U.S. DEPARTMENT OF ENERGY

Report on Carryover Balances for Fiscal Year Ended September 30, 1998

April 8, 1999

Prepared by: Office of Chief Financial Officer

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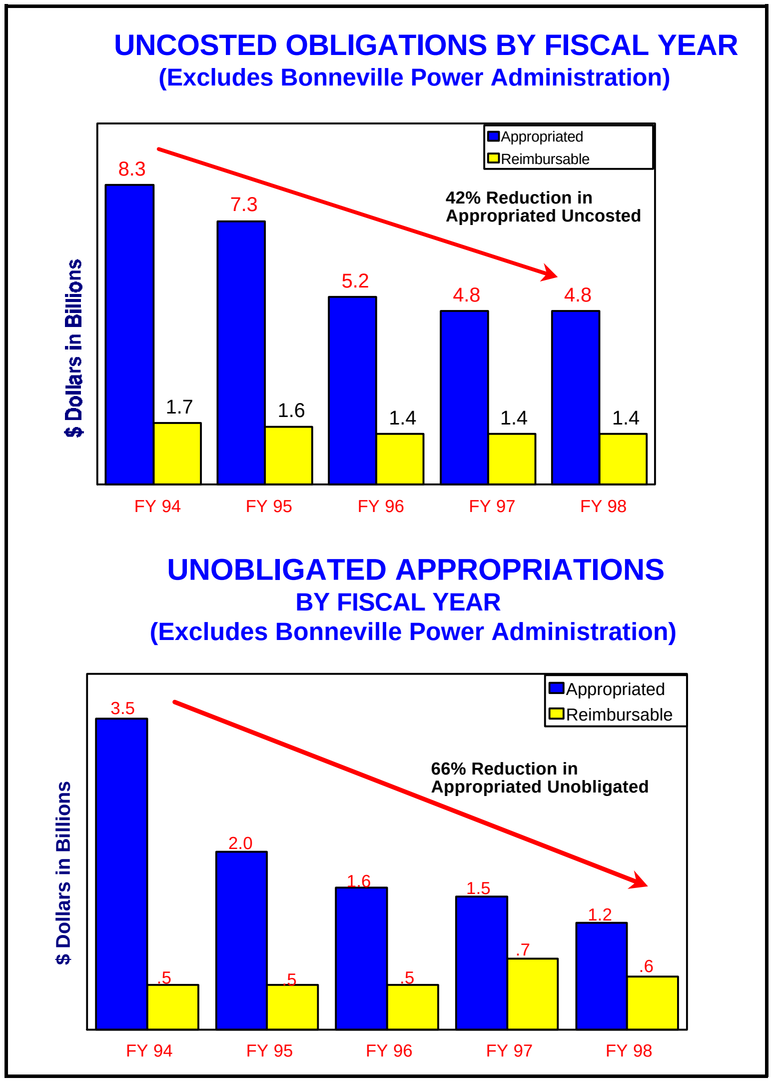
SUMMARY OF ANALYSIS

Over the past several years, the Department of Energy (DOE) has made significant progress in reducing the level of its uncosted balances. In fact, the total uncosted balance is the lowest it has been in over 17 years, following a $3.8 Billion decrease between FY 1994 and FY 1997.

Exhibit 1



As exhibit 1 shows, since FY 1994, DOE has reduced its uncosted balances for appropriated activities by $3.5 billion (42%). Uncosted balances related to reimbursable work remain fairly constant.

While the Department has greatly reduced its balances over the last 4 years, these balances remained unchanged between FY 1997 and FY 1998. This leveling off is consistent with the Department's analysis efforts which indicate DOE has reached its natural uncosted balance level. We believe any future reductions will be relatively minor (barring any extraordinary funding issues).

