



Department of Energy

Washington, DC 20585

FEB 22 2005

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 Ended 2004, which presents the results of the Department's annual analysis of uncosted obligation balances. Our analysis indicates that, despite increased funding in key programs and extended continuing resolutions, the Department continues to maintain its uncosted obligations balances at a level that is consistent with sound financial management. We will continue to analyze our contractual processes to ensure that we identify and take advantage of future opportunities to further enhance our management of these balances.

If you have any questions regarding this report, please feel free to contact Jill L. Sigal, Acting Assistant Secretary for Congressional and Intergovernmental Affairs, at (202) 586-4810.

Sincerely,

A handwritten signature in black ink that reads "Susan J. Grant".

Susan J. Grant
Director, Office of Management, Budget
and Evaluation/Chief Financial Officer

Enclosure

cc: Congressman Peter J. Visclosky
Ranking Minority Member



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Department of Energy

Washington, DC 20585

FEB 22 2005

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 Ended 2004, which presents the results of the Department's annual analysis of uncosted obligation balances. Our analysis indicates that, despite increased funding in key programs and extended continuing resolutions, the Department continues to maintain its uncosted obligations balances at a level that is consistent with sound financial management. We will continue to analyze our contractual processes to ensure that we identify and take advantage of future opportunities to further enhance our management of these balances.

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Director, Office of Management, Budget
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cc: Senator Harry Reid
Ranking Minority Member



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Department of Energy
Washington, DC 20585

FEB 22 2005

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 Ended 2004, which presents the results of the Department's annual analysis of uncosted obligation balances. Our analysis indicates that, despite increased funding in key programs and extended continuing resolutions, the Department continues to maintain its uncosted obligations balances at a level that is consistent with sound financial management. We will continue to analyze our contractual processes to ensure that we identify and take advantage of future opportunities to further enhance our management of these balances.

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Susan J. Grant

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

Enclosure

cc: Congressman Norman Dicks
Ranking Minority Member



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Department of Energy

Washington, DC 20585

FEB 22 2005

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 Ended 2004, which presents the results of the Department's annual analysis of uncosted obligation balances. Our analysis indicates that, despite increased funding in key programs and extended continuing resolutions, the Department continues to maintain its uncosted obligations balances at a level that is consistent with sound financial management. We will continue to analyze our contractual processes to ensure that we identify and take advantage of future opportunities to further enhance our management of these balances.

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Susan J. Grant
Director, Office of Management, Budget
and Evaluation/Chief Financial Officer

Enclosure

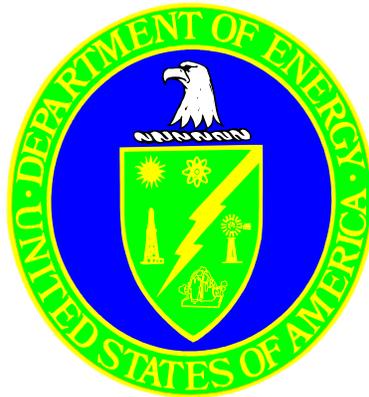
cc: Senator Byron Dorgan
Ranking Minority Member



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U.S. DEPARTMENT OF ENERGY

Report on Carryover Balances For Fiscal Year Ended September 30, 2004



January 2005

Prepared by: Office of Management, Budget & Evaluation

CONTENTS

Purpose.....	Page	1
Analysis Results.....		1
Composition of FY 2004 Year-End Uncosted Obligations.....		3
Threshold Analysis – Approach and Background.....		3
Threshold Analysis - Summary.....		5
Explanation of Significant Threshold Variances.....		5
Appendix		
Chart 1	Uncosted Obligations by Appropriation and Fiscal Year	(A1)
Chart 2	Uncosted Obligations Comparison of FY 2003 to FY 2004	(A3)
Chart 3	Uncosted Obligations Threshold Analysis by Appropriation	(A5)
Chart 4	Use of Prior Year Balances	(A7)

