


**PUBLIC SERVICE COMMISSION
Reclamation Division**

Memorandum

TO: Commissioners Kalk, Christmann and Fedorchak
Darrell Nitschke
Illona Jeffcoat-Sacco and Ryan Norrell

FROM:  Jim Deutsch, Reclamation Division

DATE: May 17, 2013

SUBJECT: 2014 Administration and Enforcement Grant for the coal regulatory program,
Case No. RC-13-217

The Office of Surface Mining recently announced the allocation of federal funds for the federal share of state coal regulatory programs for the next grant periods. We have been allocated \$930,777 for the next fiscal year that runs from July 1, 2013 to June 30, 2014. The 2014 Administration and Enforcement Grant Application for the coal regulatory program has been prepared and is ready to submit to the OSM.

The total amount of the grant application, including the state share, is \$1,454,399. This includes both direct and indirect costs. Of this total, the federal share is the total amount of our allocation, \$930,777, and the state share is \$523,622. The federal/state funding split will be 64% federal and 36% state based on OSM's federal lands funding formula. This formula considers the federal coal acreage in existing permits and applications that will permit new acreage.

The operating items proposed in the 2014 grant budget are roughly half of the operating funds that were budgeted for the Reclamation Division for the 2013-2015 biennium, plus about \$20,000 to pay outside legal services for the federal lawsuits. Salary levels were increased to reflect the average increases that the legislature has authorized starting July 1st of this year. The new hydraulic soil probe authorized by the Legislature is also included in the equipment line item. An estimated indirect cost rate of 38% is used in the grant application, but a new indirect cost rate for the 2013-15 biennium will soon be submitted to the Office of the Inspector General for approval.

Attached is a motion for the May 22nd Commission meeting to submit the grant application to OSM.

Attachment

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