



**Department of Energy**  
Washington, DC 20585

EXEC-2006-011515

February 21, 2007

**MEMORANDUM FOR THE SECRETARY**

CLAY SELL  
DEPUTY SECRETARY  
*James T. Campbell*  
JAMES T. CAMPBELL  
ACTING CHIEF FINANCIAL OFFICER

**FROM:**

**SUBJECT:**

**ACTION:** Report on Uncosted Balances For Fiscal Year Ended September 30, 2006

**BACKGROUND:**

The Energy Policy Act of 1992 (Public Law 102-486) requires the Department of Energy 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 report, entitled "Report on Uncosted Balances," was due to Congress on February 5, 2007. A delay letter has been prepared notifying the Hill that the report will be delivered by February 28, 2007.

**DISCUSSION:**

Our analysis indicates that the Department continues to maintain its uncosted obligation balances at a level that is consistent with on-going needs despite operating under annual continuing resolutions. 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.

**SENSITIVITIES:**

None

**POLICY IMPACT:**

None

**RECOMMENDATION:** Approve the Acting Chief Financial Officer to sign the attached "Report on Uncosted Balances," thereby approving its submission to Congress.

Concurrence: CI-Peery 2-2-07

Attachment

APPROVE:

DISAPPROVE:

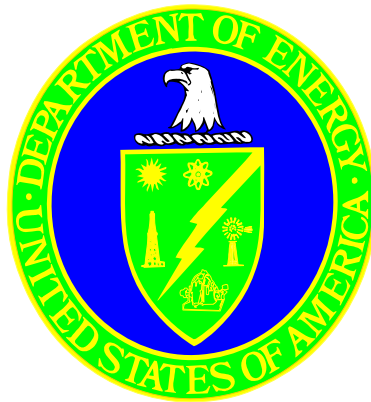
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# **U.S. DEPARTMENT OF ENERGY**

## **Report on Uncosted Balances For Fiscal Year Ended September 30, 2006**



**February 2007**

Prepared by: Office of Chief Financial Officer

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## Purpose

On October 24, 1992, the President signed the Energy Policy Act of 1992 into law (Public Law 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 fifteenth annual submission of that report.

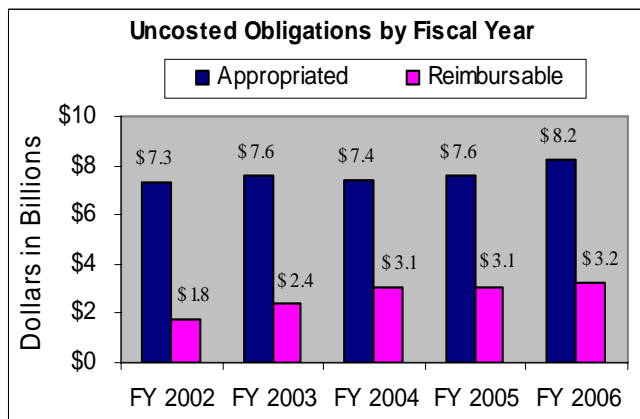
## Summary of Analysis

The Department evaluates its individual appropriated uncosted balances against pre-defined thresholds (or targets) that represent standard costing levels for various types of funding, such as construction, operating and capital equipment (See “Approach and Background” on Page 2). Uncosted balances above the defined thresholds must be analyzed and justified to ensure that they remain consistent with sound financial management.

For FY 2006, the Department’s appropriated uncosted balances increased by approximately \$600 million (and by approximately \$700 million for appropriated and reimbursable uncosted balances) and exceeded the defined threshold for all appropriations in total by a net amount of \$850 million<sup>1</sup>, an increase of \$202.6 million (31.3 percent) over the FY 2005 over-threshold level and \$716.2 million over the FY 2004 over-threshold level. The major drivers

for the increase and threshold variance include activities in the Defense Nuclear Nonproliferation (DNN) appropriation (\$681.6 million over threshold) related to various programs including Materials Protection Control and Accounting (MPC&A); Fissile Materials Disposition (FMD); Elimination of Weapons Grade Plutonium Production (EWGPP); and other DNN programs. These activities typically involve complex agreements with foreign countries/entities which create unique obligation and costing challenges. The work often involves multi-year projects (construction and non-construction), which may require full up-front funding and have inherently higher uncosted balances until the final year of activity. Also, uncertainties related to foreign government reviews, site access controls, export agreements and other issues may delay costing significantly. Delays in startup and completion of selected projects in foreign countries have further slowed costing, increasing uncosted balances and over-threshold amounts (See detailed DNN justifications starting on Page 7). The Department’s FY 2006 overall threshold against which individual appropriation uncosted balances are compared increased by \$488 million between fiscal years 2005 and 2006. This is a direct result of the Department’s \$700 million increase in its uncosted balances for FY 2006.

Exhibit 1



<sup>1</sup> The total amount over-threshold of \$850 million in FY 2006 is a “Net” figure consisting of over-and under-threshold amounts for each appropriation.

In addition to the DNN appropriation, the next top three other over-threshold appropriations are Non-Defense Environmental Cleanup (\$116.8 million over), Nuclear Waste Fund (\$102.0 million over) and Fossil Energy Research and Development (\$89.1 million over). The balances in these and other appropriations having more than \$20 million over threshold have been analyzed and full justifications for over-threshold amounts have been provided in the “Explanation of Significant Threshold Variances” section of the report. It is also important to note that successive continuing resolutions over the last 12 years have also contributed to increases in balances at year-end as obligation patterns are consistently slowed at the beginning of each year, which shifts obligations later in the year and costing against those obligations in to the subsequent year.