Purpose

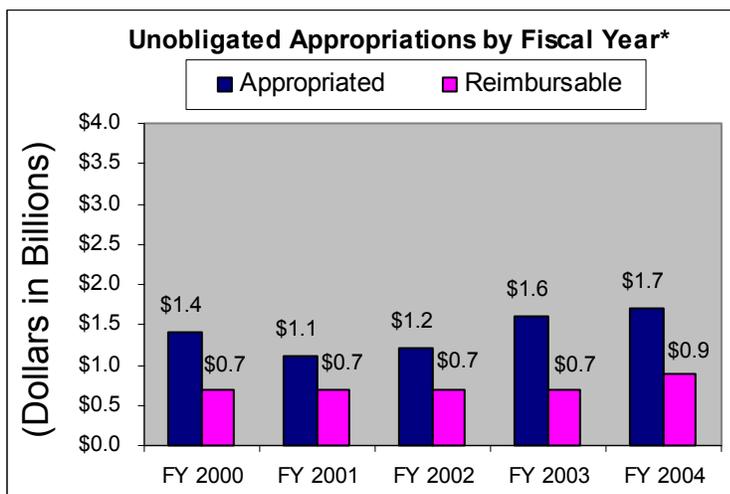
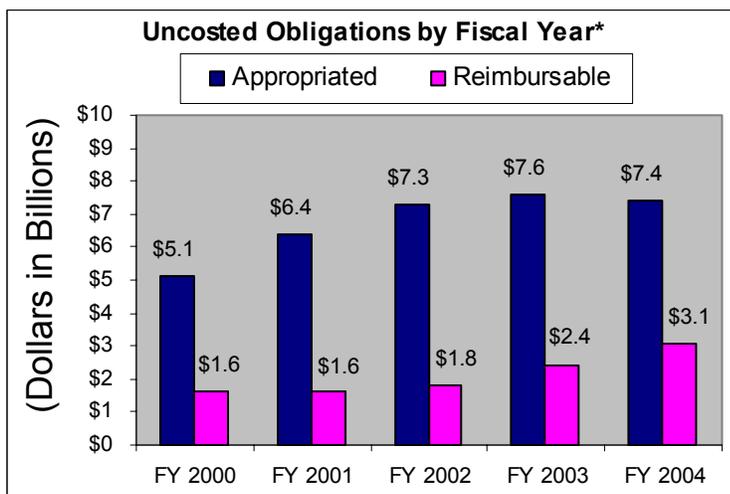
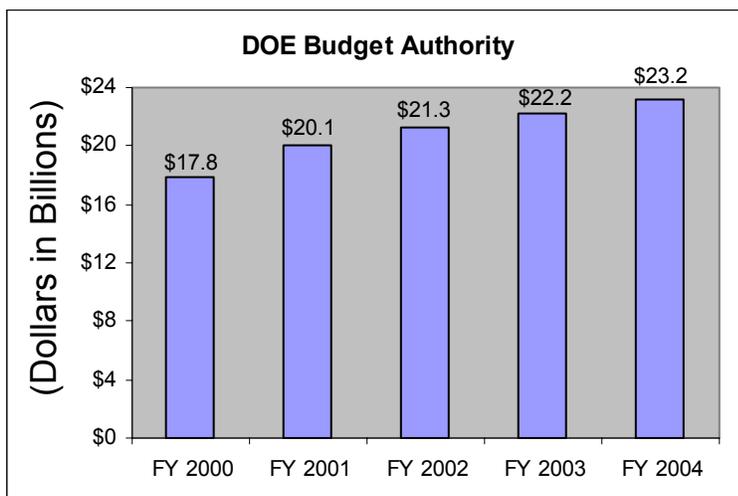
On October 24, 1992, the President signed the Energy Policy Act of 1992 into law (P.L. 102-486). Section 2307 of the Act requires the Department of Energy (DOE) to submit an annual report to Congress on the status of its uncosted obligations (obligations recorded for specific deliverables that are not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

Analysis Results

As Exhibit 1 shows, the Department's budget authority has increased steadily over the last five fiscal years (FY). In addition to these increases, lengthy continuing resolutions, four months in 2003 and 2004, have been the norm during this period, driving commensurate increases in uncosted obligations. Despite these conditions, the Department managed a \$200 million decrease in appropriated uncosted obligations, with only a \$100 million increase in unobligated balances. Exhibit 1 also shows a \$700 million increase in the Department's reimbursable uncosted obligations since FY 2003. These increases are attributable to various long term (five to ten year) construction agreements with the Department of the Navy. Due to the up-front funding requirements for these agreements, higher than normal uncosted balances are expected. Balances will be reduced in the coming years as significant construction deliverables are completed.

In addition to monitoring overall trends in uncosted obligations, the Department evaluates its individual appropriation balances against pre-defined 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 2004, the Department's combined balances were a net \$133.8 million over the established threshold for all appropriations. The key driver for this variance continues to be the Defense Nuclear Nonproliferation appropriation, which was \$544.6 million over threshold¹. As has been reported in prior reports, this appropriation supports the Russian Transition Initiative (RTI) and the Materials Protection Control and Accounting (MPC&A), Fissile Materials Disposition (FMD), Elimination of Weapons Grade Plutonium Production (EWGPP) 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). International contracts typically require full up-front funding, while negotiations may take up to several years to finalize. As a result of the multi-year nature of the work, deliverables may take several years to complete, severely delaying the costing process. Other appropriations that were more than \$50 million over threshold were the Nuclear Waste Fund and Fossil Energy Research and Development. Drivers for these amounts include sub-contracts delayed due to the effects of continuing resolutions, multi-year cost-shared contracts that require up-front funding and costing over an extended period, and the use of competitive contractual instruments that require additional time to generate award. Detailed justifications for the over-threshold amounts are provided 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 2004, the Department in concert with Congressional direction utilized \$421.6 million in carryover balances 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 maintain our focus on identifying ways to better manage uncosted obligations.

