

# **Commonwealth of Virginia Oil Overcharge Restitution Fiscal Year (FY) 2004-2005**

## **Overview Of Oil Overcharge Restitution Programs**

### **Exxon Restitution Program**

Virginia has received \$54,054,510.90 in Exxon restitution funds since FY86. As of June 30, 2005, accrued interest of \$15,172,841.69 brings the cumulative total funds to \$84,386,365.99. The Virginia executive and legislative branches reviewed proposed use of the funds and authorized the funds for the State Energy Program (SEP) (formerly the State Energy Conservation Program and the Institutional Conservation Program), the Low Income Housing Energy Assistance Program (LIHEAP), and the Weatherization Assistance Program (WAP).

### **Stripper Well Restitution Program**

Virginia has received \$48,273,296.90 in Stripper Well restitution funds as of June 30, 2005. Accrued interest of \$16,070,147.25 brings the cumulative total funds to \$80,353,633.81. The Virginia executive and legislative branches reviewed and approved all use of Stripper Well funds. O. Gene Dishner, Director, Department of Mines, Minerals and Energy (DMME) submitted project descriptions to the U.S. Department of Energy (DOE) for approval. For the purposes of this report, Stripper Well includes the Fund Types of Texaco, Amoco/Warner, and Stripper Well.

### **Diamond Shamrock Restitution Program**

Virginia used the Diamond Shamrock funds for administration of the restitution programs and for several projects. The Virginia executive and legislative branches approved all expenditures of the funds. The total funds received for the Diamond Shamrock Restitution Program as of June 30, 2005, was \$2,779,060.15 with accrued interest of \$1,397,199.04, which brings the cumulative total to \$5,572,069.91.

### **Warner Restitution Program**

All Warner Amendment funds received by Virginia have been expended.

## **Program And Project Descriptions**

**This section provides information about current programs and projects under each of the oil overcharge restitution programs. The information includes current projects, beginning with the first distribution of restitution funds through the end of fiscal year 2005.**

### **Weatherization Assistance Program**

Total Funds Designated: \$35,858,560  
(\$28,358,560 Exxon; \$7,500,000 Stripper)

The Weatherization Assistance Program provides funds for low-income families to reduce their heating and cooling costs and to ensure their health and safety. The services are primarily focused on the elderly, individuals with disabilities, and families with children. It has provided for repairs and improvements to home heating and cooling systems and for the installation of other energy savings measures. These funds have also been used to purchase equipment and tools necessary for the program. Finally, the funds are used for consumer education and in an effort to analyze the effectiveness of the Virginia program. Over the last year, the Virginia Weatherization Assistance Program expended no money, leaving a balance of \$5,870.94 available, but unspent.

### **Institutional Conservation Program**

Total Funds Designated: \$9,053,841  
(\$4,100,000 Exxon; \$3,792,874 Stripper; \$1,160,967 Diamond Shamrock)

The Institutional Conservation Program (ICP) has been combined with the State Energy Conservation Program (SECP) and the Energy Extension Service (EES), into the State Energy Program (SEP). Close-out activities were completed on the existing ICP grants, in FY2000.

### **State Energy Program**

Total Funds Designated: \$13,989,075 (includes SECP and EES)  
(\$8,434,461 Exxon; \$5,458,978 Stripper; \$95,636 Diamond Shamrock)

Listed below are descriptions of programs funded with Oil Overcharge Funds during 2004 - 2005:

### **Energy Savings Investment Program**

Funding: \$717,737

The DMME Division of Energy awards financing to state agencies, under its Energy Savings Investment Program (ESIP). This short-term financing to state agencies and institutions of the Commonwealth that operate qualified, state-owned facilities can be used for the installation of energy conservation measures and energy services for their facilities. This year, George Mason University's master metering project was completed, expending \$266,234. Remaining funds equal \$451,503, and are available for use by other agencies.

### **Automated Utility Tracking**

Funding: \$231,000

DMME offers to state facilities an electronic device (Tridium JACE) that is installed next to an agency's meter and collects real-time energy consumption data. Software tools that allow facilities managers to analyze this data and determine where and when facilities are using energy are offered via internet, at no charge to the agency. DMME also funds the installation of the JACE units. No funds were spent during this period.

### **Wind Power America Program**

**(1) JMU Next Step Program**

Funding: \$24,735

The Division of Energy and James Madison University (JMU) collaborated to conduct a state-wide program to provide technical assistance and outreach to the public on Small Wind Power installations. Of a project total of \$56,278, oil overcharge makes up \$24,735. This year, \$14,859 in funds were expended on this project, leaving a balance of \$9,876.

**(2) JMU – Rockingham County Zoning Amendment Project**

Funding: \$500

James Madison University worked with the County of Rockingham, VA, to draft language for a model zoning ordinance for small wind power installations. This year, \$274 was spent, and the project was completed.