Utilizing carryover balances<sup>2</sup> to offset future budget requests is also important to bring continuity of operations and ensure balances remain at an appropriate level. In FY 2006, the Department, in concert with Congressional direction, utilized \$245.7 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 has justified all over-threshold amounts and finds that the 42 percent increase in the over-threshold level, and overall level of uncosted balances, is consistent with the impacts of project delays and other factors noted in the detailed threshold justifications, as well as the affects of the annual continuing resolutions. However, the Department recognizes that there are always opportunities to enhance management control of our balances and will continue to seek innovative measures to more effectively manage and help reduce uncosted balances where feasible. For example, the Department will evaluate whether new management initiatives may have broader applications, potentially helping to improve management of uncosted balances in multiple programs and appropriations. One such initiative is the Corporate Planning System being implemented by the Office of Energy Efficiency and Renewable Energy (EE). EE is currently conducting a test pilot with two national labs to evaluate the potential impact that this system may have on the management of its uncosted balances. The results of this pilot are expected by the end of FY 2007. The Department will also develop reports and processes for integrating an analysis of uncosted balances by "year obligated" to improve management of these balances and generally maintain them at threshold levels unless specific circumstances warrant otherwise.

### **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 the Office of Management and Budget’s 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). 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

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<sup>2</sup> Carryover balances include uncosted obligations and unobligated funds.

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 the 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. 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 balances in excess of threshold are inappropriate; however, 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 2 outlines the various uncosted categories and their respective thresholds.

Exhibit 2

CATEGORY	THRESHOLD
<b>Contractor Operating Costs:</b> This category includes costs incurred by Site/Facility Management Contractors (SFMC) that manage Departmental sites.	13 percent of the Total Funds Available to Cost (TAC) <sup>3</sup> for contractor operating activities for the FY just ended.
<b>Federal Operating Costs:</b> This category includes operating costs not related to SFMCs or other identified categories.	17 percent of the TAC for Federal operating activities for the FY just ended.
<b>Capital Equipment (CE), General Plant Projects (GPP) &amp; Accelerator Improvement Projects (AIP):</b> This category includes costs incurred for CE, GPP and AIP. CE includes those items that meet the accounting criteria for capitalization.	50 percent of the TAC for CE, GPP and AIP, respectively, for the FY just ended.
<b>Line Item Construction</b> <ul style="list-style-type: none"> <li>• Grants</li> <li>• Cooperative Research and Development Agreements and other Cooperative Agreements</li> <li>• Reimbursable Work</li> <li>• Environmental Management Privatization</li> </ul>	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)

<sup>3</sup> 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 + Current Year Obligations.

Exhibit 3 summarizes the total variance for each over-target appropriation and shows to what extent the variance is due to each category for which there is a threshold.

Exhibit 3

**Threshold Variances for Appropriations Requiring Justification  
(Dollars in Thousands)**

Appropriation	Contractor Operating Costs Variance	Federal Operating Costs Variance	CE/GPP/AIP Variance	Total Variance
89X0309 Defense Nuclear Nonproliferation	\$357,984	\$341,980	\$-18,357	\$681,607
89X0213 Fossil Energy R&D	\$20,398	\$65,032	\$3,620	\$89,050
89X0222 Science	\$120,033	\$-18,212	\$-16,533	\$85,288
89X5227 Nuclear Waste Fund	\$88,447	\$14,172	\$-608	\$102,011
89x0218 Strategic Petroleum Reserve	\$16,264	\$35,127	\$0	\$51,391
89X0233 Strategic Petroleum Reserve (Petroleum Account)	\$19,075	\$1,888	\$0	\$20,963
89X0315 Non Defense Environmental Cleanup	\$30,920	\$16,041	\$10	\$46,971
89X0224 Energy Supply	\$110,667	\$-43,940	\$2,642	\$69,369

\*Chart does not include line-item construction and reimbursable work due to the fact they are not subject to a specific threshold and will always have a \$0 variance.

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.

## **Composition of FY 2006 Year-End Uncosted Obligations**

Exhibit 4 presents the composition of the Department's \$11.4 billion uncosted balance as of September 30, 2006. Of the total uncosted amount, \$3.2 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 \$1.5 billion is associated with line-item construction projects. Construction projects are reviewed on a case-by-case basis through other Departmental processes.

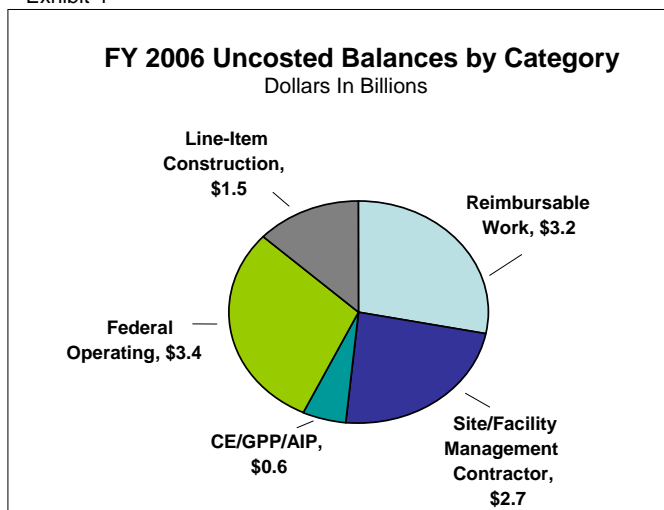
Six hundred million dollars of the total uncosted balance is related to Capital Equipment (CE), General Plant Projects (GPP) and Accelerator Improvement Projects (AIP). Another \$2.7 billion is attributed to uncosted balances arising from the operating activities of the Department's Site/Facility Management Contractors (SFMC). The final \$3.4 billion results from Federal operating activities not related to the other categories.

## **Explanation of Significant Threshold Variances**

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, Environmental Management Privatization and reimbursable work have traditionally been exempted from threshold application due to their unpredictability and inherently larger balances. These exemptions are consistent with previous GAO treatment of DOE uncosted balances.

DOE's threshold analysis for FY 2006 shows that the Department, as a whole, is \$850 million above its target threshold (Appendix Chart 3), an increase of \$202.6 million (31.3 percent) over the FY 2005 over-threshold level and \$716.2 million over the FY 2004 over-threshold level. 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. The over- and under-threshold amounts allow the total value of the balances justified to exceed the \$850 million variance at the Departmental level.

