



Department of Energy
Washington, DC 20585

FEB 06 2004

The Honorable Conrad Burns
Chairman, Subcommittee on Interior
and Related Agencies
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

As required by the Energy Policy Act of 1992 (P.L. 102-486), enclosed is the Department of Energy's Report on Carryover Balances for Fiscal Year Ending September 30, 2003. The report presents the results of the Department's analysis of fiscal year 2003 uncosted obligation balances. Our analysis indicates that despite increased funding in key programs and a commensurate rise in uncosted balances, the overall level of these balances remains consistent with sound financial management.

If you have any questions regarding this report, please feel free to contact me on (202) 586-4511 or Rick Dearborn, Assistant Secretary, Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

A handwritten signature in cursive script that reads "James T. Campbell".

James T. Campbell
Acting Director, Office of Management, Budget
and Evaluation/Acting Chief Financial Officer

Enclosure

cc:
Senator Byron Dorgan
Ranking Minority Member



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Department of Energy

Washington, DC 20585

FEB 06 2004

The Honorable Pete V. Domenici
Chairman, Subcommittee on Energy
and Water Development
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

As required by the Energy Policy Act of 1992 (P.L. 102-486), enclosed is the Department of Energy's Report on Carryover Balances for Fiscal Year Ending September 30, 2003. The report presents the results of the Department's analysis of fiscal year 2003 uncosted obligation balances. Our analysis indicates that despite increased funding in key programs and a commensurate rise in uncosted balances, the overall level of these balances remains consistent with sound financial management.

If you have any questions regarding this report, please feel free to contact me on (202) 586-4111 or Rick Dearborn, Assistant Secretary, Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

A handwritten signature in cursive script that reads "James T. Campbell".

James T. Campbell
Acting Director, Office of Management, Budget
and Evaluation/Acting Chief Financial Officer

Enclosure

cc:
Senator Harry Reid
Ranking Minority Member



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Department of Energy
Washington, DC 20585

FEB 06 2004

The Honorable Charles Taylor
Chairman, Subcommittee on Interior
and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

As required by the Energy Policy Act of 1992 (P.L. 102-486), enclosed is the Department of Energy's Report on Carryover Balances for Fiscal Year Ending September 30, 2003. The report presents the results of the Department's analysis of fiscal year 2003 uncosted obligation balances. Our analysis indicates that despite increased funding in key programs and a commensurate rise in uncosted balances, the overall level of these balances remains consistent with sound financial management.

If you have any questions regarding this report, please feel free to contact me on (202) 586-4171 or Rick Dearborn, Assistant Secretary, Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

A handwritten signature in cursive script that reads "James T. Campbell".

James T. Campbell
Acting Director, Office of Management, Budget
and Evaluation/Acting Chief Financial Officer

Enclosure

cc:
Congressman Norman Dicks
Ranking Minority Member





Department of Energy
Washington, DC 20585

FEB 06 2004

The Honorable David L. Hobson
Chairman, Subcommittee on Energy and
Water Development
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

As required by the Energy Policy Act of 1992 (P.L. 102-486), enclosed is the Department of Energy's Report on Carryover Balances for Fiscal Year Ending September 30, 2003. The report presents the results of the Department's analysis of fiscal year 2003 uncosted obligation balances. Our analysis indicates that despite increased funding in key programs and a commensurate rise in uncosted balances, the overall level of these balances remains consistent with sound financial management.

If you have any questions regarding this report, please feel free to contact me on (202) 586-4171 or Rick Dearborn, Assistant Secretary, Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,


James T. Campbell

Acting Director, Office of Management, Budget
and Evaluation/Acting Chief Financial Officer

Enclosure

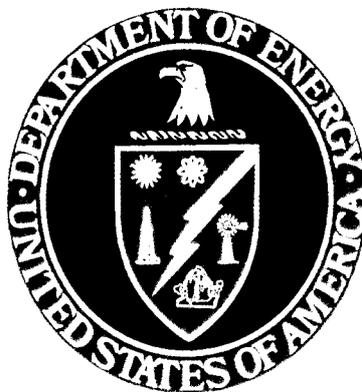
cc:
Congressman Peter J. Visclosky
Ranking Minority Member