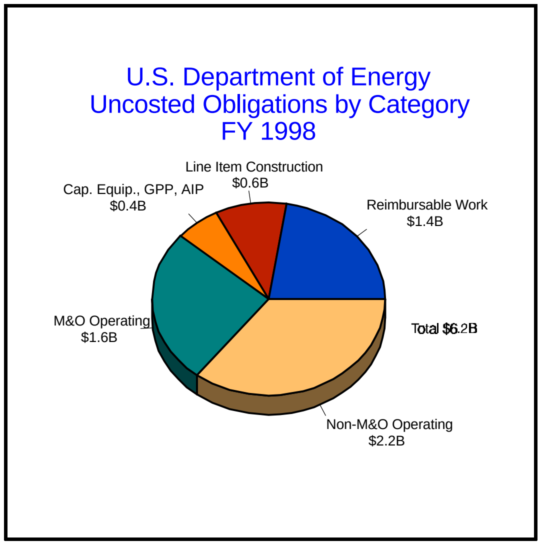
The Department has also reduced unobligated balances for appropriated activities from $3.5 billion in FY 1994 to $1.2 billion in FY 1998 (66%). This further demonstrates the Department's commitment to truly reducing balances rather than recategorizing them. These reductions represent the increased emphasis being placed on better understanding, reviewing and managing these balances throughout the Department.

Finally, the Department anticipates using $70.7 million of prior year balances for its FY 2000 Budget Request. This is in addition to $210.9 million being used to fund Department programs in FY 1999. The Department's use of prior year balances between FY 1998 and FY 2000 (projected) is $438.5 million. (Figures as of January 31, 1999)

Composition of FY 1998 Year End Uncosted Obligations

Exhibit 2 presents the composition of the Department's $6.2 billion uncosted balance as of September 30, 1998.

Exhibit 2



$1.4 billion was associated with reimbursable work funded by appropriations and funds of other Federal agencies and non-Federal entities. These funds are under external control and cannot be used to offset DOE appropriations. Another $0.6 billion is associated with Line Item construction projects. Uncosted balances for construction activities are reviewed annually through the Congressional Report on Prior Year Construction Projects.

$0.4 billion is related to Capital Equipment, General Plant Projects and Accelerator Improvement Projects. Another $1.6 billion is attributed to uncosted balances arising from the operating activities of the Department's management and operating (M&O) contractors including Integrated and Integrating contractors and subcontracts. The final $2.2 billion results from operating and prime contract activities not related to the Department's M&Os.

The balances at September 30, 1998, are not static but reflect a snapshot in time. As DOE programs continue to function, funds uncosted at fiscal year end may be partially or completely expended at mid-point in this fiscal year or may have already been identified and/or withdrawn to offset future budget requests. Remaining balances are being monitored to assure they do not inappropriately increase uncosted balances at year-end FY 1999.

Background & Analysis Approach

It is not possible to completely eliminate uncosted obligations. Uncosted obligations represent the portion of contractual obligations related to goods and services which have not yet been received, used or consumed. The Department of Energy is one of only a few Federal agencies which have a cost based accounting system, consistent with OMB cost and accrual accounting requirements. Other agencies which do not have cost based accounting systems cannot track costs and instead track such things as "unpaid" and "unliquidated" balances. While not as accurate, these unpaid and unliquidated balances approximate the uncosted balances reported by the Department of Energy.

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 to submit an annual report to Congress on the status of its uncosted obligations. We have expanded the scope of this report to include both uncosted and unobligated balances to present a more comprehensive picture of Department performance in managing carryover balances. This is the seventh annual submission of that report.

In April 1996, the General Accounting Office (GAO) issued its report "DOE Needs to Improve Its Analysis of Carryover Balances." In that report, GAO stated that the Department "does not have a standard, effective approach for identifying excess carryover balances that may be available to reduce future budget requests. Instead it relies on broad estimates of potentially excess balances in its individual programs. As a result, DOE cannot be sure whether the amount of carryover balances it proposes for use by its programs is adequate, too small, or too large..."