Exhibit 4





Thirty-seven out of fifty-seven appropriations exceeded their target threshold for uncosted balances. The following sections identify the key drivers/justifications for appropriations with an over-threshold amount greater than \$20 million<sup>4</sup>. The total amount justified equals over \$1.2 billion.

**Appropriation 89X0222, Science** – This appropriation exceeds the appropriation threshold by a net amount of \$85.3 million, an increase of \$56.7 million over the FY 2005 over-threshold level and \$119.5 million over the FY 2004 over-threshold level. The primary drivers for these over-threshold amounts include: 1) \$20.5 million primarily for contractual obligations for computer hardware procurements that have scheduled payments in the first quarter of FY 2007 within the Advanced Scientific Computing Research program; 2) \$4.4 million for the Spallation Instruments Next Generation I project that was re-baselined in June 2006, resulting in the rescheduling of major procurements into FY 2007; 3) \$14.2 million for the Transmission Electron Aberration-corrected Microscope major item of equipment project and the Advanced Light Source accelerator improvement project due to the fact the work scope and current funding spans multiple fiscal years. The DOE Basic Energy Science program has funded these multi-year work scopes to the current level with the understanding that not all of the funding will be expended in one fiscal year; 4) \$8.3 million for the Bevatron Demolition multi-year project, which currently has a completion date of FY 2011 and will be started when sufficient funds for the entire project have been appropriated; 5) \$9.5 million pertains to the new Argonne National Laboratory contract awarded in July 2006. The transition from the old contract to the new included transferring funds to cover ongoing work and liabilities in FY 2007; 6) \$4.5 million for column leases to be used by the Basic Energy Sciences Research program to help develop, test and evaluate the essential components of the Transmission Electron Aberration-corrected Microscope; 7) \$2.5 million for building leases at the Joint Genome Institute utilized by the Lawrence Berkeley National Laboratory to conduct activities involving the Genomics Technology, Genetic Analysis, Genome Biology and Microbial Ecology programs; 8) \$3 million regarding major equipment purchases that are either in the finalization of specification for bid packages or negotiating phases, or in the fabrication and/or assembly stages; and 9) \$7.8 million for fixed commitments on goods and services that were on order but not delivered by September 30, 2006.

**Appropriation 89X0224, Energy Supply** – This appropriation exceeds the appropriation threshold by a net amount of \$69.4 million, an increase of \$23.8 million over the FY 2005 over-threshold level and \$238.3 million over the FY 2004 over-threshold level. The major drivers for this over-threshold amount are: 1) \$16 million for industry cost-shared subcontracts in the process of final negotiation and award. This process was delayed due to the late passage of the Energy and Water Appropriation. Several subcontracts were delayed until full funding was available in accordance with Oak Ridge National Laboratory and DOE procedures; and 2) a fourth quarter obligation of \$50.7 million in the Civilian Radioactive Waste Management program for support service contracts, which allowed insufficient time to complete the tasks for grants and cooperative agreements on contracts covering technical support and scientific engineering studies. The scheduled work that was started much later than planned is expected to be completed in FY 2007. The continuing resolution and late year contract modifications are the primary reasons for the fourth quarter obligation. These balances remain necessary to fund the programmatic activities for which they were appropriated.

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<sup>4</sup> For this report the Department uses a materiality for justification of 2.5 percent of the Department's total net amount over-threshold, rounded down to the nearest \$10 million, which equaled \$20 million for FY 2006.

**Appropriation 89X0309, Defense Nuclear Nonproliferation (DNN)** – This appropriation exceeds the appropriation threshold by a net amount of \$681.6 million, an increase of \$125.1 million over the FY 2005 over-threshold level and \$137 million over the FY 2004 over-threshold level, primarily due to the rate and timing of costing for contracts and agreements with various foreign countries/entities. These agreements relate to the MPC&A, FMD, EWGPP, Global Initiative for Proliferation Prevention (GIPP), Global Threat Reduction Initiative (GTRI) and Nonproliferation and International Security (NIS) programs, as well as long-lead satellite procurements and summer research and development field tests 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 anywhere 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.

Due to the nature of this work, relying on costs alone does not reflect an accurate assessment of the programs' financial status. Along with costs recorded in the official accounting system, the inclusion of funds committed to contracts (deliverables underway but not costed) more completely reflects program execution 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, the DNN appropriation balance is within the Department's threshold for uncOSTed balances. The DNN program has submitted a separate report to the authorizing and appropriating committees explaining in detail the program's cost and commitment status. The following programs are the main drivers for the DNN program exceeding the appropriation thresholds.

MPC&A Program: (\$427 million) The majority of MPC&A uncOSTed balances result from multi-year contracts for work performed in Russia and other countries. Some countries have, for reasons outside our control, taken longer to complete deliverables than originally anticipated. Although the appropriation threshold for uncOSTed balances was exceeded for this program, when commitments are added to costs, 88 percent of the total funds available to cost were costed or committed, leaving 12 percent uncommitted (\$95 million). The remaining uncommitted funds represent laboratory labor for ongoing contract negotiations and deliverables. The increase in uncOSTed balances during FY 2006 was due to an overall increase in the MPC&A budget to provide for a significant expansion of the Russian 12th Main Directorate and Megaports programs. During FY 2006, contracts were signed for MPC&A upgrades at eight new Russian

12th Main Directorate warheads sites and installations of radiation detection equipment was expanded to six additional ports.

