

# **Commonwealth of Virginia Oil Overcharge Restitution Fiscal Year (FY) 2005-2006**

## **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, 2006, accrued interest of \$15,184,726.12 brings the cumulative total funds to \$69,239,237.02. The Virginia executive and legislative branches have 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, 2006. Accrued interest of \$16,111,905.40 brings the cumulative total funds to \$64,385,202.30. The Virginia executive and legislative branches have reviewed and approved all use of Stripper Well funds. O. Gene Dishner, former Director, and George P. Willis, current Director, Department of Mines, Minerals and Energy (DMME) have 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 have approved all expenditures of the funds. The total funds received for the Diamond Shamrock Restitution Program, as of June 30, 2006, was \$2,779,060.15, with accrued interest of \$1,398,378.87, and cumulative total of \$4,177,439.02.

### **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 2006.**

### **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) was 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 2005-2006:

### **Energy Savings Investment Program**

Funding: \$730,000

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 DMME contracted with Virginia Commonwealth University to make mechanical system efficiency upgrades, ductwork and boiler changes, and modifications to air handling units to

reclaim heat for the building's reheat system to eliminate the use of boilers during the cooling season in the Trani Life Sciences Building.

### **Automated Utility Tracking**

Funding: \$231,000

DMME encountered numerous Internet firewall communications issues in its attempts to implement this program for state facilities to use the electronic device (Tridium JACE), intended to be installed next to an agency's meter and collects real-time energy consumption data. Therefore, in the coming year, DMME will work with the Virginia Community College System to implement energy monitoring using JACEs over their secure Internet network.

### **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 statewide 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 \$9,875.60 in funds were expended on this project, leaving a balance of \$540.25. The project was completed this year.

#### **(2) 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, \$1,640.61 was expended, leaving no balance, and the project was completed.

### **Other Programs**

Mr. George P. Willis, 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**

Project 1

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 was completed this year and all funds were expended.

#### Project 2

Funding: \$610,000

The Virginia Department of General Services was granted permission to use oil overcharge funds in FY2006 to make selected heating, ventilating, and air conditioning (HVAC), motors, elevator controls, and electrical systems upgrades in the James Monroe, Powers Taylor, and Supreme Court of Virginia Buildings in the Commonwealth's State Capitol Complex. No funds were expended this year.

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

Funding: \$185,000

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 heating and cooling utility bills. The \$185,000 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 continued. This year \$35,818.15 was expended, leaving a balance of \$119,098.62.

### **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's 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  
FY2006**

<b>Fund Type</b>	<b>Cumulative Funds Received</b>	<b>Cumulative Investment Interest Earned</b>	<b>Cumulative Repayment Interest Earned</b>	<b>Total Cumulative Interest Earned</b>	<b>Cumulative Funds Total</b>	<b>Total Funds Designated</b>
<b>Warner</b>						
<b>Exxon</b>	54,054,510.90	15,184,726.12		15,184,726.12	69,239,237.02	69,133,935.30
<b>Stripper Well</b>	48,273,296.90	16,111,905.40		16,111,905.40	64,385,202.30	64,211,237.00
<b>Diamond Shamrock</b>	2,779,060.15	1,398,378.87		1,398,378.87	4,177,439.02	4,005,290.99

<b>Fund Type</b>	<b>Funds Concurred in FY 2006</b>	<b>Funds Approved in FY 2006</b>	<b>Funds Expended in FY 2006</b>	<b>Cumulative Funds Concurred</b>	<b>Cumulative Funds Approved</b>	<b>Cumulative Funds Expended</b>
<b>Warner</b>						
<b>Exxon</b>		447,928.00	25,000.00		73,023,330.34	68,826,326.60
<b>Stripper Well</b>	610,000.00	652,303.00	299,607.57	39,984,539.00	30,191,329.57	81,896,322.32
<b>Diamond Shamrock</b>		42,092.00	7,000.00		1,535,234.57	1,165,560.18

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 FY2006 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 2006 for Stripper Well under Table 1 should match Total Funds Expended in FY 2006 for Stripper Well under Table 2.