¹ The total amount over threshold of \$133.8 million in FY 2004 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 2004 Year-End Uncosted Obligations

Exhibit 2

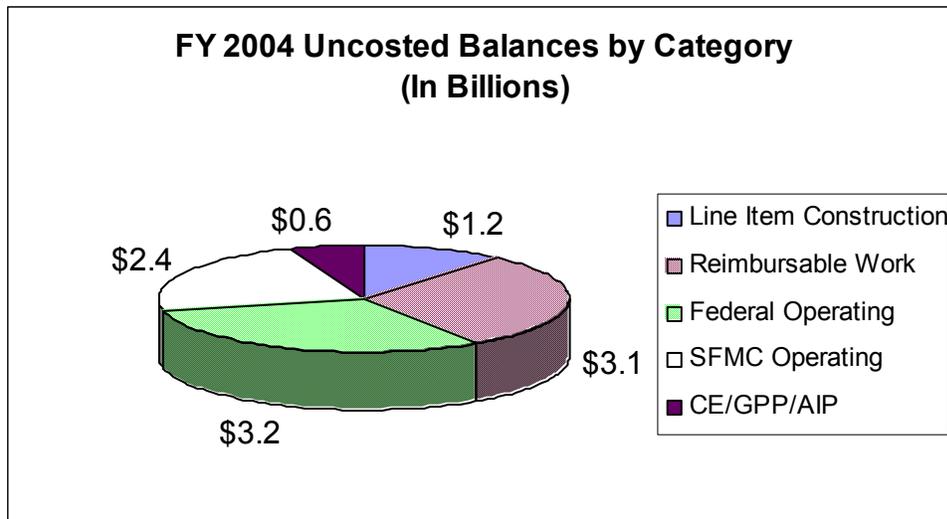


Exhibit 2 presents the composition of the Department's \$10.5 billion uncosted balance as of September 30, 2004. Of the total uncosted amount, \$3.1 billion was associated with reimbursable work funded by other Federal agencies and non-Federal entities. These funds are under external control and cannot be used to offset DOE appropriations. Another \$1.2 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 \$2.4 billion is attributed to uncosted balances arising from the operating activities of the Department's Site/Facility Management Contractors (SFMC). The final \$3.2 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 Government Accountability 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. The Department established the target thresholds through internal analysis and discussions with GAO and updates them periodically to reflect exceptions and other considerations based on GAO methods and DOE analyses.

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. Exhibit 3 outlines the various uncosted categories and their respective thresholds.

Exhibit 3

CATEGORY	THRESHOLD
Contractor Operating Costs: This category includes costs incurred by Site/Facility Management Contractors (SFMC) that manage Departmental sites.	13% of the Total Funds Available to Cost (TAC)³ for contractor operating activities for the fiscal year just ended.
Federal Operating Costs: This category includes operating costs not related to SFMCs 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)

³ Total Available to Cost (TAC) represents the total of all obligated amounts that are available for costing during the year. TAC is calculated as Beginning Uncosted Obligations + Current Year Obligations.

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, EM privatization and reimbursable work have traditionally been exempted from threshold application. These exemptions are consistent with previous GAO treatment of DOE uncosted balances.

DOE's threshold analysis for FY 2004 shows that the Department as a whole is \$133.8 million over the target threshold (Appendix Chart 3). Despite a \$1 billion increase in budget authority and a four month continuing resolution, the Department continues to maintain the over-threshold amount at a level that is fully justifiable. In addition, the 2004 amount represents a \$336 million reduction over the 2002 levels where we experienced only a one month continuing resolution. 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 \$133.8 million variance at the Departmental level. Thirty out of 58 appropriations accounts exceeded their target thresholds for uncosted balances. The following section identifies the key drivers for appropriations that exceed the threshold by \$50 million or more.

Explanation of Significant Threshold Variances

Appropriation 89X0309, Defense Nuclear Nonproliferation (DNN) - Exceeds the appropriation threshold by a net amount of \$544.6 million, primarily due to the rate and timing of costing for contracts and agreements with various foreign countries/entities related to the RTI and the MPC&A, FMD, EWGPP and NIS programs, and long-lead procurements related to the Nonproliferation and Verification Research and Development (R&D) program.

Looking at costs alone, the uncosted balances for many of the DNN programs exceed DOE thresholds because of the costing patterns for the significant amount of DNN work conducted in foreign countries, including the Russian Federation and the Newly Independent States. Although most of this work is handled through operating contractors, business transactions with these countries, including contract negotiations and the subsequent accounting for these transactions, do not follow the normal obligation and costing patterns for typical operating contractors. Contract negotiations with a foreign entity may take from two to eighteen months to complete, and then work may take another three to six months to implement. Also, although funds are obligated up front on these operating contracts (many of which are multi-year in nature), costs are not reported until the work has been completed. Due to the uncertainties related to foreign

government reviews, site access agreements, export controls, learning curves required to conduct the work, and rework of unacceptable deliverables, the costs associated with these obligations may not be reported for three to twenty-four months after the work orders are placed. This unique situation does result in higher uncosted balances than many of the other programs whose business is conducted primarily within the United States.