Recognizing there is a legitimate rationale for retaining some level of uncosted balances and to address GAO concerns, the DOE developed a comprehensive approach for 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 and, over time will facilitate establishment of more meaningful benchmarks for desired uncosted balance levels.

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

In order to focus analysis efforts on those areas where the Department can exercise the most control, costs and uncosted balances are segregated into discrete categories which display similar and predictable costing rates. The following table outlines the various uncosted categories and their respective thresholds:

CATEGORY	THRESHOLD
Contractor operating costs: This category includes costs incurred by Major Operating Contractors (MOC) which manage Departmental sites.	**13% of the Total Funds Available to Cost (TAC) for operating activities for the fiscal year just ended.**
Capital Equipment, GPP & AIP: Capital equipments meets the accounting criteria for capitalization. General Plant Projects and Accelerator Improvement Projects are grouped in this category because they share similar costing patterns.	**50% of the Total Funds Available to Cost (TAC) for capital equipment, GPP and AIP respectively for the fiscal year just ended.**

CATEGORY	THRESHOLD
Non-Integrated Operating & Prime Contract Costs: Costs for other than M&O/IMC contractors.	**17% of the Total Funds Available to Cost (TAC) for non-integrated activities for the fiscal year just ended.**
♦Line Item Construction **♦Grants** **♦CRADAs and other Cooperative Agreements** **♦Reimbursable Work**	**Not Subject to a Specific Threshold. These Costs should be reported and evaluated on a case-by-case basis throughout the life of the contractual instruments. (Consistent with GAO's approach)**

The analysis process requires all Departmental elements (Headquarters organizations, Field organizations, Major Operating Contractors) to review their uncosted balances against the above thresholds and report the results. Each element arrays their uncosted balances in a standard format which discloses programs with uncosted balances in excess of the defined thresholds. A narrative justification is required for each program that exceeds defined threshold which explains the major drivers for the balances and either 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.

The increased emphasis on analyzing these balances as a result of this new direction has contributed greatly to the Department's success in reducing its uncosted balances.

Summary Threshold Analysis

The Department's total uncosted obligation balance is at its lowest level in over 17 years, having shown a steady decline from $10.8 billion in FY 1993 to $6.2 billion in FY 1998. Additionally, DOE's FY 1998 uncosted balance is $23 million below the anticipated net threshold.

Chart 3 of the appendix presents the results of the Department's threshold analysis. Seven appropriations exceeded the assigned thresholds by significant amounts as shown below in Exhibit 3. Explanations of significant variances follow.

Exhibit 3

Appropriation	FY 1998 Ending Uncosted Balance	FY 1998 Threshold Amount	Variance	Percent Variance
89X0242 Defense Env. Restoration and Waste Mgmt.	$1,018.7M	$982.7M	$36M	3.6%
89X0243 Other Defense Activities	$511.2M	$381M	$130.2M	34.1%

Appropriation	FY 1998 Ending Uncosted Balance	FY 1998 Threshold Amount	Variance	Percent Variance
898/90243 Other Defense Activities (2 Year Funding)	$32.4M	$4.2M	$28.2M	671.4%
89X5231 Uranium Enrichment Decontamination & Decomissioning Fund	$47.8M	$37M	$10.8M	29.2%
89X0213 Fossil Energy Research & Development	$221.3M	$166M	$55.3M	33.3%
89X0215 Energy Conservation	$318.6M	$219.8M	$98.8M	44.9%
89X0219 Naval Petroleum & Oil Shale Reserves	$49.7M	$23.2M	$26.5M	114.2%

EXPLANATION OF SIGNIFICANT THRESHOLD VARIANCES:

Energy and Water Development Appropriations

Appropriation Number 89X0242, Defense Environmental Restoration and Waste Management - Exceeds the appropriation threshold by a net amount of $36.0 million, primarily due to uncosted balances retained pending litigation for the contractor's default on the Pit 9 project. Pit 9 is an inactive waste disposal pit containing wastes ranging from contaminated rags to storage drums with hazardous chemicals and plutonium contaminated sludge. In October 1994, DOE signed a subcontract for cleanup of Pit 9 with Lockheed Martin Advanced Environmental Systems which called for the cleanup to be completed by February 1999. After 3 years of work, the contractor was substantially behind the original schedule and experiencing substantially higher costs. Issues surrounding the project, such as the type and amount of waste to be cleaned up and who will pay for the increased costs, are currently in litigation. These funds must be retained to cover potential litigation costs and alternative Pit 9 scenarios.

Appropriation Number 89X0243, Other Defense Activities - Exceeds the appropriation threshold by a net amount of $130.2 million, primarily due to cooperative agreements related to the Materials, Protection, Control, and Accounting (MPC&A) program and the Initiatives for Proliferation Prevention (IPP) program. The MPC&A program is working to upgrade physical security at over 50 sites in the countries of the Former Soviet Union that use or store weapons-usable nuclear materials to prevent their unauthorized removal. The IPP program is designed to employ former Soviet weapons scientists, engineers and technicians in peaceful projects at their scientific institutes and prevent their acceptance of work in countries wanting to develop nuclear weapons programs.

The MPC&A and IPP programs involve negotiating unique agreements with countries of the Former Soviet Union (FSU) which result in higher than usual uncosted balances. DOE laboratories must have funds in hand before beginning contract discussions with Russian institutes. The ensuing contract negotiations may then span several months and must take advantage of limited windows of opportunity. Payments are not made to Russian institutions until after acceptable deliverables are completed. These multi-year instruments result in consistently higher uncosted balances for these programs. However, these funds are still necessary to achieve the programmatic activities for which they were originally appropriated.

Appropriation Number 898/90243, Other Defense Activities (Two Year Funding) - Exceeds the appropriation threshold by a net amount of $28.2 million, primarily due to Cooperative agreements related to projects to improve nuclear safety in the Former Soviet Union. These projects involve negotiating unique agreements with countries of the Former Soviet Union (FSU) which result in higher than usual uncosted balances. DOE laboratories must have funds in hand before beginning contract discussions with Russian institutes. The ensuing contract negotiations may then span several months and must take advantage of limited windows of opportunity. Finally, payments are not made to Russian institutions until after acceptable deliverables are completed. These factors along with the fact that these agreements typically are multi-year result in consistently higher uncosted balances for these types of programs. These funds are still necessary to achieve the programmatic activities for which they were originally appropriated.

Appropriation Number 89X5231, Uranium Enrichment Decontamination and Decommissioning Fund - Exceeds appropriation threshold by a net amount of $10.8 million, primarily the result of a reprogramming action for $10 million which was approved during the last week of the fiscal year. The funds were obligated in total to two prime contracts and the funds remain necessary in FY 1999 to achieve the programmatic activities for which they were originally appropriated.

<u>Interior and Related Agencies Appropriations</u>

Appropriation Number 89X0213, Fossil Energy Research and Development - Exceeds appropriation threshold by a net amount of $55.2 million, primarily the result of a number of activities including: 1) a short term continuing resolution (45 days) in FY 1998 which limited funding availability early in the fiscal and impacted program planning and funding schedules, thus delaying obligations and creating lower than usual costs for the year; 2) the presence of cost-shared research and development contracts which often require full funding for multi-year projects and artificially increase uncosted balances until the final year of the project; and, 3) uncosted balances maintained to cover supplemental costs for contracts currently awaiting closeout by DCAA. All of these funds are still necessary to achieve the programmatic activities for which they were originally appropriated.

Appropriation Number 89X0215, Energy Conservation - Exceeds appropriation threshold by a net amount of $98.8 million, primarily the result of the unique contracting mechanisms and operating procedures (such as cost-shared contracts and competitive R&D awards) necessary to conduct the types of research and development activities supported by the Energy Conservation appropriation. These contracting vehicles inherently provide levels of uncosted balances which are higher than normal operating funding, but which are equally justifiable.