FMD Program: (\$435 million) 72 percent of the total uncosted balances for this program are associated with two major construction projects, Mixed Oxide Fuel Fabrication Facility (MOX) and the Pit Disassembly and Conversion Facility (PDCF) and related operating costs. The increase in uncosted balances during FY 2006 is due to the fact that construction was not started in July 2006 as originally planned. In addition, over \$275 million was obligated late in the fiscal year on long-lead procurements and contracts associated with design activities for these two projects. These uncosted balances are largely committed. Another 17 percent of the uncosted balances is associated with the Russian plutonium program. These funds will be costed when an approved path forward for the Russian program has been established and agreed upon by both the United States (U.S.) and Russian parties. No new budget authority has been requested on FY 2008 for the Russian program. Uncosted balances will be used to support programmatic requirements in FY 2007 and FY 2008. The remaining 11 percent of the uncosted balances is attributed to the U.S. Highly Enriched Uranium (HEU) Disposition Program. These funds support the disposition of U.S. HEU that has been declared surplus, primarily by down-blending it to low enriched uranium (LEU). A small percentage of these funds remain uncommitted (\$19 million) to cover costs in the first quarter of the new fiscal year (about 45 days of labor costs).

EWGPP Program: (\$190 million) All uncosted balances for the EWGPP program in the DNN appropriation for the Seversk project, and the construction of the second fossil fuel power plant in Zheleznogorsk, Russia are committed to the project and required in FY 2007 and FY 2008. Specifically, in order to meet the Seversk and Zheleznogorsk completion dates in 2008 and 2010, respectively, the majority of the remaining equipment, fabrications and assemblies had to be procured during FY 2006 so that they would be available for FY 2007 construction activities. In addition, approval of Critical Decision 3 for the Zheleznogorsk project was received much later than initially planned, delaying several procurement actions. This has resulted in higher uncosted balances for FY 2006 as opposed to significant draw downs in the balances.

NIS Program: (\$66 million) Uncosted balances for this program are primarily the result of difficulties arising from work in Russia/The Former Soviet Union and delays in negotiating agreements with Russian institutes and other international partners. The Warhead Dismantlement and Fissile Material program's costs/commitments are below expectations since some contract deliverables with RosAtom technical institutes were delayed until RosAtom and the Russian institutes could obtain the appropriate authority for project approvals and deliverables. In addition, several cooperative safeguards technology activities have uncosted balances as a result of delayed initiation of major projects with international partners; in particular, some tasks for the China Technology Demonstration, which took place in October 2006, were not costed until the first quarter of FY 2007. Furthermore, uncosted balances for export control outreach are due to delays created by foreign partners and U.S. agencies in China, Southeast Asia and the Middle East, which resulted in the postponement of trainings planned for the last quarter of FY 2006.

Costs/commitments across the board in the NIS programs significantly increased during the second half of the fiscal year. When commitments are added to costs, more than 84 percent of program funds were costed or committed, leaving 16 percent uncosted or uncommitted

(\$30 million). Much of the funding was committed for implementation and contract purposes, and subsequently, most of this carryover has since been costed or committed in the first quarter of FY 2007. International Safeguards costs/commitments increased due to a rise in activity associated with the expected implementation of the U.S. Additional Protocol. Also, Nuclear Noncompliance Verification work related to the development of tools, technologies and methods for use in the verification and dismantlement of foreign nuclear weapons programs, including Libya's terminated nuclear weapons program, increased costs/commitments in the second half of the fiscal year. Finally, export control assistance activities with foreign governments and industries were accelerated to ensure compliance with their international obligations and to assist the International Atomic Energy Agency in the investigation of black market procurement networks.

GIPP (formerly Russian Transition Initiative): (\$47 million) The program decreased its uncosted balances at year end by 32 percent from the previous year due to a comprehensive review of all existing funding and re-engineering of program and business management processes. The remaining uncosted balance in this area is largely due to: 1) delays in contract negotiations with Russian institutes, which can typically require 12 months with full first year project funding obligated, but not yet committed, before the negotiations begin; and 2) constraints inherent in costing procedures involving the Civilian Research and Development Foundation (CRDF), a key mechanism for GIPP project implementation, that limit our ability to cost funds for Russia in an efficient manner. The majority of GIPP projects traditionally go through CRDF for a number of advantageous reasons; however, the Department plans to work on ways to improve these costing procedures. At year end, more than 120 projects had contracts in place with Russian institutes. Approximately 70 percent of program funds were costed or committed, leaving 30 percent uncosted and uncommitted (\$32 million).

Highly Enriched Uranium Transparency: (\$7 million) This uncosted balance is slightly above the DOE threshold level (as was the case at the end of FY 2005). This variance was caused by a Russian delay of the installation dates for maintenance activities on U.S. equipment installed at their facilities into the new fiscal year. In addition, five of the 24 scheduled Special Monitoring Visits were conducted during the first quarter of the new fiscal year. Approximately 84 percent of the program funds were costed or committed, leaving only 16 percent uncosted and uncommitted (\$4 million).

Nonproliferation and Verification Research and Development Program: (\$96 million) The uncosted balances are slightly above the DOE threshold levels mainly due to slow costing of PNNL construction due to re-scoping of the project and baseline, long-lead satellite procurements, and summer research and development field tests which should be costed during the first quarter of FY 2007. Approximately 90 percent of the program operating funds were costed and committed in FY 2006, which brings the program well within the Department's threshold for uncosted balances.

Global Threat Reduction Initiative: (\$44 million) The majority of GTRI uncosted balances result from multi-year contracts for work performed in over 95 countries worldwide. For example, contracts are signed which require long-lead procurement time for low enriched uranium fuel fabrication, reactor conversion analysis, physical protection equipment and production of casks for nuclear material for Kazakhstan. 60 percent of the total uncosted funds were committed to contracts at year end. When commitments are factored in with costs, 18 percent of the funding

remained uncosted and uncommitted (\$18 million). The remaining uncommitted funds represent laboratory labor for ongoing contract negotiations and deliverables.