Relying on costs alone does not reflect an accurate assessment of the programs' financial status. Along with costs recorded in the official accounting system (deliverables received and paid), the inclusion of funds committed to contracts (deliverables underway but not paid) more accurately reflects program commitments and financial status. Commitments were tracked in the DOE accounting system for DNN programs for the first time in FY 2004. When commitments are added to costs, most of the DNN program balances are consistent with sound financial management. The DNN program has submitted a separate report to the authorizing and appropriation committees explaining in detail the program's cost and commitment status. The following programs are the main drivers in the DNN program exceeding the appropriation thresholds.

RTI: The \$75M uncosted balances are largely due to contracts signed with Russian Institutes regarding projects that have a viable long-term economic impact to the region. Each project has a U.S. industry partner that matches DOE funds with its own resources, which are used to commercialize project results. When initiating projects, RTI and a U.S. industry partner initiate a letter of intent, which is a first and critical step leading to negotiations of a signed contract with a Russian institute. The letter of intent solidifies the U.S. industry commitment and serves as the first step in committing its own matching resources. RTI projects can take as long as 36 months to complete. Since full funding for a project is required before negotiations begin, it is not unusual that up to 24 months of funding remains uncosted pending project completion. Funds are costed only when project deliverables have been received and approved. At the end of FY 2004, over 120 projects have contracts in place with Russian Institutes. When commitments are added to costs, more than 58 percent was costed or committed, leaving 42 percent uncommitted (\$56M). Funds will be costed as soon as the contract deliverables are completed over the next 24 months.

MPC&A program: The majority of MPC&A uncosted balances (\$322M) are a result of multi-year contracts for work performed in Russia and other countries. Negotiations have sometimes taken longer than expected and some countries have, for reasons outside our control, taken longer to complete deliverables than originally anticipated. The remaining uncosted balances are for work outside Russia/FSU, which requires negotiating unique agreements with other countries throughout the world to secure sites containing high-risk radioactive sources. Although the appropriation threshold was exceeded for this program, when commitments are added to costs, 91 percent of the total available funds to costs were costed or committed, leaving only 9 percent uncommitted (\$60M), which is consistent with sound financial management. The majority of the uncommitted funds represent laboratory labor for ongoing contract negotiations and deliverables.

FMD program: Uncosted balances for this program (\$168M) are principally due to unresolved liability issues between the U.S. and Russia, which has caused a delay in the start of construction of the U.S. and Russian Mixed Oxide (MOX) Fuel Fabrication Facilities, and protracted negotiations over Russian work releases. Once liability is resolved, we expect these funds to be costed in FY 2005 and early FY 2006.

EWGPP program: This program has large uncosted balances (\$79M) in direct DOE appropriations. The majority of the uncosted balances are associated with the Seversk Plutonium Production Elimination program to refurbish a fossil fuel plant in Russia, allowing the shutdown of two plutonium production reactors. Approval of Critical Decisions (CD) 2 (cost and schedule baseline) and 3 (start of construction) occurred in November 2004. The program plans to cost \$100M in FY 2005 now that construction has begun. A small portion (9 percent) of the uncosted balances is associated with the Zhelenogorsk Plutonium Production Elimination (ZPPEP), which is currently in the conceptual design phase and received CD-1 (preliminary baseline) approval in November 2004. CD-2 (cost and schedule baseline) approval is expected in January 2005. These funds will be costed in FY 2005 as this program transitions to the detailed design stage. When commitments are added to costs more than 99 percent was costed or committed, leaving less than one percent uncommitted (\$.4M), which is consistent with sound financial management. This program has two funding sources: DOE direct appropriations (89X0309) and prior-year funds transferred with the program from the Department of Defense (DOD) in December 2002, referenced in the 893/50309 appropriation below.

Nonproliferation and International Security program: Uncosted balances for this program (\$92M) are primarily the result of difficulties arising from work in Russia/FSU and delays in negotiating various agreements with Russian institutes and other international partners. Specifics are as follows:

Policy (\$53M): Uncosted balances are associated with signed contracts which will be costed in FY 2005 and a contract that will be signed by the first quarter of FY 2005 and costed by the end of FY 2005. Remaining funds will be committed onto four large contracts in the first quarter of FY 2005 and costed by late FY 2005 and FY 2006.

International Safeguards (\$27M): These balances are caused by delays in the signing of International Atomic Energy Agency Additional Protocol implementation legislation, which is expected to be passed in the spring of 2005, and the subsequent signing of approximately ten safeguards cooperation agreements with our international partners. The uncosted balances will be costed in mid to late FY 2005.