For example, Energy Efficiency frequently enters into cost-shared research activities which are subcontracted through the Department's laboratories. The "Building America" program and the "Partnership for a New Generation of Vehicles" program both fall into this category. Funds for these and other cost-shared activities are obligated on a March-to-March time frame to coincide with the funding cycles of our industry partners. By obligating funds six months into the fiscal year, the Department expects 6 months (50%) worth of uncosted obligations at the end of each year which is significantly higher than the 2 months (15%) expected for normal operating activities. However, this March-to-March funding cycle ensures continued support from our industry counterparts.

Another characteristic unique to Energy Conservation research activities is the length of time required to make competitive awards after the start of the fiscal year. Competitive solicitations are subject to a three month open application period for bidders to develop proposals. This delays the obligation of funds significantly. Funds which might otherwise be obligated in December, for example, would now be obligated in March. Likewise, an additional 3 months (approximately 24%) of uncosted obligations would be expected at year end.

These are typical examples of circumstances which affect uncosted balances for this appropriation. The Department continues to monitor these activities to ensure that any over threshold amounts are in fact attributable to these types of contractual agreements. These funds are still necessary to achieve the programmatic activities for which they were originally appropriated.

Appropriation Number 89X0219, Naval Petroleum and Oil Shale Reserves - Exceeds appropriation threshold by a net amount of $26.5 million, primarily the result of ceasing operating activities at the Elk Hills oil field in February 1998, when the sale and subsequent transfer to Occidental Petroleum was completed. No new budgetary authority is being sought for the fiscal year, and the "over threshold" funds are needed to pay for ongoing programmatic activities in FY 2000, including continued operation of NPR-3, oversight of NPR-2 oil leases and royalty collections, management of the Rocky Mountain Oil field Testing Center, environmental remediation at NPR-3, and environmental assessments and limited archeological work required by the sale of Elk Hills. Some of these activities will be funded from unobligated balances, but others, primarily disposal of existing litigation and work associated with finalization of Elk Hills equity shares with Chevron, will have to be funded from uncosted balances. Therefore, these balances remain necessary to cover ongoing programmatic activities.

Unobligated Balance Analysis

Because the majority of the Department's appropriations are "No-Year" funds, balances must be reviewed to ensure that any remaining unobligated funds are appropriate to fund on-going Departmental activities for which they were originally appropriated, to offset future budget requests, or to be utilized in other aspects of the Congressional budget process. Chart 4 of the appendix shows the Department's unobligated balances by appropriation. The Department's unobligated balances (like uncosted obligations) have declined 66% over the last 4 years. This trend further demonstrates the Department's commitment to reducing uncosted and unobligated balances to appropriate levels. The analysis below provides explanations of the major drivers for 90% of the Department's unobligated dollars.

EXPLANATION OF SIGNIFICANT BALANCES:

Energy Supply and Research Activities - ($139M Unobligated, 10% of TOA) - The majority of this unobligated balance ($131M) comes from reimbursable activities. These represent funds appropriated to other Federal agencies and are not available to offset Department of Energy appropriations.

Weapons Activities - ($452M Unobligated, 8% of TOA) - The majority of this unobligated balance ($405M) comes from reimbursable activities. These represent funds appropriated to other Federal agencies and are not available to offset Department of Energy appropriations. In addition, $28.6 million for prior year work was carried forward to FY 1999 primarily due to uncontrollable contract award delays and reprogramming requests initiated in FY 1998, but still pending at fiscal year end. Contract award delays included the tritium source decision (delayed until December 1998).

Additionally, $12.1 million was used to offset the FY 1999 appropriation amount and fund a reprogramming request approved in FY 1999. All balances remain necessary to support ongoing programmatic activities.

