

WORK PROGRAM July 1993-June 30, 1995

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Department of Administration Sub 13(1)

Legislation in 1988, 1989, 1990, 1991 and 1993 established state policies for allocation of oil overcharge funds on hand and yet to be received. The Department of Administration was designated the tasks of administering the funds, implementing their allocation by the Legislature and conducting oversight of uses in accordance with state and federal requirements. With accumulated interest, the 6 funds have grown to \$40,125,954. Including 1993 appropriations, \$40,877,602 has been allocated for 55 separate uses under 41 individual grant agreements.

I. Narrative -- Allocations of \$450,000 from oil overcharge funds have funded the activity through 5 fiscal years ending June 30, 1993. The use has been approved by the U. S. Department of Energy (DoE). This work plan deals with the 1993 allocation of an additional \$124,000 from oil overcharge funds to continue the program through the biennium ending June 30, 1995. The Department of Administration will continue to carry out the assignment in accordance with state and federal requirements.

II. Objectives

A. Continue oversight of all project grants in force pursuant to 1988 through 1993 Legislative allocations:

1. Amend grant agreements as required seeking DoE and court approval where necessary, as well as LCMR's.
2. Make administrative determinations of grant agreement terms and, where necessary, secure legal interpretations to aid in project accomplishment.
3. Provide financial and project status reports to DoE, federal courts and LCMR.
4. Product Timeline: Administrative oversight will be provided as required by terms of each grant agreement through June 30, 1995 or until project completion, if sooner.
5. Benefits: Proper oversight and timely reporting will continue so as to contribute to proper use of the funds and hasten realization of benefits envisioned by the oil overcharge settlement agreements.

B. Process and commence oversight of 6 new grants allocated by 1993 Legislation.

1. Secure DoE and court approval for the new oil overcharge project uses.
2. Cooperate with LCMR and grantees to establish project work programs and reporting formats.

3. Execute new grant agreements in accordance with federal and state requirements (including LCMR's) and initiate scheduled payments.
4. Administratively oversee projects and funds; execute amendments as necessary and make required reports.
5. Product Timeline: As required by legislative allocation through June 30, 1995 or until projects are completed, if sooner.
6. Benefits: Proper oversight and timely reporting will be established to ensure proper use of the funds and hasten realization of benefits envisioned by the oil overcharge settlement agreements.

C. Additional Processing and Reporting Assignments:

1. Manage release of funds from the 6 oil overcharge accounts so that legislatively approved projects are funded from accounts for which use has been approved by DoE and the applicable court.
2. Continue to provide monthly reports to legislative leaders, LCMR, affected agencies and staff on the status of all Minnesota oil overcharge funds.
3. Product Timeline: Continuing and upon new project activation for item 1; Monthly through June 30, 1995 for item 2.
4. Benefits: Timely task execution and accurate reporting will contribute to proper use of the funds, enable legislators and persons in the executive branch to be informed of project performance and fund status and availability, and hasten benefits envisioned by the settlement agreements.

III. Context:

All states, the District of Columbia, territories and possessions share in the proceeds of the oil overcharge settlements. Strict federal guidelines and procedures for use of the funds emphasize restitution and energy savings. Minnesota's projects have been divided between more immediate low income energy assistance and longer range research and technology transfer projects aimed at energy savings. In addition to the \$40,877,602 accumulated to date, the state expects to receive about \$8 million, mostly from Stripper Well settlements, over the next 4-5 years. Since unused funds must be placed in interest bearing accounts to be used only on approved projects, this amount will increase. Court settlement terms permit up to 5% of each state's oil overcharge funds to be used for program administration. Minnesota's program, as administered by the Department of Administration has used only about 1%. Since most of the oil overcharge projects granted through LCMR recommendation take about 3 years to complete, the program administration activity is expected to diminish through the '90's and end about 3 years after the final project grants are made. If final payments are received in 1997, some projects approved at that time may not end until 2000. Peak activity is at present, and will soon begin to decline through the coming biennium.

IV. Reporting:

In accordance with federal requirements, each individual project or fund use is subject to annual progress and financial reporting including accounting for, and use of, accumulated interest. Final reports are required at project conclusion. Copies will be provided LCMR.

WORK PROGRAM FY92 AND FY93: STATUS REPORT June 30, 1993

1. DoE approval has been secured for all 1991 allocations.
2. Reports to DoE and Courts have been timely furnished.
3. All 1991 grants are in effect and payments completed.
4. Monthly financial status reports are issued.
5. Oversight continues on all 49 projects since 1988.
6. FY92/93 Pgm Administration expenses to date are \$194,325.
7. \$5,675 remains of the 1991 allocation for FYs 92 and 93.