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U.S. DEPARTMENT OF ENERGY

Report on Carryover Balances For Fiscal Year Ending September 30, 2003



January 2004

Prepared by: Office of Management, Budget & Evaluation

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Purpose

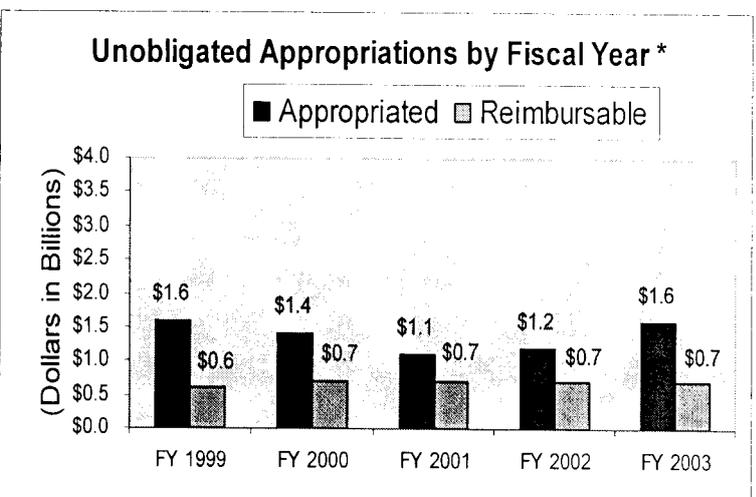
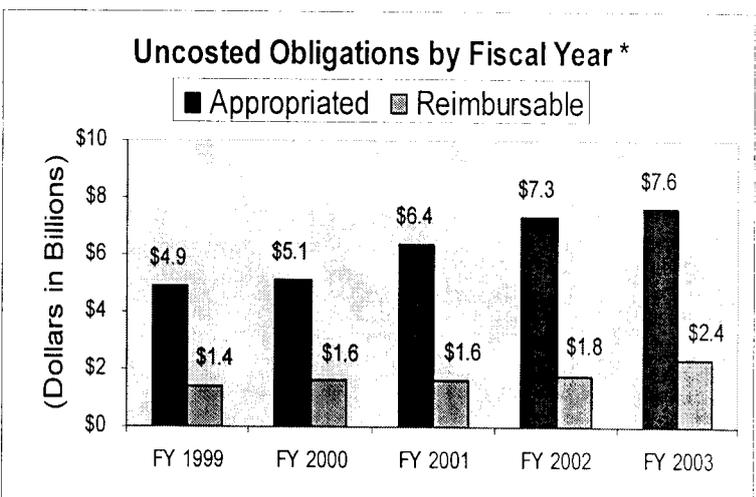
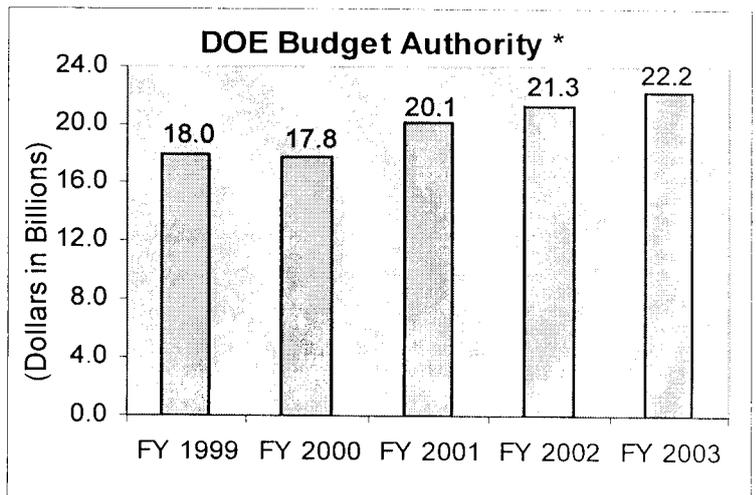
On October 24, 1992, the President signed the Energy Policy Act of 1992 into law (P.L. 102-486). Section 2307 of the Act requires the Department of Energy (DOE) to submit an annual report to Congress on the status of its uncosted obligations (obligations recorded for specific deliverables that are not yet completed and accepted). This is the twelfth annual submission of that report.

Analysis Results

As Exhibit I shows, the Department's uncosted obligations increased slightly in FY 2003 after significant increases from FY 2000 to FY 2002 that resulted primarily from a \$3.5 billion increase in budget authority over that period including significant increases in the Department's grants programs, privatization initiatives and other construction activities. The 2003 increase was driven primarily by an extended continuing resolution that lasted until March 2003 and delayed overall procurement and costing processes and a \$0.9 billion increase in total budget authority which naturally produces an increase in uncosted obligations. Much of the funding increase was related to construction type activities which inherently display higher levels of uncosted balances. Unobligated balances also increased moderately in 2003 due primarily to the extended continuing resolution.

In addition to monitoring overall trends in uncosted obligations, the Department analyzes individual appropriation balances against established thresholds (or targets) that represent standard costing levels for various types of funding such as construction, operating, and capital equipment. While balances above these thresholds are not inherently inappropriate, they must be analyzed and justified to ensure they remain consistent with sound financial management and overall funding needs.

Exhibit 1



* Excludes Bonneville Power Administration

In FY 2003, the Department's combined balances were a net \$122.7 million over the established threshold for all appropriations. This is a decrease of \$346.3 million from the FY 2002 over-threshold amount. This is a significant decrease as it was accomplished despite the lengthy continuing resolution and funding increases. While amounts over threshold continue to be justifiable and consistent with funding needs, the Department remains committed to finding new ways to reduce amounts over threshold.

The \$122.7 million over threshold amount in FY 2003 resulted primarily from the Defense Nuclear Nonproliferation appropriation, which was \$518.2 million over threshold¹. This appropriation supports the Materials Protection Control and Accounting (MPC&A), Russian Transition Initiative (RTI), Fissile Materials Disposition (FMD), and Nonproliferation and International Security (NIS) programs. These programs display inherently higher balances due primarily to the unique funding processes involved in work with Russia and the Former Soviet Union (FSU). Specifically, contract negotiations may take up to several years to complete, while balances must be obligated prior to the commencement of those negotiations. In addition, costs are not recorded until specific deliverables are met. Due in large part to the multi-year nature of much of the work in these areas, it may take several years for deliverables to be completed and costs to be recorded. These key circumstances create the elevated balances observed in these programs. These and other drivers for the Defense Nuclear Nonproliferation appropriation and the Fossil Energy Research and Development appropriation are described in detail in the "Explanation of Significant Threshold Variances" section of this report.

