

**PUBLIC SERVICE COMMISSION
Reclamation Division**

Memorandum

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

FROM: Jim Deutsch, Reclamation Division

DATE: May 7, 2015

SUBJECT: 2016 Administration and Enforcement Grant for the coal regulatory program,
Case No. RC-15-178

In February the Office of Surface Mining announced the allocation of federal funds for the federal share of state coal regulatory programs for the next grant periods. We were allocated \$909,580 for the next fiscal year that runs from July 1, 2015 to June 30, 2016. The 2016 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 \$1,421,218. This includes both direct and indirect costs. Of this total, the federal share is \$909,580 (the full amount allocated by OSM) and the state share is \$511,638. 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 2016 grant budget are quite a bit less than half of the operating funds that were budgeted for the Reclamation Division for the 2015-2017 biennium. If additional federal funds are needed before the end of the grant period, OSM has said we can amend the grant at that time to request additional funds. Also, salary levels were increased to reflect the average increase that the legislature has authorized starting July 1st of this year. An estimated indirect cost rate of 29% is used in the grant application.

Attached is a motion for the May 13th Commission meeting to submit the grant application to OSM.

Attachment