Export Control (\$7M): The uncosted balances are expected to be committed and costed by the first quarter of FY 2005. The shut-down of all classified removable electronic media by the Secretary of Energy for security evaluation in July 2004 delayed the review of export license applications that must be evaluated on a classified network.

Nonproliferation and Verification Research and Development program: The \$90M uncosted balance will be costed in one to three years as the majority of the work is associated with long lead procurements for space sensors. When commitments are added to costs, 90 percent was costed or committed, leaving only ten percent uncommitted (\$32M), which is consistent with sound financial management.

Appropriation 893/50309, Defense Nuclear Nonproliferation - 3 yr - Exceeds the appropriation threshold by a net \$50.6 million. These funds support the EWGPP program. Of the total funds available to cost, more than 97 percent were costed or committed, leaving less than three percent uncommitted (\$2M). This EWGPP program has two funding sources: DOE direct appropriations, under the 89X0309 appropriation, and 893/50309 prior-year funds transferred with the program from DOD in December 2002. See the EWGPP description above under 89X0309 regarding the need for and the utilization of these uncosted funds.

Appropriation 89X5227, Nuclear Waste Fund – Exceeds the appropriation threshold by a net amount of \$52 million. The primary drivers for these over-threshold amounts include: 1) a series of continuing resolutions which delayed the award of several sub-contracts resulting in \$40 million of undelivered services (deliverables are expected in FY 2005); and, 2) the recording of a \$12 million lease termination liability in accordance with OMB Circular A-11 for contractor office space utilized on behalf of DOE. These balances remain necessary to fund the programmatic activities for which they were appropriated.

Appropriation 89X0213, Fossil Energy Research and Development - Exceeds the appropriation threshold by a net amount of \$62.7 million. The following items are the primary drivers for the over-threshold amount: 1) a series of continuing resolutions in FY 2004, 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 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; 3) 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, 4) 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 2003 to FY 2004	(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 2000	FY 2001	FY 2002	FY 2003	FY 2004
ENERGY & WATER DEVELOPMENT					
Geothermal Resources Development Fund	25	25	9	9	9
Federal Energy Regulatory Commission	8,797	3,883	9,136	10,636	11,396
Science	686,453	899,106	1,049,872	1,059,669	1,169,292
Energy Supply & Research Activities	484,259	481,174	591,107	782,457	903,284
Energy Supply & Research Activities - 98 Annual	4,704	2,880	1,406	0	0
Energy Supply & Research Activities - 99 Annual	13,085	4,133	2,939	3,316	2,244
Energy Supply & Research Activities - 00 Annual	117,865	20,274	4,263	3,859	794
Energy Supply & Research Activities - 99/00 2yr	6,474	2,384	1,186	1,141	86,019
Energy Supply & R&D - Reimb Work Non Fed	0	115,262	115,705	87,513	53,362
Departmental Administration	63,136	56,396	65,216	54,873	272
Departmental Administration - 99/01 3yr	439	348	303	294	219,925
Working Capital Fund	10,946	15,280	15,511	16,466	5,062
Office of Inspector General	1,676	2,154	846	3,711	3,936,433
Weapons Activities	2,058,656	2,269,285	2,465,204	3,208,125	217
Weapons Activities - 02 Annual	0	0	18,365	10,783	0
Weapons Activities - Civil COE	0	(262)	(157)	0	0
Defense Env. Rest. & Waste Mgmt. d/	694,080	937,667	1,065,956	1,120,222	(185)
Defense Env. Rest. & Waste Mgmt. - 99/01 3yr	304	202	190	50	50
Defense Environmental Services (Privatization)	358,864	540,144	560,020	725,699	250,549
Non-Defense Site Acceleration (Env. Mgmt)	66,041	58,063	55,874	42,305	20,733
Defense Nuclear Nonproliferation - 00/01 2 yr	7,512	1,500	0	0	0
Defense Nuclear Nonproliferation - 01/02 2 yr	0	29,845	13,167	980	10
Defense Nuclear Nonproliferation - 02/03 2 yr	0	0	122,466	67,700	12,628
Defense Nuclear Nonproliferation - 03/04 2 yr	0	0	0	24,785	12,796
Defense Nuclear Nonproliferation - 03/05 3 yr	0	0	0	17,000	62,371
Defense Nuclear Nonproliferation - 04/05 2 yr	0	0	0	0	19,246 New
Defense Nuclear Nonproliferation	0	443,157	610,109	819,672	843,959
Defense Site Acceleration (Facility Closure Projects)	107,774	182,249	176,347	78,190	1,051,341
Defense Site Acceleration - 99/01 3yr	73	70	10	6	6
Office of the Administrator - 03 Annual	0	0	0	41,847	6,307
Office of the Administrator	0	3,661	50,625	20,160	66,571
Other Defense Activities	583,204	205,414	216,235	181,339	209,106
Other Defense Activities - 03/04 2yr	0	0	0	0	451 New
Other Defense Activities - 02 Annual	0	0	5,485	596	2
Other Defense Activities - 99/00 2yr	1	1	0	0	0
Other Defense Activities - 99/00 2yr	143	292	547	472	552
Southeastern Power Administration c/	1,097	318	0	0	0
Southeastern Power Administration - 2000 Annual c/	11,701	9,537	13,578	14,345	15,873
Southwestern Power Administration c/	981	0	0	0	0
Continuing Fund (SEPA) c/	3,416	0	0	0	0
Continuing Fund (SWPA) c/	16,648	16,595	799	0	0
Alaska Power Administration c/	8,184	7,265	6,198	3,862	4,380
Isotope Production & Distribution Fund a/	9,186	5,715	13,090	9,079	17,794
Colorado River Basins Fund a/ c/	75,076	94,154	71,185	144,069	127,775
Western Area Power Administration c/	0	6,634	0	0	0
WAPA - Emergency Fund c/	1	0	2	1,126	1,724
Falcon/Amistad Op. Fund (WAPA) c/	26,619	42,796	43,751	56,114	91,523
Nuclear Waste Disposal Fund	5,718	277	158	78	8
Nuclear Waste Disposal Fund - 2000 1yr	0	138,468	151,420	81,160	132,552
Non Defense Environmental Services(Uranium Facilities)	101,335	0	0	0	99,239
Uranium Enrichment D&D Fund	8,427	8,573	7,909	29,282	46,266
Defense Nuclear Waste Disposal	0	93,416	100,465	105,477	135,343
Naval Reactors	0	0	0	0	494 New
Northern New Mexico Fire Recovery	87,012	234,313	157,184	73,627	53,553
Cerro Grande Fire Activities	0	0	0	0	0
TOTAL Energy & Water Development	5,611,912	6,932,648	7,783,681	8,902,094	9,473,326