Utilizing carryover balances² to offset future budget requests is also important to bring continuity of operations and ensure balances remain at an appropriate level. In FY 2003, the Department utilized \$199.3 million in carryover balance to offset funding needs. Appendix Chart 4 provides a breakout of the use of prior year carryover balances by appropriation.

Overall, the Department continues to maintain uncOSTED obligation balances at a level that is consistent with sound fiscal management and overall funding objectives. However, we will continue to refine our analyses and continue our focus on identifying ways to better manage uncOSTED obligations.

¹ The total amount over threshold of \$122.7 million in FY 2003 is a "Net" figure consisting of over and under threshold amounts for each appropriation. Therefore, a single appropriation may have an over-threshold amount higher than the total for the Department, as is the case with the Defense Nuclear Nonproliferation appropriation.

² Carryover balances include uncOSTED obligations and unobligated funds.

Composition of FY 2003 Year-End Uncosted Obligations

Exhibit 2

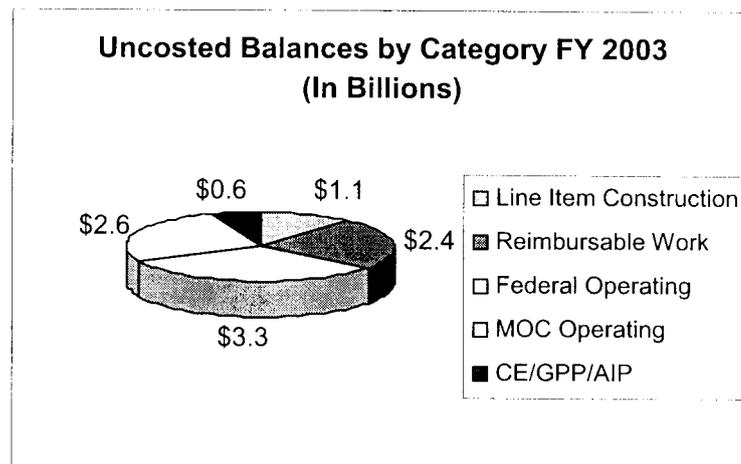


Exhibit 2 presents the composition of the Department's \$10 billion uncosted balance as of September 30, 2003. Of this amount, \$2.4 billion was associated with reimbursable work funded by other Federal agencies and non-Federal entities. These funds are under external control and cannot be used to offset DOE appropriations. Another \$1.1 billion is associated with line item construction projects. Construction projects are reviewed on a case-by-case basis through other Departmental processes.

Six hundred million dollars of the total uncosted balance is related to Capital Equipment (CE), General Plant Projects (GPP) and Accelerator Improvement Projects (AIP). Another \$2.6 billion is attributed to uncosted balances arising from the operating activities of the Department's Major Operating Contractors (MOC). The final \$3.3 billion results from Federal operating activities not related to the other categories.

Threshold Analysis - Approach and Background

It is not possible to eliminate uncosted obligations completely. Uncosted obligations are required to meet that portion of existing contractual obligations related to goods and services that have not yet been received, used, or consumed. DOE maintains a cost-based accounting system, consistent with Office of Management and Budget cost and accrual accounting requirements, to track these balances.

In April 1996, the General Accounting Office (GAO) issued its report "DOE Needs to Improve its Analysis of Carryover Balances" (GAO/RCED-96-57). The GAO stated that the Department did not have a standard, effective approach for identifying excess carryover balances that might be available to reduce future budget requests. Instead it relied on broad estimates of potentially excess balances in its individual programs. As a result, GAO indicated that DOE could not be sure whether the amount of carryover balances proposed for use by its programs was adequate, too small, or too large.

Recognizing that there is a legitimate rationale for retaining some level of uncosted balances and to address GAO concerns, DOE developed a comprehensive approach for the systematic analysis of uncosted balances. This approach is based on establishment of percentage thresholds

specifying levels of uncOSTed balances consistent with sound financial management for specific types of financial/contractual arrangements. This allows the Department to evaluate its overall performance based on the variance between target thresholds and actual balances.

A target threshold is defined as an analytical reference point (i.e., a specific dollar value or percentage of funds available) beyond which uncOSTed obligation balances should be given greater scrutiny. That does not mean that balances in excess of threshold are inappropriate. It does mean those balances will become subject to more intensive review and require more detailed justification to determine their appropriateness.

In order to analyze those areas where the Department can exercise the most control, costs and uncOSTed balances are segregated into distinct categories that display similar and predictable costing patterns. The table in Exhibit 3 outlines the various uncOSTed categories and their respective thresholds.

Exhibit 3

CATEGORY	THRESHOLD
Contractor Operating Costs: This category includes costs incurred by Major Operating Contractors (MOC) that manage Departmental sites.	13% of the Total Funds Available to Cost (TAC) for contractor operating activities for the fiscal year just ended.
Federal Operating Costs: This category includes operating costs not related to MOCs or other identified categories.	17% of the TAC for Federal operating activities for the fiscal year just ended.
Capital Equipment (CE), General Plant Projects (GPP) & Accelerator Improvement Projects (AIP): This category includes costs incurred for CE, GPP and AIP. CE includes those items that meet the accounting criteria for capitalization.	50% of the TAC for CE, GPP and AIP respectively for the fiscal year just ended.
Line Item Construction <ul style="list-style-type: none"> • Grants • Cooperative Research and Development Agreements and other Cooperative Agreements • Reimbursable Work • Environmental Management Privatization 	Not Subject to a Specific Threshold. These costs should be reported and evaluated on a case-by-case basis throughout the life of the contractual instruments. (Consistent with GAO's approach)

The analysis process requires that all Departmental elements array their uncOSTed balances in a standard format that discloses programs with balances in excess of the defined thresholds. For each program that exceeds the defined threshold, a narrative justification is required which explains the major drivers for the balances, accompanied by a request to retain the balances based on a defined planned usage, or an acknowledgment that the balances can be withdrawn for higher priority use.

