



DIVISIONS
ENERGY
GAS AND OIL
GEOLOGY AND MINERAL RESOURCES
MINED LAND RECLAMATION
MINERAL MINING
MINES
ADMINISTRATION

COMMONWEALTH OF VIRGINIA

Department of Mines, Minerals and Energy

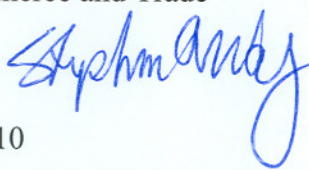
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MEMORANDUM

TO: The Honorable Martin L. Kent
Chief of Staff

The Honorable Richard D. Brown
Secretary of Finance

THROUGH: The Honorable James Cheng
Secretary of Commerce and Trade

FROM: Stephen A. Walz 

DATE: September 27, 2010

RE: Annual Oil Overcharge Report for Fiscal Year 2009-10

Enclosed is a copy of Virginia's annual Oil Overcharge Restitution Report for fiscal year 2009-10. Each year the Department of Mines, Minerals and Energy (DMME) prepares this required report, detailing the earnings and expenditures of these funds over the prior fiscal year.

The report is required by Item 471.D of the 2010 Appropriation Act, Chapter 874 of the 2010 Virginia Acts of Assembly, under which the Governor must submit an annual report on the use of oil overcharge funds to the Chairmen of the House Appropriations and Senate Finance Committees. In previous years, the Secretary of Finance has made this submission to these committees. The report was formerly requested by the U.S. Department of Energy (DOE), but is no longer required.

Also enclosed is a copy of the August 31, 2010, report from the Department of Planning and Budget (DPB), which shows \$6,190 in oil overcharge funds remaining and uncommitted. These funds must be used for approved energy projects. Allocation of these funds is managed by the Department of Planning and Budget after confirming through DMME that the projects are in accordance with the federal Department of Energy's restrictions.

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Funds can be used for the following activities:

- Capital or other projects for state facilities that have an energy efficiency improvement component;
- Energy efficiency programs under DMME's administration of the federally-funded State Energy Program;
- The Weatherization Assistance Program, administered by the Department of Housing and Community Development; and
- The Low Income Energy Assistance Program (LIHEAP), administered by the Department of Social Services.

Please let me know if you have questions.

Enclosures

Commonwealth of Virginia Oil Overcharge Restitution Fiscal Year (FY) 2009-2010

Oil Overcharge Restitution Funds

Exxon Restitution Program

Virginia has received \$54,054,510.90 in Exxon restitution funds since FY86. Accrued interest of \$15,261,198.85 brought the cumulative total funds to \$69,315,709.75. All Exxon funds have been committed.

Stripper Well Restitution Program

Virginia has received \$48,273,296.90 in Stripper Well restitution funds as of June 30, 2010. Accrued interest of \$16,270,915.57 brought the cumulative total funds to \$64,544,212.47. 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, 2010, was \$829.80.

Diamond Shamrock Restitution Program

The total funds received for the Diamond Shamrock Restitution Program, as of June 30, 2010, were \$2,779,060.15, with accrued interest of \$1,400,595.75, and cumulative total of \$4,179,655.90. The uncommitted cash balance for Diamond Shamrock funds, as of June 30, 2010, was \$5,360.27.

Program and Project Descriptions

This section provides information about current projects underway during fiscal year 2010:

Training Workshop for National Electric Code (NEC) Inspectors of Photovoltaic Systems

Funding: \$1,443.74

The Department of Mines, Minerals and Energy worked with the Interstate Renewable Energy Council (IREC) to present a training workshop for National Electric Code (NEC) Compliance in Richmond, VA, to inform stakeholders and other interested parties about code compliance for installation of photovoltaic systems. The workshop hosted 120 code inspectors from localities around the state, and addressed critical and timely issues pertaining to photovoltaic power development in Virginia.

Virginia Department of Corrections

The Virginia Department of Corrections, Augusta Correctional Center, was authorized to use \$64,000 in oil overcharge funds in FY2009 to build a biomass (sawdust) storage facility, enabling it to use sawdust as its primary fuel source for heating and hot water. Possession of this storage building will ensure that the institution can purchase and maintain an adequate supply of sawdust all year and avoid having to switch to its emergency fuel (coal) during fall and winter when sawdust is scarce. There were no funds expended in fiscal year 2010.

Virginia Department of General Services

The Virginia Department of General Services was authorized to use \$610,000 in 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. There were no funds expended in fiscal year 2010, leaving a balance of \$160,649.06.

The Virginia Department of General Services was authorized to use \$195,000 in oil overcharge funds in FY2009 to perform a building recommission and to make selected heating, ventilating, and air conditioning (HVAC) system replacements, optimizations, and other controls; lighting controls; and balancing of air and water systems in the James Madison Building, located in the Commonwealth's State Capitol Complex. Of these funds, \$45,605 was expended in fiscal year 2010, leaving a balance of \$149,395.

The Virginia School for the Deaf and Blind, in Staunton

The Virginia School for the Deaf & Blind in Staunton was authorized 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. During fiscal year 2010, \$12,256.09 was expended, leaving a balance of \$35,774.44.

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 through a direct appropriation to an agency within the biennial Appropriations Act or on a project-by-project review and approval, as authorized in language within the biennial Appropriations Act.

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.

FY 2010 Oil Overcharge Award Cash Track

As of June 30, 2010

	Texaco (0734)	EXXON (0738)	Stripper Well (0739)	D. Shamrock (0740)	Total
6/30/09 Cash Balance	\$47,955.57	\$0.00	\$206,323.32	\$5,322.78	\$259,601.67
Interest Income:					
1st quarter	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2nd quarter	\$630.24	\$0.00	\$4,920.67	\$37.49	\$5,588.40
3rd quarter	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
4th quarter	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total, Interest Income	\$630.24	\$0.00	\$4,920.67	\$37.49	\$5,588.40
Increase Awards:					
New Grant					
Secondary Grant					
Total, Increased Awards	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Income	\$630.24	\$0.00	\$4,920.67	\$37.49	\$5,588.40
Cash Transfers:					
	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Reversions from Capital Project Review:					
DGS Madison Building	\$0.00	\$0.00	(\$195,000.00)	\$0.00	(\$195,000.00)
Total, Cash Transfers	\$0.00	\$0.00	(\$195,000.00)	\$0.00	(\$195,000.00)
Current Cash Balance	\$48,585.81	\$0.00	\$16,243.99	\$5,360.27	\$70,190.07

	Total Commitment	Transfers to Date	Dollars Committed but not Transferred
Obligations:			
DGS Madison Building	\$195,000	(\$195,000)	\$0
Dept of Corrections, Sawdust storage building	\$64,000	\$0	\$64,000
Totals	\$259,000	(\$195,000)	\$64,000
Current Uncommitted Balance			\$6,190