

Commonwealth of Virginia Oil Overcharge Restitution Fiscal Year (FY) 2007-2008

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, 2008, accrued interest of \$15,261,198.85 brings the cumulative total funds to \$69,315,709.75. 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). All Exxon funds have been expended.

Stripper Well Restitution Program

Virginia has received \$48,273,296.90 in Stripper Well restitution funds as of June 30, 2008. Accrued interest of \$16,240,726.29 brings the cumulative total funds to \$64,514,023.19. The Virginia executive and legislative branches have reviewed and approved all use of Stripper Well funds. Benny R. Wampler, Acting Director, Department of Mines, Minerals and Energy (DMME), has 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. The uncommitted cash balance for Stripper Well funds as of June 30, 2008, was \$229,364.

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, 2008, was \$2,779,060.15, with accrued interest of \$1,400,409.21, and cumulative total of \$4,179,469.36. The uncommitted cash balance for Diamond Shamrock funds as of June 30, 2008, was \$5,174.

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 2008.

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 \$5,870.94, to provide heating systems to a multi-unit building occupied by elderly residents, leaving a zero balance.

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). Closeout activities were completed on the existing ICP grants in FY2000.

State Energy Program

Listed below are descriptions of programs funded with Oil Overcharge Funds during 2007-2008:

Energy Savings Investment Program

Funding: \$730,000

The DMME Division of Energy awarded 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. This project was completed this year, all funds were used, and VCU has begun repaying this money.

Virginia Tech Solar House

Funding: \$32,798

The Division of Energy assisted Virginia Tech and the Science Museum of Virginia (SMV) with placement of a student-constructed solar building on the grounds of the Museum, in Richmond, VA. This building was designed and built to compete in the 2005 Solar Decathlon, an international competition sponsored by the U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy in partnership with its National Renewable Energy Laboratory. For the 2005 Solar Decathlon, 19 colleges and universities from around the world competed to design, build, and operate a solar-powered house. Virginia Tech won the competition for *Best Architecture*. The most prestigious of all the awards, Architecture, was valued at double the points of all the other competitions. It was cited by the jurors as the most elegant and sophisticated house—a level above all those on the Mall. In this design there was *No Compromise* in enhancing the quality of life while integrating the technical systems of a solar house. This year, \$15,000 was spent to move and place the building at the Science Museum of Virginia, leaving a zero balance.

Virginia Change A Light Campaign

Funding: \$100,000

The Department of Mines, Minerals and Energy conducted a statewide campaign to encourage citizens of the Commonwealth to try compact fluorescent lamps (CFLs). CFLs are smaller versions of standard incandescent lamps and consume much less energy but provide the same amount of light comparable to incandescent lights. Over 49,000 CFLs were given away at the state fair, the VA Farm Show, local government festivals, college and university environmental fairs, and other venues, along with supplemental energy saving information tips for consumers. It is estimated that CFLs use 75% less energy than standard incandescents, resulting in dramatic savings achieved across the Commonwealth through this campaign. This program also served to promote the state's first Energy Sales Tax Holiday, held during the second weekend in October, 2007. All funds were spent, leaving a zero balance.

Other Programs

Mr. Benny R. Wampler, Acting 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: \$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. Funds expended this year totaled \$182,992, leaving a balance of \$182,569.82.

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, agreement with the contractor has been made and all but final issues have been worked out and resolved. This year \$12,373.52 was expended, leaving a balance of \$105,481.50.

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
FY2008**

Fund Type	Cumulative Funds Received	Cumulative Investment Interest Earned	Cumulative Repayment Interest Earned	Total Cumulative Interest Earned	Cumulative Funds Total	Total Funds Designated
Exxon	54,054,510.90	15,261,198.85		15,261,198.85	69,315,709.75	69,258,663.74
Stripper Well	48,273,296.90	16,240,726.29		16,240,726.29	64,514,023.19	64,456,977.18
Diamond Shamrock	2,779,060.15	1,400,409.21		1,400,409.21	4,179,469.36	4,179,079.24

Fund Type	Funds Concurred in FY 2008	Funds Approved in FY 2008	Funds Expended in FY 2008	Cumulative Funds Concurred	Cumulative Funds Approved	Cumulative Funds Expended
Exxon		1,369.00	15,000.00		73,472,627.34	69,281,656.60
Stripper Well		346,744.00	413,197.20	39,984,539.00	31,005,376.57	82,678,293.99
Diamond Shamrock		13,172.00	13,171.00		1,590,498.57	1,207,651.42

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 FY2008 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 2008 for Stripper Well under Table 1 should match Total Funds Expended in FY 2008 for Stripper Well under Table 2.