Threshold Analysis - Summary

As noted earlier in this report, the purpose of the threshold approach is to provide a reference point beyond which further analysis is required to determine if a particular balance is appropriate or necessary. However, it cannot be assumed that any amount over-threshold is inherently available or unnecessary. In addition to providing a basis for assessing the appropriateness of balances, this analysis helps to identify types of funding and contractual instruments that display inherently higher balances than typical operating funding. Categories such as line-item construction, grants, cooperative agreements, and reimbursable work have traditionally been exempted from threshold application. These exemptions are consistent with previous GAO treatment of DOE uncosted balances.

In FY 2000, the Department added Defense Environmental Management Privatization funding to the list of exempted funding categories. The Privatization Initiative is designed to shift risk and responsibility for financing construction of major cleanup or waste disposal facilities to the private sector. Privatization contracts inherently display a high percentage of uncosted balances since up-front funding is required and payment is not made until significant goals are completed by the contractor (i.e., completed construction of a waste treatment facility) which may extend beyond the current fiscal year. GAO, in their last review of DOE carryover balances, agreed that privatization projects should be reviewed separately, and did not apply percentage targets to privatization funding. DOE has made this change consistent with the GAO approach. While not subject to threshold analysis, these balances are reviewed each year to ensure that the carryover amounts correlate with the level of planned privatization activities.

DOE's threshold analysis for FY 2003 shows that the Department as a whole is \$122.7 million over the target threshold (Appendix Chart 3). It is important to note that the amount over-threshold represents a "net" amount at the Departmental level, and that this variance consists of a combination of over and under-threshold amounts for various appropriations. Therefore, the total value of the balances justified will exceed the \$122.7 million variance at the Departmental level. Despite increased funding and an extended continuing resolution, the Department reduced the amount over threshold from \$469 million in FY 2002 down to \$122.7 million (a \$346.3 million or 74% reduction).

Explanation Of Significant Threshold Variances

Appropriation 89X0309, Defense Nuclear Nonproliferation - Exceeds the appropriation threshold by a net amount of \$ 518.2 million, primarily due to funding issues related to the MPC&A, RTI, FMD, and NIS programs.

A common driver for higher than normal uncosted balances in these programs is that most involve work in Russia and the FSU. Russia/FSU work is unique in two key ways. First, funds must be obligated before contract negotiations may begin. The ensuing negotiations may then take up to 24 months to complete which contributes to high balances. Second, costs are not recorded until specific contract deliverables are completed. There is typically a significant lag between commencement of work and completion of deliverables, and deliverables often require re-work which further delays costing. A substantial amount of the uncosted balances for the aforementioned programs are the result of funding committed to contracts where the Department is awaiting these final deliverables and funding required to be obligated pending negotiation of new awards. The unusual nature of the funding process for these programs is a chief cause of the

elevated balances. Other contributing factors for balances in each program are outlined below.

MPC&A program: The majority of MPC&A uncosted balances are either committed in contracts between DOE laboratories and the Russians or private sector where funds are for work underway but not yet costed or under active negotiation of new or follow-on contracts. In some cases we have experienced problems with access to certain Russian sites which slows the drawdown of these balances. The remaining uncosted balances are for work outside Russia/FSU which requires negotiating unique agreements with countries throughout the world. The receipt of \$106 million in supplemental funding in the middle of the fiscal year for program areas which are in the start-up phase have further increased uncosted balances. It is important to note that despite the receipt of large supplemental appropriations over the last two years, the Department has costed and committed approximately the same percentage of total funds under this program since FY 2001. As agreements are finalized, completion of activities on new program starts in Strategic Rocket Forces, Radiological Dispersion Devices, and the Second Line of Defense Mega-Ports projects will draw down these balances.

RTI program: Uncosted balances for this program are largely due to the way the program conducts business with Russia. RTI projects can take as long as 36 months to complete. Since full funding for the projects is required before negotiations begin, it is not unusual that up to 24 months of funding remains uncosted pending project completion.

FMD program: Uncosted balances for this program are principally due to unresolved liability issues between the U.S. and Russia which have impeded the program's ability to contract and perform work in Russia as scheduled. Joint planning between the U.S. and Russia continues and the Mixed Oxide Fuel Fabrication Facility will move forward as soon as the liability issue is resolved.

NIS program: Uncosted balances for this program are primarily the result of difficulties arising from work in Russia/FSU. For example, contract negotiations have taken longer than expected for the Russian Fuel Return program which has slowed progress. Also, BN-350 project expenditures were slowed due to delays in obtaining agreement from the Government of Kazakhstan on the storage and transportation proposal of three tons of weapons grade plutonium. Commencement of the war in Iraq disrupted work programs at the International Atomic Energy Agency, thereby slowing progress in international safeguard programs. Furthermore, personnel were shifted from multilateral export control activities to support the war effort, causing delays in the implementation of multilateral export control programs. In addition, delays on some Asian safeguards projects occurred due to SARS-related travel restrictions.

Most of the balances in these programs are commensurate with the unique challenges presented while working with Russia, the FSU and other countries throughout the world. All balances in this appropriation are necessary to achieve the programmatic activities for which they were originally appropriated.