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

APPROPRIATION	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
INTERIOR					
Fossil Energy Research & Development	288,635	352,068	395,355	359,138	362,856
Fossil Energy Research & Development - 98 Annual	4	0	0	0	0
Fossil Energy Research & Development - 99 Annual	38	0	0	0	0
Energy Conservation	370,661	418,964	556,006	612,782	532,699
Energy Information Administration	20,174	20,935	23,200	18,447	17,358
Economic Regulatory Administration	236	195	216	120	128
Strategic Petroleum Reserve	51,006	49,038	70,890	53,705	55,334
Naval Petroleum & Oil Shale Reserves	24,493	18,344	13,945	10,992	11,881
SPR Petroleum Account	3,495	7,381	5,348	5,348	3,976
Northeast Home Heating Oil Reserve Account	0	4,140	170	4,852	4,906
Emergency Preparedness	55	43	43	6,729	6,729
Clean Coal Technology	312,818	232,660	228,155	28,294	21,102
Energy Security Reserves & Alternate Fuels Prod	9,806	9,452	9,367	9,129	9,136
TOTAL Interior	1,081,421	1,112,031	1,304,728	1,109,536	1,026,105
TOTAL Other b/	4,480	30,538	31,750	4,544	21,658
TOTAL DEPARTMENT OF ENERGY	6,697,813	8,075,217	9,120,159	10,016,174	10,521,089

Footnotes:

- a/ Uncosted revolving fund balances.
- b/ Other consists of expired appropriations, Payments to States under Federal Power Act, Trust Funds, Advances for Co-Sponsored Work, Gifts, Donations and Bequests, and Transfer Appropriations.
- c/ FY 2004 balances taken from Year-end PMA Uncosted submissions
- d/ Negative uncosted in 2004 resulted from an appropriation recast.

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 2003 to FY 2004
Appropriated and Reimbursable Activities
(dollars in thousands)