**Appropriation 89X5227, Nuclear Waste Fund** – This appropriation exceeds the appropriation threshold by a net amount of \$102.0 million, an increase of \$2.5 million over the FY 2005 over-threshold level and \$50 million over the FY 2004 over-threshold level. The primary drivers for these over-threshold amounts include: 1) obligation of \$33 million for contractor award fee and other program direction amounts that will be executed in FY 2007; 2) \$38 million involving uncompleted work on support service contracts due to the continuing resolution, and unbilled charges including accrued award fees and estimated indirect rate adjustments; 3) legacy litigation fees of \$4.6 million; and 4) \$12.5 million representing procurements for goods and services awarded in FY 2006 which had not been completed or received by the end of the fiscal year. These balances remain necessary to fund the programmatic activities for which they were appropriated.

**Appropriation 89X0315, Non-Defense Environmental Cleanup** – This appropriation exceeds the appropriation threshold by a net amount of \$46.9 million, an increase of \$68.3 million over the FY 2005 over-threshold level and \$36.7 million over the FY 2004 over-threshold level. The major drivers for these over-threshold amounts include: 1) \$12.7 million for Brookhaven National Laboratory's Brookhaven Graphite Research Reactor project. The FY 2006 Environmental Management baseline schedule and associated funding assumed that Critical Decision 3 (CD-3) would be achieved and Brookhaven Science Associates would initiate the graphite pile removal in FY 2006. However, actual events indicate that the requirements for CD-1, 2 and 3 have changed and that the schedule for completing all the necessary reviews for CD-3 will extend into late FY 2007; 2) \$12.5 million as a result of DOE's directed strategy change for the Fast Flux Test Facility (FFTF) in FY 2006. The new strategy calls for a change in the FFTF planning path and transitions the facility to a low cost state by FY 2008; and 3) \$41.2 million due to delays in billings and accruals regarding United States Enrichment Corporation invoices for their work pertaining to the Cold Shut Down. These balances remain necessary to fund the programmatic activities for which they were appropriated.

**Appropriation 89X0213, Fossil Energy Research and Development** – This appropriation exceeds the appropriation threshold by a net amount of \$89.1 million, a decrease of \$6.2 million from the FY 2005 over-threshold level and \$26.4 million over the FY 2004 over-threshold level. The primary drivers for these over-threshold amounts include: 1) annual continuing resolutions which delay the start of procurement cycles for new contracts and move performance of work and invoicing later into the current fiscal year or the following year. In FY 2006, \$40 million in costs was deferred until FY 2007; 2) \$16 million relates to the multi-year contract for Phase IV construction of the Technology Support Facility at the National Energy Technology Laboratory. Full up-front funding was required at the contract award date; 3) \$28.2 million on the Low Emission Boiler System contract that was awarded in FY 1992 and is under programmatic review and legal considerations. The FY 2006 Congressional Conference Report stated, "Funds remaining from the termination of the Low Emission Boiler project are to be transferred to the Clean Coal Power Initiative." The closure and transfer of funds is pending; and 4) \$4 million for contracts awaiting post-completion independent audit by the Defense Contract Audit Agency and other customary contract closeout activities. These balances remain necessary to fund the programmatic activities for which they were appropriated.

**Appropriation 89X0218, Strategic Petroleum Reserve (SPR)** – This appropriation exceeds the appropriation threshold by a net amount of \$51.4 million, an increase of \$22.4 million over the FY 2005 over-threshold level and \$26.7 million over the FY 2004 over-threshold level. The primary drivers for this over-threshold amount include: 1) \$28 million in firm fixed-price contracts awarded upon completion of design in the final months of FY 2006 major maintenance projects; and 2) \$20 million in contractual services to relocate the vapor pressure plant from Big Hill to Bryan Mound. Activities include dismantling, movement and site modifications that are scheduled for completion in September 2007. These balances remain necessary to fund the programmatic activities for which they were appropriated.

**Appropriation 89X0233, Strategic Petroleum Reserve, Petroleum Account** – This appropriation exceeds the appropriation threshold by a net amount of \$21.0 million, a decrease of \$9.8 million from the FY 2005 over-threshold level and \$17.9 million over the FY 2004 over-threshold level. The major driver for this over-threshold amount is the FY 2005 transfer loan from the SPR Facilities Account to finance full-drawdown operations for 30 million barrels of crude oil as directed by the President in the aftermath of Hurricane Katrina. Actual drawdown operations were for 11 million barrels of crude oil. These balances remain necessary to fund the programmatic activities (i.e. return of oil loaned in the Katrina Oil Exchange) for which they were appropriated.

The FY 2005 Report on Carryover Balances included justifications for the Other Defense Activities and Energy Conservation appropriations. A significant reduction in the Other Defense Activities uncosted balances resulted in FY 2006 due to the timely processing of outstanding contract invoices and contract closures. The Energy Conservation appropriation balances were transferred to Energy Supply (89X0224) within the Energy and Water Development appropriation, due to the Department no longer being under the Interior appropriation. This resulted in significant decreases in the Energy Conservation uncosted balances for FY 2006. As a result, justification for these appropriations was not required for the FY 2006 report. It should be noted that the Department lowered its justification threshold to 2.5 percent or \$20 million for the FY 2006 analysis. This resulted in a total of eight appropriations requiring justification in the FY 2006 report in comparison to five in the FY 2005 report.

## **LIST OF KEY ACRONYMS**

AIP - Accelerator Improvement Project  
CE - Capital Equipment  
CRDF – Civilian Research and Development Foundation  
DNN - Defense Nuclear Nonproliferation  
EWGPP - Elimination of Weapons Grade Plutonium Production  
FMD - Fissile Materials Disposition  
FSU - Former Soviet Union  
GAO - Government Accountability Office  
GIPP - Global Initiative for Proliferation Prevention  
GPP - General Plant Projects  
GTRI – Global Threat Reduction Initiative  
HEU – Highly Enriched Uranium  
LEU – Low Enriched Uranium  
MPC&A - Materials Protection Control and Accounting  
MOX – Mixed Oxide  
NIS - Nonproliferation and International Security  
PDCF – Pit Disassembly and Conversion Facility  
R&D – Research and Development  
RTI - Russian Transition Initiative  
SFMC – Site/Facility Management Contractor  
TAC - Total Available to Cost