Appropriation 89X0213, Fossil Energy Research and Development - Exceeds the appropriation threshold by a net amount of \$ 71.7 million. The following items are the primary drivers for the over-threshold amount: 1) a series of continuing resolutions in the first half of FY 2003 limiting the availability of funds early in the year and constricting competitive solicitations by the programs, which results in delays in obligations and subsequent costing; 2) the conversion of a contract to a co-operative agreement is responsible for \$30 million of this balance (The

conversion will be complete in the first quarter of FY 2004, resulting in normal costing activity); 3) the use of various cost shared research and development contracts which require advance funding for multi-year work, wherein costing occurs over a longer time span; 4) the execution of competitive contractual instruments such as Broad Based Agency Announcements, Program Research and Development Announcements, Program Solicitations, etc., which require additional time to generate awards and produce higher than normal uncosted balances; and, 5) uncosted balances retained to pay final vouchers for contracts in closeout and awaiting final Defense Contract Audit Agency audits. These balances remain necessary to fund the programmatic activities for which they were appropriated.

APPENDIX

Chart 1	Uncosted Obligations by Appropriation and Fiscal Year	(A1)
Chart 2	Uncosted Obligations Comparison of FY 2002 to FY 2003	(A3)
Chart 3	Uncosted Obligations Threshold Analysis by Appropriation	(A5)
Chart 4	Use of Prior Year Balances	(A7)

U.S. DEPARTMENT OF ENERGY
Uncosted Obligations by Appropriation and Fiscal Year
Appropriated and Reimbursable Activities
(dollars in thousands)

APPROPRIATION	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
ENERGY & WATER DEVELOPMENT								
Geothermal Resources Development Fund	46	46	46	46	25	25	9	9
Federal Energy Regulatory Commission	13,712	9,031	8,843	4,524	8,797	3,883	9,136	10,636
Science	195,876	176,064	511,595	626,345	668,453	899,106	1,049,872	1,059,669
Energy Supply & Research Activities	1,429,033	1,157,372	478,232	497,308	484,259	481,174	591,107	782,457
Energy Supply & Research Activities - 98 Annual	0	0	111,359	14,116	4,704	2,880	1,406	0
Energy Supply & Research Activities - 99 Annual	0	0	0	88,336	13,085	4,133	2,939	3,316
Energy Supply & Research Activities - 00 Annual	0	0	0	0	117,865	20,274	4,263	3,859
Energy Supply & Research Activities - 99/00 2yr	0	0	0	28,898	6,474	2,384	1,186	1,141
Energy Supply & R&D - Reimb Work Non Fed	0	0	0	0	6,474	115,262	115,705	87,513
Uranium Supply & Enrichment Activities	67,254	36,627	4,469	0	0	0	0	0
Departmental Administration	59,352	40,704	49,575	56,094	63,136	56,396	65,216	54,873
Departmental Administration - 99/01 3yr	0	0	0	2,422	439	348	303	294
Working Capital Fund	0	1,571	13,234	7,695	10,946	15,280	15,511	16,466
Office of Inspector General	2,556	2,188	3,122	2,876	1,676	2,154	846	3,711
Weapons Activities	2,023,918	1,884,000	1,917,447	1,797,172	2,058,656	2,269,285	2,465,204	3,208,125
Weapons Activities - 02 Annual	0	0	0	0	0	0	18,365	10,783
Weapons Activities - Civil COE	0	0	0	0	0	(262)	(157)	0
Defense Env. Rest. & Waste Mgmt. - 99/01 3yr	1,133,231	951,011	1,018,789	709,877	694,080	937,667	1,065,956	1,120,222
Defense Env. Rest. & Waste Mgmt. - 99/01 3yr	0	0	0	1,587	304	202	190	50
Defense Environmental Mgmt. Privatization	0	0	0	361,216	358,864	540,144	560,020	725,699
Non-Defense Environmental Management	0	0	98,477	81,501	66,041	58,063	55,874	42,305
Defense Nuclear Nonproliferation - 00/01 2 yr	0	0	0	0	7,512	1,500	0	0
Defense Nuclear Nonproliferation - 01/02 2 yr	0	0	0	0	0	29,845	13,167	980
Defense Nuclear Nonproliferation - 02/03 2 yr	0	0	0	0	0	0	122,466	67,700
Defense Nuclear Nonproliferation - 03/04 2 yr	0	0	0	0	0	0	0	24,785 New
Defense Nuclear Nonproliferation - 03/05 3 yr	0	0	0	0	0	0	0	17,000 New
Defense Nuclear Nonproliferation	0	0	0	0	0	443,157	610,109	819,672
Defense Facilities Closure Projects	0	0	91,720	103,701	107,774	182,249	176,347	78,190
Defense Facilities Closure Projects - 99/01 3yr	0	0	0	281	73	70	10	6
Office of the Administrator - 03 Annual	0	0	0	0	0	0	0	41,847 New
Office of the Administrator	449,448	558,193	511,205	567,092	583,204	205,414	50,625	20,160
Other Defense Activities	0	0	0	0	0	216,235	216,339	181,339
Other Defense Activities - 02 Annual	0	0	0	0	0	0	5,485	596
Other Defense Activities - 98/99 2yr	0	0	32,400	0	0	0	0	0
Other Defense Activities - 99/00 2yr	0	0	0	19,044	0	0	0	0
Southeastern Power Administration c/	504	369	57	300	143	292	547	472
Southeastern Power Administration - 2000 Annual c/	0	0	0	0	1,097	318	0	0
Southwestern Power Administration c/	7,082	6,705	8,732	11,467	11,701	9,537	13,578	14,345
Continuing Fund (SEPA) c/	0	0	0	2,431	981	0	0	0
Continuing Fund (SWPA) c/	0	0	2,991	3,416	3,416	0	0	0
Alaska Power Administration c/	4,441	3,349	13,336	8,491	16,648	16,595	799	0
Isotope Production & Distribution Fund a/	8,096	5,900	6,499	7,890	8,184	7,265	6,198	3,862
Colorado River Basins Fund a/ c/	8,238	22,159	7,623	8,223	9,186	5,715	13,090	9,079
Western Area Power Administration c/	90,767	99,918	87,778	89,587	75,076	94,154	71,185	144,069
WAPA - Emergency Fund c/	0	0	0	0	0	6,634	0	0
Faicon/Amistad Op. Fund (WAPA) c/	33,110	68,939	38,585	59,257	26,619	42,796	43,751	1,670
Nuclear Waste Disposal Fund	0	0	0	0	0	277	158	56,114
Nuclear Waste Disposal Fund - 2000 1yr	0	0	0	0	5,718	0	0	78
Uranium Facilities Maintenance & Remediation	0	0	0	0	0	138,468	151,420	81,160
Uranium Enrichment D&D Fund	25,707	28,167	47,819	48,682	101,335	0	0	0
Defense Nuclear Waste Disposal	19,656	22,162	4,256	2,663	8,427	8,573	7,909	29,282
Naval Reactors	0	0	0	0	0	93,416	100,465	105,477

