

**SCHEDULE 1A -- NON-ARM'S-LENGTH  
 WASHING OPERATIONS,  
 MAINTENANCE AND OVERHEAD  
 EXPENDITURES**

CUSTOMER IDENTIFICATION BLOCK		
Customer Name and Code:	_____	
Lease No:	_____	
Mine Name:	_____	
Facility ID No:	_____	
Period:	20	to 20

Estimated Costs - Check when estimating costs for system/segment start-up.

**A. Lessee's Operating Costs for Washing Facility**

Operations Supervision and Engineering	\$ _____	1
Operations Labor	_____	2
Utilities	_____	3
Materials and Supplies	_____	4
Ad Valorem Property Taxes	_____	5
Rent / Leasing	_____	6
Other (specify). Attach Supplemental Schedule 1A as necessary	_____	7
<b>Total Operating Costs -- Subtotal</b>	<b>\$ _____</b>	<b>8</b>

**B. Lessee's Maintenance Costs**

Maintenance Supervision	\$ _____	9
Maintenance Labor	_____	10
Materials	_____	11
Other (specify). Attach Supplemental Schedule 1A as necessary	_____	12
<b>Total Maintenance Costs -- Subtotal</b>	<b>\$ _____</b>	<b>13</b>

**C. Lessee's Overhead Allocation (specify)**

_____	\$ _____	14
_____	_____	15
Other (specify) use Supplemental Schedule 1A	_____	16
<b>Total Overhead Allocation</b>	<b>\$ _____</b>	<b>17</b>

**D. Total Operating and Maintenance Costs**

**\$ \_\_\_\_\_ 18**

## **INSTRUCTIONS FOR COMPLETING FORM MMS-4292, SCHEDULE 1A**

Use Schedule 1A to record reasonable, actual operating, maintenance, and overhead costs for a washing facility for the prior reporting period. You must complete a separate Schedule 1A for each washing facility. On the following page of instructions is a list of allowable and nonallowable costs to use as a guide in determining operating, maintenance, and overhead costs. You must use this schedule only when the facility contract is non-arm's length, either because you or an affiliate owns the facility.

**Customer Information Block** – Enter the same customer name and code as used on Page 1 of the Form MMS-4292, Coal Washing Allowance Report.

Enter the same lease number and mine name as used on Page 1 of the Form MMS-4292.

Enter a name or facility number unique to the washing facility.

Enter the same reporting period as shown in item 5 on Page 1 on Form MMS-4292.

**Part A and Part B** – Identify and list on Part A and Part B all operating and maintenance costs directly attributable to the washing facility during the reporting period. If you need additional space to identify or explain other cost items, complete and attach a Supplemental Schedule 1A noting the nature and amount of the cost.

**Total Operating Costs – Subtotal (8)** – Sum lines 1-7.

**Total Maintenance Costs – Subtotal (13)** – Sum lines 9-12.

**Part C** – Identify and list all overhead costs directly allocable and attributable to the operations and maintenance of washing facility. If you need additional space, complete and attach a Supplemental Schedule 1A noting the nature and amount of the expenditure.

**Total Overhead Allocation - (17)** – Sum lines 14-16.

**Part D, Total Operating and Maintenance Costs** – Sum lines 8, 13, and 17.

## **ALLOWABLE AND NONALLOWABLE OPERATING, MAINTENANCE, AND CAPITAL COSTS**

Allowable Capital Costs – Allowable capital costs are generally those costs for depreciable fixed assets (including costs of delivery and installation of capital equipment) which are an integral part of the wash plant.

Nonallowable Capital Costs – Nonallowable capital costs include costs incidental to marketing (e.g., storage and treatment). Also, schools, hospitals, roads, sewer and other capital improvements or equipment not an integral part of the transportation facility are not allowable capital costs. The capital cost associated with the preparation of an environmental impact statement is not allowable. However, capital costs for environmental equipment that are an integral part of the transportation facility are allowable.

Allowable Operating Costs – Allowable operating and maintenance costs are those nondepreciable costs that are directly attributable to the operation and maintenance of a wash plant. These expenditures include:

- Salaries and wages paid to employees and supervisors while engaged in the operation and maintenance of equipment and facilities
- Fuel and utility costs directly related to washing lease products
- Repairs, labor, materials, and supplies directly related to equipment and facilities
- Insurance and ad valorem property taxes (Federal and State income taxes are not allowable deductions)
- Arm's length rental, leasing, or contract service costs for equipment, facilities, on-site location or maintenance of equipment and facilities
- General administrative overhead costs (headquarters, personnel, telephone service, payroll taxes, employee benefits, vehicle expenses, office supplies, etc.). The total of these costs is limited to those reasonable expenditures directly attributable and allocable to the operation and maintenance of the wash plant.

Nonallowable Operating Costs – Nonallowable operating costs include:

- Costs incidental to marketing, and other operating costs associated with nonallowable capital expenditures which are not directly allocable or attributable to the washing of lease products.
- Federal and State income taxes, production taxes, royalty payments, or fees such as State severance taxes
- Costs for services that you are obligated to perform at no cost to the lessor.