

OFFICE OF THE
RECLAMATION GUARANTY FUND
JOE ADCOCK, ACTING EXECUTIVE DIRECTOR

Annual Professional Engineers in Mining Seminar

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Kentucky Reclamation Guaranty Fund History

2011

The Federal Office of Surface Mining, Reclamation and Enforcement (OSMRE) completed a study of Kentucky's bonding requirements.

2012

OSMRE identified what they felt were program deficiencies and issued Kentucky a 733 Letter.

2013

Emergency provisions of House Bill 66 immediately established the Kentucky Reclamation Guaranty Fund (KRGF), the Commission and the Office of the Reclamation Guaranty Fund

What Is The Reclamation Guaranty Fund?

A reclamation account, requiring mandatory participation, designed to cover the excess costs of reclamation for forfeited coal mining sites when the permit specific bond is inadequate. Companies must belong to the Fund or opt out.

The Fund assumed all assets and liabilities of the old voluntary bond pool and Bond Pool Commission, which were abolished by the legislation establishing the KRGF.

The Fund is guided and administered by a Commission.

Makeup Of The KRGF Commission

The KRGF Commission meets quarterly and is comprised of seven members representing the EEC Cabinet, coal, financial and insurance industries.

Chaired by the
Secretary
of the
Energy
and
Environment
Cabinet

3

Coal Mining
Permitee
Representatives

2

Banking
and
Insurance
Representatives

1

CPA

Responsibilities of the KRGF Commission

Monitor and maintain the KRGF Fund.

Establish a structure for the administration of processing claims and making payments.

Review the viability of the fund and determine when a recommendation shall be made to the Secretary of the Cabinet to close the fund for failure to maintain actuarial soundness.

Set the schedule of penalties.

Review annual mine type classifications and fee assessments that have been completed.

Statutory Mandates of the Commission/ORGF

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Annually Classify Permits and Invoice Members.

Have an Actuarial Study conducted every other year.

Have an Audit Performed every other year.

Submit an Annual Financial Report to the Governor and Interim Joint Committee on Natural Resources and Energy.

Office of the Reclamation Guaranty Fund Duties

Provide administrative support to the KRGF Commission and draft regulations

Administer the obligations and liabilities of the old Voluntary Bond Pool Fund

Classify permits and invoice members each calendar year

Collect and deposit all tonnage and assessed acreage fees and penalties

Receive bonds of incoming forfeitures from the Division of Mine Reclamation and Enforcement

Transfer Funds to Abandoned Mine Lands for forfeited permits that have been reclaimed

Assist Actuary Study & Audit

Report on Fund Activity

Prepare Budgets & Grants

KRGF Revenue Sources

- **Membership Fees**
- **Tonnage Fees** (Surface, Underground, Combination)
- **Non-Production & Dormant Fees**
- **Penalties**
- **Interest Earned**
- **Forfeitures**

KRGF Fees and Penalties Revenue Last 6 Fiscal Years

<u>Fiscal Year</u>	<u>Revenues</u>
FY 2023	\$ 1,572,260.76
FY 2022	\$ 2,527,028.55
FY 2021	\$ 1,522,526.13
FY 2020	\$ 1,589,521.46
FY 2019	\$ 2,138,858.00
FY 2018	\$ 2,110,762.19

* Includes a 1.2 Million Dollar Settlement

2023 KRGF Annual Classifications

- 816 permits were classified at the beginning of calendar year 2023:
 - SURFACE 51
 - UNDERGROUND 32
 - COMBINATION 0
 - NON-PRODUCTION 235
 - DORMANT 498

Current State of the KRGF

- Fund Balance: **\$57 Million**
- Bond Forfeiture Obligation: **\$13.4 Million** (33 Sites)
- Bond Liability of Bond Pool Members: **\$22.5 Million**
- Bond Liability of Financial Institutions: **\$702.6 Million**
- Total Bond Liability: **\$725.2 Million**

Bond Forfeitures Since KRGF Inception

- **106 permits** forfeited.
- **\$20.8 Million** in forfeited bonds have been deposited into the KRGF.
- **73 forfeited permits** have received reimbursement for reclamation.
- **\$6.9 Million** in original bond monies have been paid out by the KRGF.
- **29 forfeited permits** have needed excess funds from the KRGF.
- **\$3.2 Million** in excess funds have been paid out by the KRGF.

Current Issues/Upcoming Changes

Continue to enhance the online KRGF reporting and payment portal.

Continue to work with KRGF members to get fees paid on time to avoid permit suspensions.

Continue to monitor bankruptcies and assist as needed.

Work with Old Voluntary Bond Pool Companies and the Division of Mine Reclamation and Enforcement to encourage bond releases where possible and reduce the bond pool liability.

Office of the Reclamation Guaranty Fund

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THANK YOU!