U.S. DEPARTMENT OF ENERGY
Uncosted Obligations by Appropriation and Fiscal Year
Appropriated and Reimbursable Activities
(dollars in thousands)

APPROPRIATION	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Cerro Grande Fire Activities	0	0	0	0	87,012	234,313	157,184	73,627
TOTAL Energy & Water Development	5,572,027	5,074,460	5,068,506	5,212,540	5,611,912	6,932,648	7,783,681	8,902,638
INTERIOR								
Fossil Energy Research & Development	291,758	219,354	221,284	255,262	288,635	352,068	395,355	359,138
Fossil Energy Research & Development - 98 Annual	0	0	0	0	4	0	0	0
Fossil Energy Research & Development - 99 Annual	0	0	0	99	38	0	0	0
Fossil Energy, Construction	54	0	0	0	0	0	0	0
Energy Conservation	338,938	410,676	318,617	338,036	370,661	418,964	556,006	612,782
Energy Information Administration	20,462	15,494	14,080	18,828	20,174	20,935	23,200	18,447
Economic Regulatory Administration	1,477	695	335	172	236	195	216	120
Strategic Petroleum Reserve	120,988	121,393	98,216	57,562	51,006	49,038	70,890	53,705
Naval Petroleum & Oil Shale Reserves	75,917	51,277	49,692	29,503	24,493	18,344	13,945	10,992
SPR Petroleum Account	2,359	2,369	2,467	2,496	3,495	6,192	7,381	5,348
Northeast Home Heating Oil Reserve Account	0	0	0	0	0	4,140	170	4,852
Emergency Preparedness	867	398	209	109	55	43	43	6,729
Clean Coal Technology	189,605	290,257	409,251	378,178	312,818	232,660	228,155	28,294
Elk Hills School Land Fund - 03 Annual	0	0	0	0	0	0	0	0
Energy Security Reserves & Alternate Fuels Prod	9,858	9,855	9,788	9,787	9,806	9,452	9,367	9,129
TOTAL Interior	1,062,283	1,121,768	1,123,939	1,090,032	1,081,421	1,112,031	1,304,728	1,109,536
TOTAL Other b/	11,722	9,487	6,234	4,364	4,480	30,538	31,750	4,544
TOTAL DEPARTMENT OF ENERGY	6,646,032	6,205,715	6,198,679	6,306,936	6,697,813	8,075,217	9,120,159	10,016,718

Footnotes:

- a/ Uncosted revolving fund balances.
- b/ Other consists of expired appropriations, Payments to States under Federal Power Act, Trust Fund Advances for Co-Sponsored Work, Gifts, Donations and Bequests, and Transfer Appropriations.
- c/ FY 2003 balances taken from Year-end PMA Uncosted submissions.

General Notes:

All amounts include the cost side of reimbursable work, and exclude the collection side of reimbursable work.

U.S. DEPARTMENT OF ENERGY
Uncosted Obligations Comparison of FY 2002 to FY 2003
Appropriated and Reimbursable Activities
(dollars in thousands)