APPROPRIATION	2003 Total Uncosted	Increase/ (Decrease)	2004 Total Uncosted
ENERGY & WATER DEVELOPMENT	9		9
Geothermal Resources Development Fund	10,636	760	11,396
Federal Energy Regulatory Commission	1,059,669	109,623	1,169,292
Science	782,457	120,827	903,284
Energy Supply & Research Activities	3,316	(3,316)	0
Energy Supply & Research Activities - 99 Annual	3,859	(1,615)	2,244
Energy Supply & Research Activities - 00 Annual	1,141	(347)	794
Energy Supply & Research Activities - 99/00 2yr	87,513	(1,494)	86,019
Energy Supply - Reimbursable Work Non Federal	54,873	(1,511)	53,362
Departmental Administration	294	(22)	272
Departmental Administration - 99/01 3yr	16,466	5,459	21,925
Working Capital Fund	3,711	1,351	5,062
Office of Inspector General	3,208,125	728,308	3,936,433
Weapons Activities	10,783	(10,566)	217
Weapons Activities - 02 Annual	1,120,222	(1,120,407)	(185)
Weapons Env. Rest. & Waste Mgmt. d/	50	0	50
Defense Env. Rest. & Waste Mgmt. - 99/01 3yr	725,699	(475,150)	250,549
Defense Environmental Services (Privatization)	42,305	(21,572)	20,733
Non-Defense Site Acceleration (Env. Management)	980	(970)	10
Defense Nuclear Nonproliferation - 01/02 2yr	67,700	(55,072)	12,628
Defense Nuclear Nonproliferation - 02/03 2yr	24,785	(11,989)	12,796
Defense Nuclear Nonproliferation - 03/04 2yr	17,000	45,371	62,371
Defense Nuclear Nonproliferation - 03/05 3yr	0	19,246	19,246
Defense Nuclear Nonproliferation - 04/05 2yr	819,672	24,287	843,959
Defense Nuclear Nonproliferation	78,190	973,151	1,051,341
Defense Site Acceleration (Fac.Closure Projects)	6	0	6
Defense Site Acceleration - 99/01 3yr	41,847	(35,540)	6,307
Office of the Administrator - 03 Annual	20,160	46,411	66,571
Office of the Administrator	181,339	27,767	209,106
Other Defense Activities	596	(594)	2
Other Defense Activities - 02 Annual	0	451	451
Other Defense Activities - 03/04 2yr	472	80	552
Southeastern Power Administration c/	31,494	(15,621)	15,873
Southwestern Power Administration c/	3,862	518	4,380
Isotope Production & Distribution Fund a/	9,079	8,715	17,794
Colorado River Basins Fund a/ c/	144,069	(16,294)	127,775
Western Area Power Administration c/	1,126	598	1,724
Falcon/Amistad Op. Fund (WAPA) c/	56,114	35,409	91,523
Nuclear Waste Fund	78	(70)	8
Nuclear waste Fund - 2000 1yr	81,160	51,392	132,552
Non Defense Environmental Services (Uranium Fac.)	0	99,239	99,239
Uranium Enrichment D&D	29,282	16,984	46,266
Defense Nuclear Waste Disposal	105,477	29,866	135,343
Naval Reactors	0	494	494
Northern New Mexico Fire Recovery	73,627	(20,074)	53,553
Cerro Grande Fire Activities	8,919,243	554,083	9,473,326
TOTAL Energy & Water Development	8,919,243	554,083	9,473,326

U.S. DEPARTMENT OF ENERGY
Uncosted Obligations Comparison of FY 2003 to FY 2004
Appropriated and Reimbursable Activities
(dollars in thousands)

APPROPRIATION	2003 Total Uncosted	Increase/ (Decrease)	2004 Total Uncosted
INTERIOR			
Fossil Energy Research & Development	359,138	3,718	362,856
Energy Conservation	612,782	(80,083)	532,699
Energy Information Administration	18,447	(1,089)	17,358
Economic Regulatory Administration	120	8	128
Strategic Petroleum Reserve	53,705	1,629	55,334
Naval Petroleum & Oil Shale Reserves	10,992	889	11,881
SPR Petroleum Account	5,348	(1,372)	3,976
Northeast Home Heating Oil Reserve Account	4,852	54	4,906
Emergency Preparedness	6,729	0	6,729
Clean Coal Technology	28,294	(7,192)	21,102
Energy Security Reserves & Alternate Fuels Prod	9,129	7	9,136
TOTAL Interior	1,109,536	(83,431)	1,026,105
TOTAL Other b/	4544	17,114	21,658
TOTAL DEPARTMENT OF ENERGY	10,033,323	487,766	10,521,089

Footnotes:

- a/ Uncosted revolving fund balances.
- b/ Other consists of expired appropriations, Payments to States under Federal Power Act, Trust Funds, Advances for Co-Sponsored Work, Gifts, Donations and Requests, and Transfer Appropriations.
- c/ FY 2004 balances taken from Year-end PMA Uncosted submissions.
- d/ Negative uncosted in 2004 resulted from an appropriation recast.