TABLE 2

**Petroleum Violation Escrow Funds Summary by Program Type
Fiscal Year: July 1, 2007 thru June 30, 2008**

Fund Type	Funds Approved in	Funds Expended in	Cumulative Funds	Cumulative Funds
Exxon	FY 2008	FY 2008	Approved	Expended
WAP			28,358,560.00	28,358,560.00
ICP			4,100,000.00	4,100,000.00
SECP\SEP	1,369.00	15,000.00	12,772,883.34	8,597,182.60
EES\SEP			832,219.00	832,219.00
LIHEAP			27,408,695.00	27,408,695.00
TOTAL	1,369.00	15,000.00	73,472,357.34	69,296,656.60

Fund Type	Funds Approved in	Funds Expended in	Cumulative Funds	Cumulative Funds
Diamond Shamrock	FY 2008	FY 2008	Approved	Expended
WAP				
ICP			1,160,967.00	1,032,067.00
SEP	13,172.00	13,171.00	398,773.57	144,826.42
EES			30,758.00	30,758.00
LIHEAP				
ADMIN				
OTHER				
TOTAL	13,172.00	13,171.00	1,590,498.57	1,207,651.42

Note: The SECP and EES Programs have been combined by the U.S. Department of Energy. Oil Overcharge funds for these programs have been rolled into the State Energy Program (SEP).

TABLE 2

Petroleum Violation Escrow Funds Summary by Program Type
Fiscal Year: July 1, 2007 thru June 30, 2008

Fund Type	Funds Concluded in FY 2007	Funds Approved in FY 2008	Funds Expended in FY 2008	Cumulative Funds Concluded	Cumulative Funds Approved	Cumulative Funds Expended
Stripper Well						
WAP			5,870.94	710,000.00	8,246,283.22	8,374,647.32
ICP					3,792,874.00	3,792,874.00
SECP\SEP		346,744.00	211,960.16		9,007,884.35	5,139,439.67
EES\SEP					627,970.00	627,970.00
LIHEAP					9,330,365.00	9,330,365.00
ADMIN						
OTHER			195,366.10	39,274,539.00		55,412,998.00
TOTAL		346,744.00	413,197.20	39,984,539.00	31,005,376.57	82,678,293.99

TABLE 3

Stripper Well Funding Summary by Individual Project
Fiscal Year: July 1, 2007 - June 30, 2008

Stripper Well	Date of DOE Concurrence¹	Proposed Amount	Funds Expended in FY 2007-08	Cumulative Funds Expended	Projected Funds to be Expended in FY 2007-08	Projected Funds to be Expended in FY 2008-09	Comments Concerning Amendments
Project Title							
SEP	6/30/1994		211,960.16	5,139,439.67			
ICP	8/30/1994		0.00	3,792,874.00	0.00	0.00	
WAP	4/19/2000		5,870.94	8,374,647.32	5,870.94	0.00	
DRPT	7/2/1999	800,000.00	0.00	799,716.00	0.00	0.00	
GMU	9/18/1997	565,000.00	0.00	565,000.00	0.00	0.00	
DOC	12/8/1997	1,676,106.00	0.00	1,675,890.65	0.00	0.00	
MHMRSAS (1)	2/26/1998	3,104,000.00	0.00	2,937,324.42	0.00	0.00	
RBC	12/21/1998	630,000.00	0.00	510,450.00	0.00	0.00	
MHMRSAS (2)	2/5/1999	695,000.00	0.00	695,000.00	0.00	0.00	
MHMRSAS (3)	1/19/2000	1,699,700.00	0.00	1,669,700.00	0.00	0.00	
MHMRSAS (4)	6/15/2001	733,650.00	0.00	475,706.00	0.00	0.00	
NSU	11/21/2001	667,718.00	0.00	667,718.00	0.00	0.00	
DGS (1)	9/4/2002	105,327.00	0.00	91,037.00	0.00	0.00	
DGS (2)	2/8/2006	610,000.00	182,992.58	427,430.18	365,562.40	182,569.82	
VSDBS	11/20/2002	814,467.00	12,373.52	708,985.27	117,855.02	105,481.50	
VDSS (1)	2/1/2005*	500,000.00	0.00	500,000.00	0.00	0.00	
VDSS (2)	7/1/2005*	185,000.00	0.00	185,000.00	0.00	0.00	
TOTAL		12,785,968.00	413,197.20	29,215,918.51	489,288.36	288,051.32	

¹Date of DOE concurrence, or decision date if filed with

* Date Approved.