	2002 Total		Increase/ (Decrease)	2003 Total	
	Uncosted	9		Uncosted	9
APPROPRIATION					
ENERGY & WATER DEVELOPMENT					
Geothermal Resources Development Fund		9	0		9
Federal Energy Regulatory Commission		9,136	1,500		10,636
Science	1,049,872		9,797		1,059,669
Energy Supply & Research Activities	591,107		191,350		782,457
Energy Supply & Research Activities - 98 Annual	1,406		(1,406)		0
Energy Supply & Research Activities - 99 Annual	2,939		377		3,316
Energy Supply & Research Activities - 00 Annual	4,263		(404)		3,859
Energy Supply & Research Activities - 99/00 2yr	1,186		(45)		1,141
Energy Supply - Reimbursable Work Non Federal	115,705		(28,192)		87,513
Departmental Administration	65,216		(10,343)		54,873
Departmental Administration - 99/01 3yr	303		(9)		294
Working Capital Fund	15,511		955		16,466
Office of Inspector General	846		2,865		3,711
Weapons Activities	2,465,204		742,921		3,208,125
Weapons Activities - 02 Annual	18,365		(7,582)		10,783
Weapons Activities - Civil COE	(157)		157		0
Defense Env. Rest. & Waste Mgmt.	1,065,956		54,266		1,120,222
Defense Env. Rest. & Waste Mgmt. - 99/01 3yr	190		(140)		50
Defense Environmental Mgmt. Privatization	560,020		165,679		725,699
Non-Defense Environmental Management	55,874		(13,569)		42,305
Defense Nuclear Nonproliferation - 01/02 2yr	13,167		(12,187)		980
Defense Nuclear Nonproliferation - 02/03 2yr	122,486		(54,766)		67,700
Defense Nuclear Nonproliferation - 03/04 2yr	0		24,785		24,785
Defense Nuclear Nonproliferation - 03/05 3yr	0		17,000		17,000
Defense Facilities Closure Projects	610,109		209,563		819,672
Defense Facilities Closure Projects - 99/01 3yr	176,347		(98,157)		78,190
Office of the Administrator	10		(4)		6
Office of the Administrator	0		41,847		41,847
Other Defense Activities	50,625		(30,465)		20,160
Other Defense Activities - 02 Annual	216,235		(34,896)		181,339
Southeastern Power Administration c/	5,485		(4,889)		596
Southeastern Power Administration - 2000 Annual c/	547		(75)		472
Southwestern Power Administration c/	0		0		0
Southwestern Power Administration c/	13,578		767		14,345
Alaska Power Administration c/	799		(799)		0
Isotope Production & Distribution Fund a/	6,198		(2,336)		3,862
Colorado River Basins Fund a/ c/	13,090		(4,011)		9,079
Western Area Power Administration c/	71,185		72,884		144,069
Western Emergency Fund c/	0		0		0
Falcom/Armistad Op. Fund (WAPA) c/	2		1,668		1,670
Nuclear Waste Fund	43,751		12,363		56,114
Nuclear waste Fund - 2000 1yr	158		(80)		78
Uranium Facilities Maintenance & Remediation	151,420		(70,260)		81,160
Defense Nuclear Waste Disposal	7,909		21,373		29,282
Naval Reactors	100,465		5,012		105,477
Cerro Grande Fire Activities	157,184		(83,557)		73,627
TOTAL Energy & Water Development	7,783,681		1,118,957		8,902,638

U.S. DEPARTMENT OF ENERGY
Uncosted Obligations Comparison of FY 2002 to FY 2003
Appropriated and Reimbursable Activities
(dollars in thousands)

APPROPRIATION	2002 Total		Increase/ (Decrease)	2003 Total	
	Uncosted	Costed		Uncosted	Costed
INTERIOR					
Fossil Energy Research & Development	395,355		(36,217)	359,138	
Energy Conservation	556,006		56,776	612,782	
Energy Information Administration	23,200		(4,753)	18,447	
Economic Regulatory Administration	216		(96)	120	
Strategic Petroleum Reserve	70,890		(17,185)	53,705	
Naval Petroleum & Oil Shale Reserves	13,945		(2,953)	10,992	
SPR Petroleum Account	7,381		(2,033)	5,348	
Northeast Home Heating Oil Reserve Account	170		4,682	4,852	
Emergency Preparedness	43		6,686	6,729	
Clean Coal Technology	228,155		(199,861)	28,294	
Elk Hills School Land Fund - 03 Annual	0		0	0	
Energy Security Reserves & Alternate Fuels Prod	9,367		(238)	9,129	
TOTAL Interior	1,304,728		(195,192)	1,109,536	
TOTAL Other b/	31,750		(27,206)	4,544	
TOTAL DEPARTMENT OF ENERGY	9,120,159		896,559	10,016,718	

Footnotes:

- a/ Uncosted revolving fund balances.
- b/ Other consists of expired appropriations, Payments to States under Federal Power Act, and Trust Fund Advances for Co-Sponsored Work, Gifts, Donations and Bequests, and Transfer Appropriations.
- c/ FY 2003 balances taken from Year-end PMA Uncosted submissions.

U.S. DEPARTMENT OF ENERGY
Uncosted Obligations Threshold Analysis by Appropriation
Appropriated and Reimbursable Activities
(dollars in thousands)