## **APPENDIX**

Chart 1	Uncosted Obligations by Appropriation and Fiscal Year	(A1)
Chart 2	Uncosted Obligations Comparison of FY 2005 to FY 2006	(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						
<i>(dollars in thousands)</i>						
APPROPRIATION	FY 2002	FY2003	FY2004	FY2005	FY2006	
<b>ENERGY &amp; WATER DEVELOPMENT</b>						
Geothermal Resources Development Fund	9	9	9	9	9	
Federal Energy Regulatory Commission	9,136	10,636	11,396	5,144	3,825	
Science	1,049,872	1,059,669	1,169,292	1,167,582	1,108,945	
Energy Supply & Research Activities	591,107	782,457	903,284	1,077,262	1,534,254	
Energy Supply & Research Activities - 98 Annual	1,406	0	0	(160)	0	
Energy Supply & Research Activities - 99 Annual	2,939	3,316	0	(88)	0	
Energy Supply & Research Activities - 00 Annual	4,263	3,859	2,244	13	14	
Energy Supply & Research Activities - 99/00 2yr	1,186	1,141	794	0	0	
Energy Supply & Research Activities - 05/06 2yr	0	0	0	13,175	14,991	
Energy Supply & Research Activities - 06/07 2yr	0	0	0	0	11,038	New
Energy Supply & R&D - Reimb Work Non Fed	115,705	87,513	86,019	0	0	
Departmental Administration	65,216	54,873	53,362	48,383	52,360	
Departmental Administration - 99/01 3yr	303	294	272	37	0	
Departmental Administration - 03/04 2yr	0	0	0	1	1	
Working Capital Fund	15,511	16,466	21,925	21,799	30,738	
Office of Inspector General	846	3,711	5,062	5,048	3,856	
Weapons Activities	2,465,204	3,208,125	3,936,433	4,214,409	4,326,026	
Weapons Activities - 02 Annual	18,365	10,783	217	89	26	
Weapons Activities - Civil COE	(157)	0	0	0	0	
Defense Env. Rest. & Waste Mgmt.	1,065,956	1,120,222	(185)	80	(4,962)	
Defense Env. Rest. & Waste Mgmt. - 99/01 3yr	190	50	50	0	0	
Defense Environmental Services (Privatization)	560,020	725,699	250,549	288,209	(85)	
Non-Defense Site Acceleration (Env.Mgmt)	55,874	42,305	20,733	19,014	242	
Defense Nuclear Nonproliferation - 00/01 2 yr	0	0	0	0	0	
Defense Nuclear Nonproliferation - 01/02 2 yr	13,167	980	10	4	4	
Defense Nuclear Nonproliferation - 02/03 2 yr	122,466	67,700	12,628	887	145	
Defense Nuclear Nonproliferation - 03/04 2 yr	0	24,785	12,796	87	15	
Defense Nuclear Nonproliferation - 03/05 3 yr	0	17,000	62,371	(4,162)	2,942	
Defense Nuclear Nonproliferation - 04/05 2 yr	0	0	19,246	11,089	170	
Defense Nuclear Nonproliferation	610,109	819,672	843,959	958,670	1,312,823	
Defense Site Acceleration (Facility Closure Projects)	176,347	78,190	1,051,341	1,075,970	1,284,812	
Defense Site Acceleration - 99/01 3yr	10	6	6	0	0	
Office of the Administrator - 03 Annual	0	41,847	6,307	3,417	2,347	
Office of the Administrator	50,625	20,160	66,571	86,753	73,095	
Other Defense Activities	216,235	181,339	209,106	229,465	188,635	
Other Defense Activities - 04/05 2yr	0	0	0	18	85	
Other Defense Activities - 03/04 2yr	0	0	451	0	0	
Other Defense Activities - 02 Annual	5,485	596	2	2	3	
Other Defense Activities - 99/00 2yr	0	0	0	0	0	
Southeastern Power Administration	547	472	552	388	404	
Southeastern Power Administration - Annual	0	0	0	0	4,349	

U.S. DEPARTMENT OF ENERGY						
Uncosted Obligations by Appropriation and Fiscal Year						
Appropriated and Reimbursable Activities						
<i>(dollars in thousands)</i>						
APPROPRIATION	FY 2002	FY2003	FY2004	FY2005	FY2006	
Southwestern Power Administration <sup>c/</sup>	13,578	14,345	15,873	17,120	14,150	
Continuing Fund (SWPA) <sup>c/</sup>	0	0	0	783	16,286	
Alaska Power Administration <sup>c/</sup>	799	0	0	653	500	
Isotope Production & Distribution Fund <sup>a/</sup>	6,198	3,862	4,380	4,674	8,490	
Colorado River Basins Fund <sup>a/ c/</sup>	13,090	9,079	17,794	11,431	17,850	
Western Area Power Administration <sup>c/</sup>	71,185	144,069	127,775	95,558	172,302	
Western Area Emergency Fund <sup>c/</sup>	0	0	0	94	0	
Falcon/Amistad Op. Fund (WAPA) <sup>c/</sup>	2	1,126	1,724	1,934	2,073	
Nuclear Waste Disposal Fund	43,751	56,114	91,523	169,849	150,353	
Nuclear Waste Disposal Fund - 2000 1yr	158	78	8	0	0	
Non Defense Environmental Services(Uranium Fac)	151,420	81,160	132,552	19,070	223,561	
Uranium Enrichment D&D Fund	0	0	99,239	47,571	100,912	
Defense Nuclear Waste Disposal	7,909	29,282	46,266	14,084	50,703	
Naval Reactors	100,465	105,477	135,343	118,637	104,054	
Northern New Mexico Fire Recovery	0	0	494	0	0	
Cerro Grande Fire Activities	157,184	73,627	53,553	29,104	13,618	
Pajarito Plateau Homesteaders Compensation	0	0	0	0	5,158	New
Sales of Uranium & Energy Programs	0	0	0	0	17,796	New
Fossil Energy Research & Development	395,355	359,138	362,856	360,746	391,017	
Energy Conservation	556,006	612,782	532,699	438,399	(3,002)	
Energy Information Administration	23,200	18,447	17,358	17,836	17,701	
Economic Regulatory Administration	216	120	128	85	86	
Strategic Petroleum Reserve	70,890	53,705	55,334	60,948	90,087	
Naval Petroleum & Oil Shale Reserves	13,945	10,992	11,881	8,347	11,816	
SPR Petroleum Account	7,381	5,348	3,976	36,100	25,458	
Northeast Home Heating Oil Reserve Account	170	4,852	4,906	4,893	4,863	
Emergency Preparedness	43	6,729	6,729	1	1	
Clean Coal Technology	228,155	28,294	21,102	11,127	1,598	
Energy Security Reserves & Alternate Fuels Prod	9,367	9,129	9,136	9,134	9,134	
TOTAL Energy & Water Developmen	9,088,409	10,011,630	10,499,431	10,700,772	11,397,672	
TOTAL Other <sup>b/</sup>	31,750	4,544	21,658	9,203	4,552	
<b>TOTAL DEPARTMENT OF ENERGY</b>	<b>9,120,159</b>	<b>10,016,174</b>	<b>10,521,089</b>	<b>10,709,975</b>	<b>11,402,224</b>	
<b>Footnotes:</b>						
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 2006 balances taken from Year-end PMA Uncosted submissions.						

