


PUBLIC SERVICE COMMISSION
Reclamation Division

Memorandum

TO: Commissioners Fedorchak, Christmann, and Haugen-Hoffart
Steve Kahl, Executive Director
John Schuh, General Counsel

FROM: ^{ZAB} Zanna Brinkman, Reclamation Division
Jill Kringstad, Accounting Division 

DATE: August 17, 2022

SUBJECT: 2023 Administration and Enforcement Grant for the coal regulatory program,
Case No. RC-22-344

The Office of Surface Mining (OSM) recently announced the federal grant allocations for the states. For the July 1, 2022 to June 30, 2023 grant period, OSM has allocated \$990,417. for our coal regulatory program. This is approximately \$29,500 less than our current grant and less than our earlier budget projection of \$1,109,328 (approximately \$118,900 less) provided to OSM. OSM grant allocations are based on a state's historic spending for the program. However, in the past five years our program costs have been lower due to staff turnover/retirements and having open positions. Now that the division is fully staffed in addition to utilizing temporary employees to assist with knowledge transfer, we are concerned program costs will exceed prior years and we may need to explore additional grant monies to cover anticipated budget/grant shortfalls. Since the grant allocations have already been made, we would need 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, 2022 to June 30, 2023 period, including the state share, is \$1,547,526. This includes both direct and indirect costs. Of this total, the federal share is \$990,417 and the state share is \$557,109. 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 2023 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 33.74% was used in the grant application.

Attached is a motion for the August 17th Commission meeting to submit the grant application to OSM.

Attachment

OSM\grant & budget\2023 Grant\2023_A&E_grant_memo_8-17-22