APPROPRIATION	2003 Total Uncosted	Uncosted Threshold	Variance Net
ENERGY & WATER DEVELOPMENT			
Geothermal Resources Development Fund	9	1	8
Federal Energy Regulatory Commission	10,636	34,155	(23,519)
Science	1,059,669	1,078,963	(19,294)
Energy Supply & Research Activities	782,457	811,191	(28,734)
Energy Supply & Research Activities - 99 Annual	3,316	2,547	769
Energy Supply & Research Activities - 00 Annual	3,859	86,939	(83,080)
Energy Supply & Research Activities - 99/00 2yr	1,141	757	384
Energy Supply - Reimbursable Work Non Federal	87,513	115,705	(28,192)
Departmental Administration	54,873	58,498	(3,625)
Departmental Administration - 99/01 3yr	294	50	244
Working Capital Fund	16,466	17,351	(885)
Office of Inspector General	3,711	6,406	(2,695)
Weapons Activities	3,208,125	3,336,617	(128,492)
Weapons Activities -02 Annual	10,783	2,957	7,826
Weapons Activities - Civil COE	0	0	0
Weapons Activities - 99/01 3yr	1,120,222	1,269,766	(149,544)
Defense Env. Rest. & Waste Mgmt. - 99/01 3yr	50	16	34
Defense Environmental Mgmt. Privatization	725,699	725,699	0
Non-Defense Environmental Management	42,305	43,534	(1,229)
Defense Nuclear Nonproliferation	819,672	301,491	518,181 *
Defense Nuclear Nonproliferation - 01/02 2yr	980	1,716	(736)
Defense Nuclear Nonproliferation - 02/03 2yr	67,700	18,502	49,198
Defense Nuclear Nonproliferation - 03/04 2yr	24,785	3,222	21,563
Defense Nuclear Nonproliferation - 03/05 3yr	17,000	2,210	14,790
Defense Facilities Closure Projects	78,190	172,365	(94,175)
Defense Facilities Closure Projects - 99/01 3yr	6	1	5
Office of the Administrator - 03 Annual	41,847	56,078	(14,231)
Office of the Administrator	20,160	15,938	4,222
Other Defense Activities	181,339	135,961	45,378
Other Defense Activities - 02 Annual	596	594	2
Southeastern Power Administration c/	472	5,606	(5,134)
Southwestern Power Administration c/	14,345	15,178	(833)
Alaska Power Administration c/	0	0	0
Isotope Production & Distribution Fund a/	3,862	3,721	141
Colorado River Basins Fund a/ c/	9,079	9,079	0
Western Area Power Administration c/	144,069	170,223	(26,154)
Falcon Almsstd Op. fund (WAPA) c/	1,670	1,671	(1)
Nuclear Waste Fund	56,114	29,051	27,063
Nuclear Waste Fund - 2000 1yr	78	22	56
Uranium Facilities Maintenance & Remediation	81,160	90,034	(8,874)
Defense Nuclear Waste Disposal	29,282	45,556	(16,274)
Naval Reactors	105,477	148,698	(43,221)
Cerro Grande Fire Activities	73,627	72,097	1,530
TOTAL Energy & Water Development	8,902,638	8,890,166	12,472

* Justifications for these over threshold amounts are provided starting on page 5 of this report.

U.S. DEPARTMENT OF ENERGY
Uncosted Obligations Threshold Analysis by Appropriation
Appropriated and Reimbursable Activities
(dollars in thousands)

APPROPRIATION	2003 Total Uncosted	Uncosted Threshold	Variance Net
INTERIOR			
Fossil Energy Research & Development	359,138	287,480	71,658 *
Energy Conservation	612,782	618,489	(5,707)
Energy Information Administration	18,447	17,294	1,153
Economic Regulatory Administration	120	268	(148)
Strategic Petroleum Reserve	53,705	31,602	22,103
Naval Petroleum & Oil Shale Reserves	10,992	5,567	5,425
SPR Petroleum Account	5,348	948	4,400
Northeast Home Heating Oil Reserve Account	4,852	850	4,002
Emergency Preparedness	6,729	2	6,727
Clean Coal Technology	28,294	9,265	19,029
Elk Hills School Land Fund - 03 Annual	0	0	0
Energy Security Reserves & Alternate Fuels Prod	9,129	1,592	7,537
TOTAL Interior	1,109,536	685,877	423,659
TOTAL Other b/	4,544	30,538	(25,994)
TOTAL DEPARTMENT OF ENERGY	10,016,718	9,606,581	410,137

* Justifications for these over threshold amounts are provided starting on page 5 of this report.

a/ Uncosted revolving fund balances.

b/ Other consists of expired appropriations, Payments to States under Federal Power Act, and Trust Fund

Advances for Co-Sponsored Work, Gifts, Donations and Bequests, and Transfer Appropriations.

c/ FY 2003 balances taken from Year-end PMA Uncosted submissions.

General Notes:

1) Threshold amounts for reimbursable work, line item construction, LIM Privatization and grants and cooperative agreements are set at 100% as these activities inherently display a higher level of uncosted balances with minimal control and therefore do not lend themselves to threshold analysis. Other Departmental efforts monitor and address uncosted balances for these activities.

U.S. DEPARTMENT OF ENERGY

Use of Prior Year Balances

(dollars in thousands)

	FY 2002 Use of Prior Year Balances	FY 2003 Use of Prior Year Balances
Departmental Administration	10,350	15,446
Weapons Activities	13,387	29,981
Defense Env. Restoration and Waste Mgmt.	69,147	5,640
Defense Nuclear Nonproliferation	57,833	84,125
Other Defense Activities	20,000	20,000
Uranium Facilities Maintenance and Remediation	5,000	0
Naval Petroleum & Oil Shale Reserves	12,255	0
Energy Supply & Research Development	0	16,000
Non-Defense Site Acceraction Completion	0	11,455
Defense Environmental Services	0	14,468
Southeastern Power Administration	0	72
Southwestern Power Administration	0	400
Western Power Administration	0	1,200
Energy Information Administration	0	500
Fossil Energy Research and Development	43,150	0
TOTAL	\$231,122	\$199,287

NOTE: Prior Year Balances may include unobligated balances as well as obligations that have not yet been costed.

Source: Office of Management, Budget, and Evaluation/CFO, Office of Budget.