Oil Overcharge Program Administration (Continuation)

WORK PROGRAM July 1, 1991-June 30, 1993

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Department of Administration *SubD. 13(i)*

Legislation in 1988, 1989 and 1990 established state policies for allocation of oil overcharge funds on hand and yet to be received by Minnesota. The Department of Administration was designated the tasks of administering the funds, implementing their allocation by the Legislature and conducting oversight of uses in accordance with state and federal requirements. With accumulated interest, the 6 funds have grown to \$33,338,562. Including 1991 appropriations, \$32,980,200 has been allocated for 49 separate uses under 35 individual grant agreements.

I. Narrative -- Allocations of \$250,000 from oil overcharge funds have funded the activity through 3 fiscal years ending June 30, 1991. The use has been approved by the U. S. Department of Energy (DoE). This work plan deals with the 1991 allocation of an additional \$200,000 from oil overcharge funds to continue the program through the biennium ending June 30, 1993. The Department of Administration will continue to carry out the assignment in accordance with state and federal requirements.

II. Objectives

A. Continue oversight of 39 project grants in force pursuant to 1988, 1989 and 1990 Legislative allocations:

1. Amend grant agreements as required seeking DoE and court approval where necessary, as well as LCMR's.
2. Make administrative determinations of grant agreement terms and, where necessary, secure legal interpretations to aid in project accomplishment.
3. Provide financial and project status reports to DoE, federal courts and LCMR.
4. Product Timeline: Administrative oversight will be provided as required by terms of each grant agreement through June 30, 1993 or until project completion, if sooner.
5. Benefits: Proper oversight and timely reporting will continue so as to contribute to proper use of the funds and hasten realization of benefits envisioned by the oil overcharge settlement agreements.

B. Process and commence oversight of 10 new grants allocated by 1991 Legislation.

1. Secure DoE and court approval for the new oil overcharge project uses.
2. Cooperate with LCMR and grantees to establish project work programs and reporting formats.

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3. Execute new grant agreements in accordance with federal and state requirements, and initiate payment.

4. Administratively oversee projects and funds; execute amendments as necessary and make required reports.

5. Product Timeline: As required by legislative allocation through June 30, 1993 or until projects are completed, if sooner.

6. Benefits: Proper oversight and timely reporting will be established to ensure proper use of the funds and hasten realization of benefits envisioned by the oil overcharge settlement agreements.

C. Additional Processing and Reporting Assignments:

1. Manage release of funds from the 6 oil overcharge accounts so that legislatively approved projects are funded from accounts for which use has been approved by DoE and the applicable court.

2. Continue to provide monthly reports to legislative leaders, LCMR, affected agencies and staff on the status of all Minnesota oil overcharge funds.

3. Product Timeline: Continuing and upon new project activation for item 1; Monthly through June 30, 1993 for item 2.

4. Benefits: Timely task execution and accurate reporting will contribute to proper use of the funds, enable legislators and persons in the executive branch to be informed of project performance and fund status and availability, and hasten benefits envisioned by the settlement agreements.

III. Context:

All states, the District of Columbia, territories and possessions share in the proceeds of the oil overcharge settlements. Strict federal guidelines and procedures for use of the funds emphasize restitution and energy savings. Minnesota's projects have been divided between more immediate low income energy assistance and longer range research and technology transfer projects aimed at energy savings. In addition to the \$33,338,562 accumulated to date, the state expects to receive about \$7.5 million, mostly from Stripper Well settlements, over the next 4-5 years. Since unused funds must be placed in interest bearing accounts to be used only on approved projects, this amount will increase. Court settlement terms permit up to 5% of each state's oil overcharge funds to be used for program administration. Minnesota's program, as administered by the Department of Administration uses only about 0.8%. Since most of the oil overcharge projects granted through LCMR recommendation take about 3 years to complete, the program administration activity is expected to diminish slowly through the '90's and end about 3 years after the final project grants are made. If final payments are received in 1996, as expected, some projects approved at that time may not end until 1999. Peak activity is at present, and will not begin to decline significantly until after the coming biennium.

IV. Reporting:

In accordance with federal requirements, each individual project or fund use is subject to annual progress and financial reporting including accounting for, and use of, accumulated interest. Final reports are required at project conclusion. Copies will be provided LCMR.