

Commonwealth of Virginia Oil Overcharge Restitution Fiscal Year (FY) 2008-2009

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, 2009, 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, 2009. Accrued interest of \$16,265,994.90 brings the cumulative total funds to \$64,539,291.80. The Virginia executive and legislative branches have reviewed and approved all use of Stripper Well funds. Stephen A. Walz, 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, 2009, was \$254,278.89.

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, 2009, 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, 2009, was \$5,322.78.

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 2009.

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. All PVE funds for this program were spent, by the close of FY2008.

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 2008-2009:

Virginia Statewide Wind Symposium

Funding: \$4,500

The Division of Energy collaborated to present the Virginia Statewide Wind Symposium, in Harrisonburg, VA, to inform stakeholders and other interested parties about the progress that wind power has made in the region over the last few years. The Symposium addressed critical and timely issues pertaining to wind power development in Virginia and throughout the mid-Atlantic region. Topics discussed were wind and wildlife issues, offshore wind, the U.S. Department of Energy's vision of 20% wind by 2030, and state and federal policies, etc. There were over 120 attendees of the Symposium.

TC Williams High School Solar-PV Project

Funding: \$28,505

The Department of Mines, Minerals and Energy (DMME) provided a fifty-percent cost share funding to install a 5.5 kilowatt photovoltaic (PV) system on the new T.C. Williams High School, in Alexandria, Virginia, helping it become the first k-12 school in Virginia to achieve a LEED® Gold certification (of the U.S. Green Building Council (USGBC)). The system also included a web-enabled data monitoring system to allow students to view the real-time energy produced by the system.

Virginia Sales Tax Holiday Campaign

Funding: \$40,000

This year, Virginia established a four-day, October Sales Tax Holiday for Energy Star and WaterSense Qualified Products, October, 10th thru 14th, 2008. Over this weekend, certain Energy Star and WaterSense-qualified products purchased for non-commercial use and costing \$2,500 or less were exempt from sales tax. Energy Star items included dishwashers, clothes washers, refrigerators, air conditioners, ceiling fans, compact fluorescent light bulbs, and programmable thermostats that carry the Energy Star designation. The exempt WaterSense items included bathroom sink faucets, faucet accessories, and toilets. For more information, see: <http://www.tax.virginia.gov/site.cfm?alias=EnergyStarQualifiedProductsHoliday>.

Other Programs

Mr. Stephen A. Walz, 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 is using oil overcharge funds, authorized 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 \$ 21,920.76, leaving a balance of \$ 160,649.06.

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, \$ 57,450.97 was expended, leaving a

balance of \$ 48,030.76.

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
FY2009
(in dollars)

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	16,265,994.90		16,265,994.90	64,539,291.80	64,456,977.18
Diamond Shamrock	2,779,060.15	1,400,558.26		1,400,558.26	4,179,618.41	4,179,079.24

Fund Type	Funds Concurred in FY 2009	Funds Approved in FY 2009	Funds Expended in FY 2009	Cumulative Funds Concurred	Cumulative Funds Approved	Cumulative Funds Expended
Exxon		6,055.00	5,000.00		73,478,682.34	69,286,656.60
Stripper Well		136,882.00	147,876.41	39,984,539.00	31,142,258.57	82,826,170.40
Diamond Shamrock					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 FY2009 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 2009 for Stripper Well under Table 1 should match Total Funds Expended in FY 2009 for Stripper Well under Table 2.

