

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**DOCKET NO. C16-0011-SC-38-E, TEXAS MUNICIPAL POWER AGENCY
APPROVAL OF RECLAMATION COST, PERMIT NO. 38D, GIBBONS CREEK LIGNITE MINE V, GRIMES
COUNTY, TEXAS**

ORDER ESTABLISHING RECLAMATION COST ESTIMATE FOR PERMIT NO. 38D

Statement of the Case

The Texas Municipal Power Agency (TMPA) operates the Gibbons Creek Lignite Mine V in Grimes County, Texas under Permit No. 38D. On February 23, 2016 the Commission approved a replacement self-bond for Permit No. 38D in the amount of \$8,300,000 and collateral bond with Amended and Restated Letter of Credit No. NZS564257 (Amendment No. 11) in the amount of \$11,450,000 for Permit No. 38D, Gibbons Creek Lignite Mine, located in Grimes County.

At the time the February 23rd Order was approved by the Commission the Reclamation Cost Estimate for Permit No. 38D was not established or approved. Based on the Bond Map approved administratively by letter dated March 14, 2016, staff has calculated an estimated reclamation costs of \$19,236,248. The amount of the previously approved collateral bond, self-bond and LOC(\$19,750,000) are in an amount in excess of estimated reclamation costs.

Findings of Fact

Based upon the evidence in the record, the Commission makes the following Findings of Fact:

1. Mining has ceased within the permit area, and Permit No. 38D is currently in reclamation.
2. The most recent Reclamation Cost Estimate for Permit No. 38D, dated March 14, 2016 is in the amount of \$19,236,248.

3. The approved self-bond for Permit No. 38D in the amount of \$8,300,000, when added to the amount of the approved collateral bond and Amendment No. 11 when it is increased by the terms of the LOC on April 11, 2016 by \$1,050,000 to the amount of \$11,450,000, will total \$19,750,000, an amount in excess of the estimated costs of reclamation set out in Finding of Fact No. 2.
4. Based on the Findings of Fact, the Commission finds that the amount of the proffered self-bond and the proffered replacement collateral bond and amended LOC will be sufficient to cover the current costs of reclamation of the permit area should the Commission direct a third party to reclaim the permit area in the event of forfeiture.
5. In the event that the approved reclamation plan is modified, the Commission will review the bond and amendment to the LOC for adequacy and, if necessary, will initiate a bond adjustment to conform to the modified plan [§12.307(c)].
6. The Commission may adjust the amount of the required performance bond applicable to the permit area when the cost of reclamation changes [§12.307(a)]. Required bonds amounts may be reduced or increased when the cost of reclamation changes.
7. The no exceptions to the proposed order where filed.

Conclusions of Law

Based upon the foregoing Findings of Fact, the following Conclusions of Law are made:

1. All required notice for consideration of this matter has been provided in accordance with the Act, Regulations, and the Open Meetings Act, TEX.GOV'T CODE Ch.551 (Vernon Supp. 2015).

2. The Commission may determine current reclamation costs for Permit No. 38D (Finding of Fact No. 2).

THEREFORE IT IS ORDERED that the above Findings of Fact and Conclusions of Law are adopted;

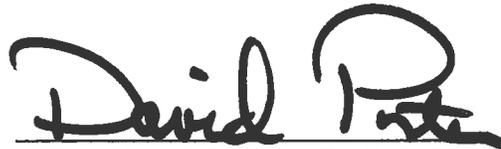
IT IS FURTHER ORDERED that the Commission determines the current Reclamation Costs Estimate for Permit No. 38D to be \$19,236,248;

IT IS FURTHER ORDERED that the Commission may vary the total bond amount and the terms of acceptance as affected land acreages are increased or decreased or where the cost of reclamation changes; and

IT IS FURTHER ORDERED by the Commission that this order shall not be final and effective until 25 days after a party is notified of the Commission's order. If a timely motion for rehearing is filed by any party of interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. As authorized by TEX. GOV'T CODE § 2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the parties are notified of the order.

SIGNED IN AUSTIN, TEXAS, on March 29, 2016.

RAILROAD COMMISSION OF TEXAS



CHAIRMAN DAVID PORTER

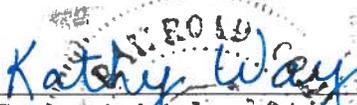


COMMISSIONER CHRISTI CRADDICK



COMMISSIONER RYAN SITTON

ATTEST:


Secretary
Railroad Commission of Texas
