy updates will not impact any of the existing clause language within our financial assistance agreements. Revisions pertain to the following areas of policy and do not alter the current terms and conditions specified in the clauses. The conformed changes are presented below. Everything else remains unchanged.

1. 5.414 Indirect (F&A) costs

(e) Any non-Federal entity that has never received a negotiated indirect cost rate, may elect to charge a de minimis rate of 15% of modified total direct costs (MTDC) which may be used indefinitely. As described in 5.403 Factors affecting allowability of costs, costs must be consistently charged as either indirect or direct costs, but may not be double charged or inconsistently charged as both. If chosen, this methodology once

elected must be used consistently for all financial assistance awards until such time as a non-Federal entity chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time.

2. 6.510 Financial statements

(5) Include notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 15% de minimis cost rate as covered in 5.414 Indirect (F&A) costs.

3. 1.10 Definitions

MTDC (modified total direct cost) means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$50,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$50,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

Nicholas M. Jenkins
Head of the Contracting Activity
Bonneville Power Administration

cc:
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Dan Guffey—NSSS
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