**U.S. DEPARTMENT OF ENERGY**  
**Uncosted Obligations Comparison of FY 2005 to FY 2006**  
**Appropriated and Reimbursable Activities**  
*(dollars in thousands)*

APPROPRIATION	2005 Total Uncosted	Increase/ (Decrease)	2006 Total Uncosted	
<b>ENERGY &amp; WATER DEVELOPMENT</b>				
Geothermal Resources Development Fund	9	0	9	
Federal Energy Regulatory Commission	5,144	(1,318)	3,826	
Science	1,167,582	(58,637)	1,108,945	
Energy Supply & Research Activities	1,077,262	456,992	1,534,254	
Energy Supply & Research Activities - 98 Annual	(160)	160	0	
Energy Supply & Research Activities - 99 Annual	(88)	88	0	
Energy Supply & Research Activities - 00 Annual	13	1	14	
Energy Supply & Research Activities - 99/00 2yr	0	0	0	
Energy Supply & Research Activities - 05/06 2yr	13,175	1,816	14,991	
Energy Supply & Research Activities - 06/07 2yr	0	11,038	11,038	New
Energy Supply - Reimbursable Work Non Federal	0	0	0	
Departmental Administration	48,383	3,977	52,360	
Departmental Administration - 99/01 3yr	37	(37)	0	
Departmental Administration - 03/04 2yr	1	0	1	
Working Capital Fund	21,799	8,939	30,738	
Office of Inspector General	5,048	(1,192)	3,856	
Weapons Activities	4,214,409	111,617	4,326,026	
Weapons Activities - 02 Annual	89	(63)	26	
Defense Env. Rest. & Waste Mgmt.	80	(5,042)	(4,962)	
Defense Env. Rest. & Waste Mgmt. - 99/01 3yr	0	0	0	
Defense Environmental Services (Privatization)	288,209	(288,294)	(85)	
Non-Defense Site Acceleration (Env. Management)	19,014	(18,772)	242	
Defense Nuclear Nonproliferation - 01/02 2yr	4	0	4	
Defense Nuclear Nonproliferation - 02/03 2yr	887	(742)	145	
Defense Nuclear Nonproliferation - 03/04 2yr	87	(72)	15	
Defense Nuclear Nonproliferation - 03/05 3yr	(4,162)	7,104	2,942	
Defense Nuclear Nonproliferation - 04/05 2yr	11,089	(10,919)	170	
Defense Nuclear Nonproliferation	958,670	354,153	1,312,823	
Defense Site Acceleration (Fac.Closure Projects)	1,075,970	208,842	1,284,812	
Defense Site Acceleration - 99/01 3yr	0	0	0	
Office of the Administrator - 03 Annual	3,417	(1,070)	2,347	
Office of the Administrator	86,753	(13,658)	73,095	
Other Defense Activities	229,465	(40,830)	188,635	
Other Defense Activities 04/05 2 yr	18	67	85	
Other Defense Activities - 03/04 2yr	0	0	0	
Other Defense Activities - 02 Annual	2	1	3	
Southeastern Power Administration c/	388	16	404	
Southeastern Power Administration Annual c/	0	4,349	4,349	
Southwestern Power Administration c/	17,120	(2,970)	14,150	
Continuing Fund SEPA c/	783	15,503	16,286	

**U.S. DEPARTMENT OF ENERGY**  
**Uncosted Obligations Comparison of FY 2005 to FY 2006**  
**Appropriated and Reimbursable Activities**  
*(dollars in thousands)*