Defense Environmental restoration and Waste Management - ($313M Unobligated, 6% TOA) - The major driver for this unobligated balance is up-front funding for projects under the Privatization Initiative. The Privatization Initiative is designed to shift risk and responsibility for financing construction of major cleanup facilities to the private sector. Typically, the government sets aside budget authority to cover contracted obligations and to provide an incentive for private sector investment, but does not pay the contractor until specified goals are met and services are delivered. If the government terminates the contract for convenience, funds budgeted would be used to liquidate the government's termination liability. The nature of these contracts produces higher than average uncosted balances as funds are held until the contractor constructs the required waste treatment facility and begins processing waste. These balances are reviewed each year to ensure that the remaining unobligated balances are in line with the level of planned privatization activities and remain necessary to support the initiatives for which they were originally appropriated.

Other Defense Activities - ($67M Unobligated, 4% TOA) - The major drivers for this unobligated balance include: 1) $31M for the Department to perform independent assessments on existing projects and validations on new projects. Approximately $11M will be used in FY 1999 for activities currently underway. The remaining $20M will be used for follow-on assessments and new start project validations requested by Congress; 2) $5.3M for construction funding carried forward for projects scheduled to be initiated in FY 1999; 3) $5M for the Initiatives for Proliferation Prevention program to offset FY 1999 requirements for the Nuclear Cities Initiative which is designed to create civilian sector jobs in Russian nuclear cities for nuclear scientists, engineers and technicians; and 4) $5M from deobligation of prior year funds enacted in FY 1998 which has been requested to offset FY 1999 requirements. The entire unobligated balance remains necessary to support the programmatic activities for which they were originally appropriated.

Defense Nuclear Waste Disposal - ($85M Unobligated, 31% TOA) - The FY 1996 Energy and Water Development Appropriation Act reserved $85M in the Defense Nuclear Waste disposal appropriation pending legislation for an interim storage facility. However, in the FY 2000 Congressional Budget Request, the Administration is requesting the release of $39 million to support scientific and technical work at Yucca Mountain. These funds remain necessary to support the activities under each alternative.

Interior and Related Agencies Appropriations

Strategic Petroleum Reserve - ($36M unobligated, 15% TOA) - The $36M represents balances for multi-year Life Extension projects scheduled for completion by FY 2000. This program was initiated in FY 1994 to assure continued mission readiness through 2025, and involves a comprehensive systems refurbishment program. These funds remain necessary to support the Life Extension Program.

During the remainder of FY 1999 and the first quarter of FY 2000 there will be heavy construction activity. Beginning the second quarter of FY 2000 Life Extension there will be a series of low cost acceptance, testing and operating systems upgrades until completion. Construction during 1999 includes replacement of pump pads, installation of new crude oil pipes, installation of crude oil surge injection pumps, installation of a meter at the Sunoco terminal, and a large consolidated package of construction jobs at Bryan Mound.

Naval Petroleum and Oil Shale Reserves - ($39M Unobligated, 30% TOA) - The unobligated balance is primarily the result of ceasing operating activities at the Elk Hills oil field in February 1998 when the sale and subsequent transfer to Occidental Petroleum was completed. No new budgetary authority is being sought for FY 2000 and the remaining unobligated balance is therefore necessary to pay for on-going programmatic activities associated with the sale.

Strategic Petroleum Reserves Petroleum Account - ($33M Unobligated, 100% TOA) -The Department is required to support petroleum drawdown activities. The occurrence of such drawdowns is unpredictable; however, the Department must be ready to respond. The unobligated balance for this appropriation provides the source of funds to finance the incremental costs of an energy supply drawdown. The current balance provides about 55% of the incremental costs of a six-month drawdown including the cost of electricity to pump hundreds of millions of barrels of oil, 24 hour per day operations, frequent crude oil monitoring and testing, increased maintenance, and enhanced security.