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

APPROPRIATION	2004 Total Uncosted	Uncosted Threshold	Variance Net
ENERGY & WATER DEVELOPMENT			
Geothermal Resources Development Fund	9	1	8
Federal Energy Regulatory Commission	11,396	36,254	(24,858)
Science	1,169,292	1,203,559	(34,267)
Energy Supply & Research Activities	903,284	1,072,182	(168,898)
Energy Supply & Research Activities - 00 Annual	2,244	2,405	(161)
Energy Supply & Research Activities - 99/00 2yr	794	711	83
Energy Supply - Reimbursable Work Non Federal	86,019	86,019	0
Departmental Administration	53,362	77,004	(23,642)
Departmental Administration - 99/01 3yr	272	49	223
Working Capital Fund	21,925	19,543	2,382
Office of Inspector General	5,062	7,386	(2,324)
Weapons Activities	3,936,433	4,101,674	(165,241)
Weapons Activities - 02 Annual	217	3,411	(3,194)
Defense Env. Rest. & Waste Mgmt. d/	(185)	(185)	0
Defense Env. Rest. & Waste Mgmt. - 99/01 3yr	50	6	44
Defense Environmental Services (Privatization)	250,549	250,549	0
Non-Defense Site Acceleration (Env. Management)	20,733	27,637	(6,904)
Defense Nuclear Nonproliferation - 01/02 2yr	10	127	(117)
Defense Nuclear Nonproliferation - 02/03 2yr	12,628	8,672	3,956
Defense Nuclear Nonproliferation - 03/04 2yr	12,796	3,297	9,499
Defense Nuclear Nonproliferation - 03/05 3yr	62,371	11,722	50,649
Defense Nuclear Nonproliferation - 04/05 2yr	19,246	2,541	16,705
Defense Nuclear Nonproliferation	843,959	298,387	544,572
Defense Site Acceleration (Fac. Closure Projects)	1,051,341	1,354,120	(302,779)
Defense Site Acceleration - 99/01 3yr	6	1	5
Office of the Administrator - 03 Annual	6,307	7,349	(1,042)
Office of the Administrator	66,571	62,640	3,931
Other Defense Activities	209,106	176,513	32,593
Other Defense Activities - 02 Annual	2	103	(101)
Other Defense Activities - 03/04 2yr	451	479	(28)
Southeastern Power Administration c/	552	856	(304)
Southeastern Power Administration - 2000 Annual c/	0	0	0
Southwestern Power Administration c/	15,873	15,727	146
Isotope Production & Distribution Fund a/	4,380	3,755	625
Colorado River Basins Fund a/ c/	17,794	17,794	0
Western Area Power Administration c/	127,775	129,517	(1,742)
Western Emergency Fund c/	0	132	(132)
Falcon/Amistad Op. Fund (WAPA) c/	1,724	1,724	0
Nuclear Waste Fund	91,523	39,510	52,013
Nuclear Waste Fund - 2000 1yr	8	1	7
Non Defense Environmental Services (Uranium Fac.)	132,552	127,417	5,135
Uranium Enrichment D&D	99,239	66,712	32,527
Defense Nuclear Waste Disposal	46,266	62,836	(16,570)
Naval Reactors	135,343	166,258	(30,915)
Northern New Mexico Fire Recovery	494	120	374
Cerro Grande Fire Activities	53,553	49,570	3,983
Total Energy and Water Development	9,473,326	9,497,085	(23,759)

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

APPROPRIATION	2004 Total Uncosted	Uncosted Threshold	Variance Net
Interior			
Fossil Energy Research & Development	362,856	300,172	62,684 *
Energy Conservation	532,699	485,484	47,215
Energy Information Administration	17,358	17,409	(51)
Economic Regulatory Administration	128	164	(36)
Strategic Petroleum Reserve	55,334	30,659	24,675
Naval Petroleum & Oil Shale Reserves	11,881	6,522	5,359
Elk Hills School Land Fund	0	0	0
SPR Petroleum Account	3,976	869	3,107
Northeast Home Heating Oil Reserve Account	4,906	1,712	3,194
Emergency Preparedness	6,729	3,396	3,333
Clean Coal Technology	21,102	20,616	486
Energy Security Reserves & Alternate Fuels Prod	9,136	1,550	7,586
TOTAL Interior	1,026,105	868,553	157,552
TOTAL Other b/	21,658	21,658	0
TOTAL DEPARTMENT OF ENERGY	10,521,089	10,387,296	133,793

* Justifications for these over threshold amounts are provided starting on page 5 of this report. A
\$50 million threshold was used for amounts to be justified.

- a/ Uncosted revolving fund balances.
- b/ Other consists of expired appropriations, Payments to States under Federal Power Act, Trust Funds, Advances for Co-Sponsored Work, Gifts, Donations and Bequests, and Transfer Appropriations.
- c/ FY 2004 balances taken from Year-end PMA Uncosted submissions.
- d/ Negative uncosted in 2004 resulted from an appropriation recast.

General Notes:

- 1) Threshold amounts for reimbursable work, Line item construction, EM Privatization, 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 2003 Use of Prior Year Balances	FY 2004 Use of Prior Year Balances
Departmental Administration	15,446	10,650
Science	0	11,173
Weapons Activities	29,981	84,435
Defense Env. Restoration and Waste Mgmt.	5,640	0
Defense Nuclear Nonproliferation	84,125	48,941
Office of the Administrator	0	5
Other Defense Activities	20,000	14,905
Non-Defense Environmental Services	0	10,002
Naval Petroleum & Oil Shale Reserves	0	3,097
Energy Supply & Research Development	16,000	17,223
Non-Defense Site Acceleration Completion	11,455	10,000
Defense Site Acceleration Completion	0	151,015
Defense Environmental Services	14,468	23,630
Naval Reactors	0	2,006
Southeastern Power Administration	72	0
Southwestern Power Administration	400	0
Western Power Administration	1,200	27
Energy Information Administration	500	0
Energy Conservation	0	2,823
TOTAL	\$199,287	\$389,932

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