

Reclamation Fee Fiscal-year Report 2010

The regulations at 25 Pa. Code 86.17(e)(2) require the Department to prepare a fiscal-year report containing a financial analysis of the revenue and expenditures of the Reclamation Fee O & M Trust Account.

Pursuant to 25 Pa. Code 86.17(e)(4), the following factors are to be used to determine the amount of the Reclamation Fee:

- Current Balance in the Reclamation Fee O & M Trust Account
- Previous year revenue
 - Reclamation Fee
 - Interest
 - Civil Penalties
 - Other sources
- Previous year O & M Costs
- Projected number of acres subject to the Reclamation Fee
- Projected Revenue
 - Reclamation Fee
 - Interest
 - Civil Penalties
 - Other sources
- Projected expenditures

The regulation was effective August 30, 2008. Therefore, the revenue from coal civil penalties and interest beginning with September 2008 has been transferred to the Reclamation Fee O & M Trust Account.

Current Balance

The balance in the Reclamation Fee O & M Trust Account as of June 30, 2010 is \$4,097,659.49.

PREVIOUS YEAR REVENUE

Reclamation Fee Revenue July 2009 through June 2010

Month	Reclamation Fee
Jul-09	\$9,900.00
Aug-09	\$42,317.00
Sep-09	\$9,031.00
Oct-09	\$3,010.00
Nov-09	\$21,650.00
Dec-09	\$900.00
Jan-10	\$18,740.00

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Feb-10	\$0.00
Mar-10	\$1,620.00
Apr-10	\$0.00
May-10	\$0.00
June-10	\$0.00
Total	\$107,168.00

Interest

Interest was credited to the Reclamation Fee O & M Trust Account from September 2008 through May 2010 in the amount of \$48,108.02.

Civil Penalties

Civil penalties (less the 5% due to the Environmental Education Fund) will be transferred into the Reclamation Fee O & M Trust Account each year. The total revenue from civil penalties from July 2009 through June 2010 is listed below:

Month	Coal Civil Penalties
Jul-09	\$35,277.78
Aug-09	\$21,605.00
Sep-09	\$17,377.00
Oct-09	\$38,780.00
Nov-09	\$30,870.00
Dec-09	\$17,645.00
Jan-10	\$20,185.00
Feb-10	\$7,373.00
Mar-10	\$19,130.50
Apr-10	\$22,741.00
May-10	\$34,038.00
Jun-10	\$34,453.00
Total	\$299,475.28
Net Total	\$284,501.52

The net amount to transfer to the Reclamation Fee O & M Trust Account is \$284,501.52. This is 95% of the collected civil penalties. The remaining 5% is required by statute to be transferred to the Environmental Education Fund.

Other Sources

There was no income from other sources during fiscal year 2009-2010.

O & M Costs

O & M costs were incurred in four categories, personnel costs, lab costs, grants and contracts.

Personnel Costs

The total debit from the Reclamation Fee O & M Trust Account for personnel from July 2009 through June 2010 is \$4,412.35. This amount is for labor for the monitoring that is needed for several ABS Primacy BF sites where it is more efficient for DEP to do this work. Note that this does not include the costs for arranging and managing contracts or grants. This activity is funded through the General Operations Account along with the other (non-ABS) Primacy BF work.

Lab Costs

The total debit from the Reclamation Fee O & M Trust account for the samples collected at the ABS BF sites from July 2009 through June 2010 is \$1,860.59. This is the cost for the analysis of the samples collected by the Department while monitoring the ABS Primacy BF sites.

Grants

Grants were awarded in the amount of \$64,146.22 from July 2009 through June 2010. These were for the REM Orcutt-Smail (\$1,985.76) and the C & K Sites (\$62,160.46).

Contracts

Contract costs through July 2009 through June 2010 totaled \$14,206.

Projected number of acres subject to the Reclamation Fee

The number of acres for which the reclamation fee was collected for fiscal year July through December 2009 was 868. This projects to an annual total of 1736 acres. The five-year average for the number of acres is 2,300. This is the projected number of acres subject to the reclamation fee for 2011.

PROJECTED REVENUE

Reclamation Fee

The projected revenue from the reclamation fee is \$0.

Interest

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Due to the recent turbulence in interest rates and returns from the state treasury a rate of 1% was used to project the revenue from interest for the upcoming year. This results in about \$40,000 in income for the 2010-2011 fiscal year.

Civil Penalties

For purposes of the projection, it is estimated that about \$200,000 will be available from civil penalty revenue for the 2010-2011 fiscal year.

