

## Reclamation Fee Fiscal-year Report 2012

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

25 Pa. Code § 86.17(e)(4) requires the following factors 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

### **CURRENT BALANCE**

The balance in the Reclamation Fee O & M Trust Account as of June 30, 2012 was \$4,077,087.11. This balance does not include civil penalties collected during the fiscal year.

### **PREVIOUS YEAR REVENUE**

#### **Reclamation Fee**

The Reclamation Fee for the period July 2011 through June 2012 was \$0. Therefore there was no revenue from this source.

#### **Interest**

Interest was credited to the Reclamation Fee O & M Trust Account from July 2011 through June 2012 in the amount of \$9,699.53. This is slightly lower than the interest earned on the principal in the 2010-2011 fiscal year which totaled \$10,772.29.

#### **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 2011 through June 2012 is listed below:

Month	Coal Civil Penalties
Jul-11	\$19,303.50
Aug-11	\$13,950.00
Sep-11	\$16,965.00
Oct-11	\$41,078.00
Nov-11	\$6,075.00
Dec-11	\$50,857.50
Jan-12	\$12,850.00
Feb-12	\$46,419.50
Mar-12	\$22,213.33
Apr-12	\$21,850.83
May-12	\$27,690.83
Jun-12	\$29,395.00
<b>Total</b>	<b>\$308,648.49</b>

The net amount to be transferred to the Reclamation Fee O & M Trust Account is \$293,216.07. 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 2011-2012.

#### **PREVIOUS YEAR O & M COSTS**

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

#### **Personnel Costs**

The total cost to the Reclamation Fee O & M Trust Account for personnel from July 2011 through July 2012 is \$7,779.68. This is for labor for the monitoring that is needed for several ABS Primacy bond forfeiture sites where it is more efficient for DEP to do this work.

#### **Lab Costs**

The total cost to the Reclamation Fee O & M Trust account for the samples collected and analyzed at the DEP lab for the ABS Primacy bond forfeiture sites from July 2011 through June 2012 is \$6,789.01.

### **Grants**

Grants were awarded in the amount of \$50,530.80 from July 2011 through June 2012. These were for the REM Orcutt-Smail and the C & K Sites.

### **Contracts**

Contract costs for operation and maintenance of the existing ABS treatment facilities for July 2011 through June 2012 totaled \$103,503.72.

### **PROJECTED NUMBER OF ACRES SUBJECT TO THE RECLAMATION FEE**

The number of acres for which the reclamation fee was collected for the partial fiscal year from July through December 2009 (when the reclamation fee was most recently collected) was 868. This projects to an annual total of 1736 acres. The five-year (calendar years 2005-2009) average for the number of acres is 2,300. This is the projected number of acres subject to the reclamation fee for 2013.

### **PROJECTED REVENUE**

#### **Reclamation Fee**

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

#### **Interest**

Interest on the money held in the Reclamation Fee O & M account has been around \$10,000 for the last two years. Therefore \$10,000 in income from interest is projected for the 2012-2013 fiscal year.

#### **Civil Penalties**

For purposes of the projection, it is estimated that about \$250,000 will be available from civil penalty revenue for the 2012-2013 fiscal year. This is a conservative estimate based on the average of the previous three years (\$286,640) civil penalty revenue.

#### **Other Revenue**

There is no other revenue stream in place.

### **PROJECTED EXPENDITURES**

The total projected expenditures for fiscal year 2012-2013, as explained in further detail below is \$810,492.

### Personnel Costs

The total projected debit for DEP personnel costs from the Reclamation Fee O & M Trust Account from July 2012 through June 2013 is \$15,400. The amount is for labor for the monitoring that the DEP is doing for the ABS Primacy bond forfeiture sites.

### Lab Costs

The total projected debit from the Reclamation Fee O & M Trust account from July 2012 through June 2013 is \$12,000. This is the expected cost for the analysis of the samples collected and analyzed by DEP while monitoring the ABS Primacy bond forfeiture sites.

### Grants

Grants are expected to be awarded in the amount of \$214,412 from July 2012 through June 2013. This includes grants for the O & M for the following C & K sites where the Clean Streams Foundation is the trustee:

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).

Also included in the anticipated grants total is a potential grant to the Clinton County Conservation District for the Lobb, Narco (Permit No. 18860101) site.

### Contracts

Contract costs from July 2012 through June 2013 are expected to total \$568,680. The sites covered by these contracts include the following:

<b>Company</b>	<b>Site Name</b>	<b>Contract Amount</b>
K & J Coal Co. Inc.	Westover	\$2,000
K & J Coal Co. Inc.	Gaber Brown	\$2,000
Acme Drilling	Broom Strip	\$4,000
Windber High Std. Coal Co.	Brant Strip	\$1,500
H & H Coal Co.	James E Long	\$1,500
Delta Mining Inc.	Maust Mine	\$1,500
Met Co Mining & Minerals Inc.	Ankey Mine	\$1,500
Big J Mining Inc.	Sorber Mine	\$37,575
PA Energy Corp.	Horse Hill Strip	\$3,000
D & E Construction	Moore	\$1,500
Delta Mining Inc	Bashore	\$38,700
American Development	Job 33	\$37,700
Delta Mining Inc	Hay 2	\$1,500
L & B Coal Co	No 5	\$4,000
Gurosik Coal Co	King	\$58,346
H & D	Merola	\$5,500

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REM	Truittsburg	\$5,500
Bituminous Coals	Addison	\$36,359
REM	Orcutt Smail	\$75,000
Additional Possible Contracts		\$250,000

Note: 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 grants and contracts section (under Additional Possible Contracts), which is included to provide for contingencies (e.g. unanticipated projects).

### Financial Summary

Income	FY 2011-2012	FY 2012-2013 (Projected)
Interest	\$9,699.53	\$10,000
Reclamation Fee	\$0	\$0
Civil Penalties	\$293,216.07	\$250,000
Other	\$0	\$0
Total	\$302,915.60	\$260,000

Expenses	FY 2011-2012	FY 2012-2013 (Projected)
DEP Lab Costs	\$6789.02	\$12,000
DEP Personnel	\$7,779.68	\$15,400
Contracts	\$103,503.72	\$568,680
Grants	\$50,530.80	\$214,412
Total	\$168,603.21	\$810,492

### Reclamation Fee Calculation

Based on the existing balance in the Reclamation Fee O & M Account (\$4,077,087.11), the un-transferred civil penalties (\$293,216.07), the projected revenue (\$260,000) and expenses (\$810,492), DEP has determined that the reclamation fee amount can remain at \$0 for calendar year 2013. This will maintain the balance in the Reclamation Fee O & M Account of \$3,000,000 as required under 25 Pa. Code § 86.17(e)(3).

## ABS Legacy Sites Trust Account

The ABS Legacy Sites Trust Account was established by regulation at 25 Pa. Code § 86.187(a)(2)(i), effective August 30, 2008. As of June 30, 2011, the balance in the ABS Legacy Sites Trust Account was \$5,660,006.82. The June 30, 2012 balance was \$5,674,432.38. This balance reflects the credit of \$14,425.56 in interest.