

PUBLIC SERVICE COMMISSION
Reclamation Division

Memorandum

TO: Commissioners Fedorchak, Christmann, and Kroshus
Steve Kahl, Executive Director
John Schuh, General Counsel

FROM: Dean K. Moos, Reclamation Division
Jill Kringstad, Accounting Division

DATE: June 9, 2021

SUBJECT: 2022 Administration and Enforcement Grant for the coal regulatory program,
Case No. RC-21-213

The Office of Surface Mining (OSM) recently announced the federal grant allocations for the states. For the July 1, 2021 to June 30, 2022 grant period, OSM has allocated \$1,019,912 for our coal regulatory program. This is approximately \$3,000 more than our current grant but less than our earlier budget projection of \$1,043,092 (approximately \$23,000 less) provided to OSM. Since making our preliminary budget and grant estimates to OSM, it has become apparent that additional monies will be needed in view of the significant amount of retirements anticipated in the upcoming grant period. We have informally visited with OSM and they have indicated that additional grant monies will most likely be available to cover anticipated budget/grant shortfalls. Since the grant allocations have already been made, they advised us to submit a supplementary grant request once we know the additional amount of monies needed.

The 2022 Administration and Enforcement Grant Application for the coal regulatory program has been prepared based on the OSM grant allocation and is now ready to submit to OSM. The total budget amount for the July 1, 2021 to June 30, 2022 period, including the state share, is \$1,593,612. This includes both direct and indirect costs. Of this total, the federal share is \$1,019,912 and the state share is \$573,700. 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 pending applications that will permit new acreage.

The 2022 grant budget is about half of the total operating funds that were budgeted for the Reclamation Division for the 2021-2023 biennium. The proposed 2021-23 biennium indirect cost rate of 33.65% was used in the grant application.

Attached is a motion for the June 9th Commission meeting to submit the grant application to OSM.

Attachment

OSM\grant & budget\2022 Grant\2022_A&E_grant_memo_6-9-21