Other Revenue

There is no other revenue stream in place. However, it is possible that legislative action will allow premium payments from Land Reclamation Financial Guarantee (Conversion Assistance) to be deposited into the Reclamation Fee O & M Account. For the purpose of the projection, no other revenue is anticipated.

Projected Expenditures

The total projected expenditures for fiscal year 2010-2011, as explained in further detail below is \$366,500.

Personnel Costs

The total projected debit for DEP personnel costs from the Reclamation Fee O & M Trust Account from July 2010 through June 2011 is \$15,000. The amount is for labor for the monitoring that the DEP is doing for the ABS Primacy BF sites.

Lab Costs

The total projected debit from the Reclamation Fee O & M Trust account from July 2010 through June 2011 is \$6000. This is the expected cost for the analysis of the samples collected by the Department while monitoring the ABS Primacy BF sites.

Grants

Grants are expected to be awarded in the amount of \$125,000 from July 2010 through June 2011. These grants are for the O & M for the following sites:

C & K Coal Co. (Clean Streams Foundation)	Multiple sites*	\$125,000
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*Sites eligible for coverage under the C & K Grant include: Bell Woodcock (Permit No. 11783035), Stroud (Permit No. 11823002), Cambria 51 (Permit No. 11850106), Snyder-Sertik (Permit No. 10860118), Hill Estate (Permit No. 16713004), Smith-Heasley (Permit No. 16803030), Tremba-Horner (Permit No. 16830114), Kriebel (Permit No. 16840103), Racic (Permit No. 61783001)

Contracts

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Contract costs from July 2010 through June 2011 are expected to total \$220,500. The sites covered by these contracts included the following:

K & J Coal Co. Inc.	Westover	\$2,000
K & J Coal Co. Inc.	Gaber Brown	\$2,000
Acme Drilling	Broom Strip	\$0
Windber High Std. Coal Co.	Brant Strip	\$500
H & H Coal Co.	James E Long	\$500
Delta Mining Inc.	Maust Mine	\$500
Met Co Mining & Minerals Inc.	Ankey Mine	\$500
Big J Mining Inc.	Sorber Mine	\$7,000
PA Energy Corp.	Horse Hill Strip	\$3,000
D & E Construction	Moore	\$0
Delta Mining Inc	Bashore	\$3,000
American Development	Job 33	\$1,000
Delta Mining Inc	Hay 2	\$500
L & L Mining	Berkey	\$0
L & B Coal Co	No 5	\$0
Additional Possible Contracts		\$200,000

Note: The sites listed above with expected expenses of \$0 are included in existing O & M contracts. Money may be spent on these, but it is not expected at this point. Also, the C & K Coal Co sites may be covered by either the grant listed in the previous section or under contract for O & M. The amount is included under both the grant and contract section (it is included in the Additional Possible Contracts) to provide for contingencies (e.g. unanticipated projects).

Financial Summary

Income	FY 2009-2010	FY 2010-2011 (Projected)
Interest	\$48,108.02	\$40,000
Reclamation Fee	\$107,168.00	\$0
Civil Penalties	\$284,501.52	\$200,000
Other	\$0	\$0
Total	\$439,777.54	\$240,000

Expenses	FY 2009-2010	FY 2010-2011(Projected)
DEP Lab Costs	\$1,860.59	\$6,000
DEP Personnel	\$4,412.35	\$15,000
Contracts	\$14,206.00	\$220,500
Grants	\$64,146.22	\$125,000
Total	\$84,625.16	\$366,500

Reclamation Fee Calculation

Based on the existing balance in the Reclamation Fee O & M Account (\$4,097,659.49), the untransferred civil penalties (\$284,501.52), the projected revenue (\$240,000) and expenses (\$366,500), the Department has determined that the reclamation fee amount can remain at \$0 for calendar year 2011. This will maintain the balance in the Reclamation Fee O & M Account of \$3 M as required under 25 Pa. Code 86.17(e)(3).

Also, the total of projected expenses through the end of calendar year 2011 (About \$950,000), when the next opportunity to generate revenue from the reclamation fee will arise, is less than the “cushion” available in the Reclamation Fee O & M Trust Account.

ABS Legacy Sites Trust Account

The ABS Legacy Sites Trust Account was established by regulation (86.187(a)(2)(i)), effective August 30, 2008. As of June 30, 2010, the balance in the ABS Legacy Sites Trust Account was \$5,363,085.16. This balance reflects the deposits during the fiscal year of interest (\$33,381.58), the \$300,000 transfer from the Reclamation Fee O & M trust account and \$9,700 from the settlement of a bond forfeiture case.