APPROPRIATION	2005 Total Uncosted	Increase/ (Decrease)	2006 Total Uncosted	
Alaska Power Administration c/	653	(153)	500	
Isotope Production & Distribution Funda/	4,674	3,816	8,490	
Colorado River Basins Funda/ c/	11,431	6,419	17,850	
Western Area Power Administration c/	95,558	76,744	172,302	
Western Emergency Fund c/	94	(94)	0	
Falcon/Amistad Op. Fund (WAPA) c/	1,934	139	2,073	
Nuclear Waste Fund	169,849	(19,496)	150,353	
Nuclear waste Fund - 2000 1yr	0	0	0	
Non Defense Environmental Services (Uranium Fac.)	19,070	204,490	223,560	
Uranium Enrichment D&D	47,571	53,341	100,912	
Defense Nuclear Waste Disposal	14,084	36,619	50,703	
Naval Reactors	118,637	(14,583)	104,054	
Northern New Mexico Fire Recovery	0	0	0	
Cerro Grande Fire Activities	29,104	(15,486)	13,618	
Pajarito Plateau Homesteaders Compendation	0	5,158	5,158	New
Sales of uranium & Energy Programs	0	17,796	17,796	New
Fossil Energy Research & Development	360,746	30,271	391,017	
Energy Conservation	438,399	(441,401)	(3,002)	
Energy Information Administration	17,836	(135)	17,701	
Economic Regulatory Administration	85	1	86	
Strategic Petroleum Reserve	60,948	29,139	90,087	
Naval Petroleum & Oil Shale Reserves	8,347	3,469	11,816	
SPR Petroleum Account	36,100	(10,642)	25,458	
Northeast Home Heating Oil Reserve Account	4,893	(30)	4,863	
Emergency Preparedness	1	0	1	
Clean Coal Technology	11,127	(9,529)	1,598	
Energy Security Reserves & Alternate Fuels Prod	9,134	0	9,134	
TOTAL Energy & Water Development	10,700,772	696,900	11,397,672	
TOTAL Other b/	9,203	(4,651)	4,552	
<b>TOTAL DEPARTMENT OF ENERGY</b>	<b>10,709,975</b>	<b>692,249</b>	<b>11,402,224</b>	

**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 2006 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	2006 Total Uncosted	Uncosted Threshold	Variance Net	
<b>ENERGY &amp; WATER DEVELOPMENT</b>				
Geothermal Resources Development Fund	9	2	7	
Federal Energy Regulatory Commission	3,825	38,877	(35,052)	
Science	1,108,945	1,023,657	85,288	*
Energy Supply & Research Activities	1,534,254	1,464,885	69,369	*
Energy Supply & Research Activities - 00 Annual	14	1	13	
Energy Supply & Research Activities - 05/06 2yr	14,991	3,237	11,754	
Energy Supply & Research Activities - 06/07 2yr	11,038	1,876	9,162	
Departmental Administration	52,360	61,681	(9,321)	
Departmental Administration - 03/04 2yr	1	1	0	
Working Capital Fund	30,738	21,277	9,461	
Office of Inspector General	3,856	7,961	(4,105)	
Weapons Activities	4,326,026	4,512,244	(186,218)	
Weapons Activities - 02 Annual	26	38	(12)	
Defense Env. Rest. & Waste Mgmt.	(4,962)	(1,809)	(3,153)	
Defense Environmental Services (Privatization)	(85)	(85)	0	
Non-Defense Site Acceleration (Env. Management)	242	1,329	(1,087)	
Defense Nuclear Nonproliferation - 01/02 2yr	4	1	3	
Defense Nuclear Nonproliferation - 02/03 2yr	145	112	33	
Defense Nuclear Nonproliferation - 03/04 2yr	15	15	0	
Defense Nuclear Nonproliferation - 03/05 3yr	2,942	(736)	3,678	
Defense Nuclear Nonproliferation - 04/05 2yr	170	3	167	
Defense Nuclear Nonproliferation	1,312,823	631,216	681,607	*
Defense Environmental Cleanup	1,284,812	1,355,557	(70,745)	
Office of the Administrator - 03 Annual	2,347	509	1,838	
Office of the Administrator	73,095	83,983	(10,888)	
Other Defense Activities	188,635	169,985	18,650	
Other Defense Activities 04/05 2 yr	85	3	82	
Other Defense Activities - 02 Annual	3	1	2	
Southeastern Power Administration c/	404	6,570	(6,166)	
Southeastern Power Administration Annual c/	4,349	1,678	2,671	
Southwestern Power Administration c/	14,150	11,300	2,850	
Continuing Fund SWPA c/	16,286	10,756	5,530	
Alaska Power Administration c/	500	93	407	
Isotope Production & Distribution Funda/	8,490	4,913	3,577	
Colorado River Basins Funda/ c/	17,850	31,549	(13,699)	
Western Area Power Administration c/	172,302	152,731	19,571	
Western Emergency Fund c/	0	16	(16)	
Falcon/Amistad Op. Fund (WAPA) c/	2,073	781	1,292	
Nuclear Waste Fund	150,353	48,342	102,011	*
Non Defense Environmental Cleanup	223,561	176,590	46,971	*
Uranium Enrichment D&D	100,912	86,116	14,796	

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

APPROPRIATION	2006 Total Uncosted	Uncosted Threshold	Variance Net	
Defense Nuclear Waste Disposal	50,703	51,217	(514)	
Naval Reactors	104,054	161,988	(57,934)	
Cerro Grande Fire Activities	13,618	10,234	3,384	
Pajarito Plateau Homesteaders Compensation	5,158	1,085	4,073	
Sales of Uranium & Energy Programs	17,796	4,105	13,691	
Fossil Energy Research & Development	391,017	301,967	89,050	*
Energy Conservation	(3,002)	39,076	(42,078)	
Energy Information Administration	17,701	17,499	202	
Economic Regulatory Administration	86	32	54	
Strategic Petroleum Reserve	90,087	38,696	51,391	*
Naval Petroleum & Oil Shale Reserves	11,816	4,559	7,257	
SPR Petroleum Account	25,458	4,495	20,963	*
Northeast Home Heating Oil Reserve Account	4,863	1,688	3,175	
Emergency Preparedness	1	1	0	
Clean Coal Technology	1,598	2,199	(601)	
Energy Security Reserves & Alternate Fuels Prod	9,134	1,553	7,581	
<b>TOTAL Energy &amp; Water Development</b>	<b>11,397,672</b>	<b>10,547,650</b>	<b>850,022</b>	
<b>TOTAL Other b/</b>	<b>4,552</b>	<b>4,552</b>	<b>0</b>	
<b>TOTAL DEPARTMENT OF ENERGY</b>	<b>11,402,224</b>	<b>10,552,202</b>	<b>850,022</b>	

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

*\$20 million threshold was use for amounts to be justified.*

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 2006 balances taken from Year-end PMA Uncosted submissions.

**General Notes:**

- 1) Threshold amounts for reimbursable work, Line item construction, EM 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.