**(3) VA Tech – Coalfield Wind Energy Development**

Funding: \$15,000

VA Tech was awarded \$15,000 to develop initiatives to stimulate the advancement of coalfield wind energy, including one-on-one work with a wind developer, who is collaborating with a large mining company to determine the commercial viability of harvesting wind on the site. This year, \$2,862 was expended, leaving a balance of \$1,851.

### **Other Programs**

Mr. O. Gene Dishner, Director of the Department of Mines, Minerals and Energy, is the Governor's designee for submitting oil overcharge program plans and reports. Below is a description of approved projects being implemented and administered outside of the Weatherization Assistance Program and State Energy Program areas.

### **Virginia Department of General Services**

Funding: \$105,327

The Virginia Department of General Services was granted permission to use oil overcharge funds in FY2003 to make selected heating, ventilating, and air conditioning (HVAC); domestic hot water; and lighting systems upgrades in the Monroe, Pocahontas, and Zincke Buildings, in the Commonwealth's State Capitol Complex. The last project should be completed by September 30<sup>th</sup>, 2005. Total funds expended this year are \$13,448, leaving a balance of \$14,290.

### **Virginia Department of Social Services**

Funding: \$500,000

The Virginia Department of Social Services (VDSS) was granted permission to use oil overcharge funds to supplement the Fuel Assistance Program, one of the three components of the Energy Assistance Program supervised by VDSS. The Fuel Assistance Program assists eligible households in meeting their immediate home energy needs through the purchase of home heating fuels or payment of primary heat utility bills. The \$500,000 appropriation was used in its entirety.

### **The Virginia School for the Deaf and Blind, in Staunton**

Funding: \$814,467

The Virginia School for the Deaf & Blind, in Staunton, was granted permission to use \$814,467 in oil overcharge funds, in FY2003, to make energy efficiency upgrades to their heating system. During this reporting year, installation of boilers, hot water lines, gas lines, and propane tanks has gotten underway. This year, \$659,550 was expended, leaving a balance of \$154,917.

## **Program And Project Monitoring**

Virginia receives and deposits all oil overcharge funds to a central account managed by the Department of Planning and Budget. Fund revenues, interest earnings, and allotments are tracked at the 3-digit fund detail. Oil overcharge monies are allotted in one of three ways: (1) a direct appropriation to an agency within the biennial Appropriations Act, (2) project-by-project review and approval, as authorized in language within the biennial Appropriations Act, or (3) the execution of an executive decision brief authorizing fund transfer to support the project.

The Department of Mines, Minerals and Energy monitors and reports on all oil overcharge projects. The Department's Division of Energy coordinates submission of proposed projects for U.S. DOE approval. Field monitoring, in-house computerized tracking of projects, and accounting services are funded as part of the State Energy Program base grant administrative funds.

All projects contain provisions for adequate accounting of funds and compliance with all

applicable federal rules and regulations. All projects implemented through the Division of Energy are evaluated for energy and dollar savings as a component of the project. Projects administered by other state agencies incorporate mandatory provisions for evaluation of energy and dollar savings accruing from project activity.

For all funds expended through a federal program, Virginia follows the prescribed monitoring procedure for each program. For projects which fall outside of these grant programs, the responsible state agency conducts field monitoring and in-house electronic tracking to assure that the funds are expended within the agreements of the court settlements.

TABLE 1

**Petroleum Violation Escrow Funds Summary  
FY2005**

Fund Type	Cumulative Funds Received	Cumulative Investment Interest Earned	Cumulative Repayment Interest Earned	Total Cumulative Interest Earned	Cumulative Funds Total	Total Funds Designated
Warner						
Exxon	54,054,510.90	15,172,841.69		15,172,841.69	69,227,352.59	69,133,935.30
Stripper Well	48,273,296.90	16,070,147.25		16,070,147.25	64,343,444.15	64,211,237.00
Diamond Shamrock	2,779,060.15	1,397,199.04		1,397,199.04	4,176,259.19	4,005,290.99

Fund Type	Funds Concurred in FY 2005	Funds Approved in FY 2005	Funds Expended in FY 2005	Cumulative Funds Concurred	Cumulative Funds Approved	Cumulative Funds Expended
Warner						
Exxon		451,502.99	266,233.60		72,575,402.34	68,801,326.60
Stripper Well		828,839.00	1,191,209.96	39,374,539.00	29,539,026.57	81,596,714.75
Diamond Shamrock		29,663.07	7,000.00		1,493,142.57	1,158,560.18

In the case of Diamond Shamrock funds approved, indicate the funds obligated as no approval process is involved under the settlement agreement. Note: Funds concurred, approved, and expended for the FY2005 and Cumulative on Table 1 should match the corresponding total funds on Table 2 for each of the oil overcharge funds. For example, Funds Expended in FY 2005 for Stripper Well under Table 1 should match Total Funds Expended in FY 2005 for Stripper Well under Table 2.