TABLE 2

Petroleum Violation Escrow Funds Summary by Program Type

Fiscal Year: July 1, 2008 thru June 30, 2009

(in dollars)

Fund Type	Funds Approved in FY 2009	Funds Expended in FY 2009	Cumulative Funds Approved	Cumulative Funds Expended
Exxon				
WAP			28,358,560.00	28,358,560.00
ICP			4,100,000.00	4,100,000.00
SECP\SEP	6,055.00	5,000.00	12,778,938.34	8,602,182.60
EES\SEP			832,219.00	832,219.00
LIHEAP			27,408,695.00	27,408,695.00
TOTAL	6,055.00	5,000.00	73,478,412.34	69,301,656.60

Fund Type	Funds Approved in FY 2009	Funds Expended in FY 2009	Cumulative Funds Approved	Cumulative Funds Expended
Diamond Shamrock				
WAP				
ICP			1,160,967.00	1,032,067.00
SEP			398,773.57	144,826.42
EES			30,758.00	30,758.00
LIHEAP				
ADMIN				
OTHER				
TOTAL			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, continued

Petroleum Violation Escrow Funds Summary by Program Type
 Fiscal Year: July 1, 2008 thru June 30, 2009
 (in dollars)

Fund Type	Funds Concluded in FY 2009	Funds Approved in FY 2009	Funds Expended in FY 2009	Cumulative Funds Concluded	Cumulative Funds Approved	Cumulative Funds Expended
Stripper Well						
WAP				710,000.00	8,246,283.22	8,374,647.32
ICP					3,792,874.00	3,792,874.00
SECP\SEP		136,882.00	68,504.68		9,144,766.35	5,207,944.35
EES\SEP					627,970.00	627,970.00
LIHEAP					9,330,365.00	9,330,365.00
ADMIN						
OTHER			79,371.73	39,274,539.00		55,492,369.73
TOTAL		136,882.00	147,876.41	39,984,539.00	31,142,258.57	82,826,170.40

TABLE 3

Stripper Well Funding Summary by Individual Project

Fiscal Year: July 1, 2008 - June 30, 2009

(in dollars)

Stripper Well Project Title	Date of DOE Concurrence ¹	Proposed Amount	Funds Expended in FY 2008-09	Cumulative Funds Expended	Projected Funds to be Expended in FY 2008-09	Projected Funds to be Expended in FY 2009-10	Comments Concerning Amendments
SEP	6/30/1994		68,504.68	5,207,944.35			
ICP	8/30/1994		0.00	3,792,874.00	0.00	0.00	
WAP	4/19/2000		0.00	8,374,647.32	0.00	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	21,920.76	449,350.94	182,569.82	160,649.06	
VSDBS	11/20/2002	814,467.00	57,450.97	766,436.24	105,481.50	48,030.76	
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	147,876.41	29,363,794.92	288,051.32	208,679.82	

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

* Date Approved.

FY 2009 Oil Overcharge Award Cash Track

As of June 30, 2009

	Texaco (0734)	EXXON (0738)	Stripper Well (0739)	D. Shamrock (0740)	Total
6/30/08 Cash Balance	\$44,234.71	\$0.00	\$185,729.20	\$5,173.73	\$235,137.64
Interest Income:					
1st quarter	\$1,439.02	\$0.00	\$7,251.67	\$49.89	\$8,740.58
2nd quarter	\$1,200.33	\$0.00	\$6,069.52	\$44.75	\$7,314.60
3rd quarter	\$891.87	\$0.00	\$5,764.57	\$43.12	\$6,699.56
4th quarter	\$189.64	\$0.00	\$1,508.36	\$11.29	\$1,709.29
Total, Interest Income	\$3,720.86	\$0.00	\$20,594.12	\$149.05	\$24,464.03
Increase Awards:					
New Grant					
Secondary Grant					
Total, Increased Awards	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Income	\$3,720.86	\$0.00	\$20,594.12	\$149.05	\$24,464.03
Cash Transfers:					
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Reversions from Capital Project Review:					
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total, Cash Transfers	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Current Cash Balance	\$47,955.57	\$0.00	\$206,323.32	\$5,322.78	\$259,601.67
Obligations:					
Totals					
Current Uncommitted Balance					\$259,602

Total Commitment	Transfers to Date	Dollars Committed but not Transferred
------------------	-------------------	---------------------------------------

\$0 \$0 \$0

\$0 \$0 \$0

\$259,602