The funds are also for the purpose of acquiring, transporting and injecting crude oil into the Reserve. The recent imitative to take 28 million barrels of Federal royalty oil for the Reserve will require some incremental operational funds that would come from the facilities budget, but may also require transportation of the oil which might cost up to $1 per barrel and would be paid for from the SPR Petroleum Account. The SPR Office is also evaluating bids for storage of commercial oil, and it is possible that there will be marginal costs for that initiative that would be paid for from the SPR Petroleum Account

Clean Coal Technology - ($427M Unobligated, 68% TOA) - The Clean Coal Technology (CCT) Program uses Cooperative Agreements that require at least a 50 percent cost-sharing with the private-sector participants. Advance appropriations were used to assure private-sector participants that funding would be available for the entire federal commitment under the terms of the Cooperative Agreements. The Department has two remaining Cooperative Agreements with unobligated funding commitments totaling $320 million. Funding for Cooperative Agreements is provided in increments corresponding to predefined project milestones. Due to project schedule delays, the next funding requirements for the remaining Cooperative Agreements are scheduled for Fiscal Year 2001.

The main drivers behind the unobligated balance for the CCT Program are the delays encountered in proceeding to the design and construction phases for the two projects mentioned. In addition there are some amounts for unobligated commitments for active Cooperative Agreements, funding for future CCT Program administration costs (program direction), and reserve funds that can be used by the Department to share in project cost growth up to 25% of the original federal commitment. The unobligated balance is necessary to fund these activities as there are no new appropriations available for the CCT Program.

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

APPROPRIATION	FY 1994		FY 1995		FY 1996		FY 1997	FY 1998	
ENERGY & WATER DEVELOPMENT									
Geothermal Resources Development Fund	313		313		46		46	46	
Federal Energy Regulatory Commission	30,284		27,442		13,712		9,031	8,843	
General Sciences & Research Activities	431,019		316,122		195,876		176,064	511,595	f/
Energy Supply & Research Activities	2,050,192		1,992,333		1,429,033		1,157,372	478,232	
Energy Supply & Research Activities (Annual)	0		0		0		0	111,359	
Uranium Supply & Enrichment Activities	121,480		104,786		67,254		36,627	4,469	
Departmental Administration	65,079		62,412		59,352		40,704	49,575	
Working Capital Fund	0		0		0		1,571	13,234	
Office of Inspector General	2,399		2,855		2,556		2,168	3,122	
Weapons Activities	2,690,109		2,257,666		2,023,918		1,884,000	1,917,447	
Defense Envir. Rest. & Waste Management	1,765,553		1,219,598		1,133,231		951,011	1,018,789	
Non-Defense Environmental Management	0		0		0		0	98,477	
Defense Facilities Closure Projects	0		0		0		0	91,720	
Other Defense Activities	959,253		872,093		449,448		558,193	511,205	
Other Defense Activities (Two Year Funding)	0		0		0		0	32,400	
Southeastern Power Administration	251		266		504		369	57	
Southwestern Power Administration	19,054		13,417		7,082		6,705	8,732	
Continuing Fund (SWPA)	0		0		0		0	2,991	
Alaska Power Administration	1,104		3,557		4,441		3,349	13,336	
Isotope Production & Distribution Fund a/	3,320		6,354	c/	8,096	c/	5,900	6,499	
Colorado River Basins Fund a/	7,444	d/	6,271	d/	8,238	e/	22,159	7,623	
Western Area Power Administration	166,684		129,479		90,767		99,918	87,778	
Falcon/Amistad Op. Fund (WAPA)	0		0		0		5	317	
Nuclear Waste Fund	78,201		83,506		33,110		68,939	38,585	
Uranium Enrichment D&D Fund	88,009		73,331		25,707		28,167	47,819	
Defense Nuclear Waste Disposal	0		(461)		19,656		22,162	4,256	
TOTAL Energy & Water Development	8,479,748		7,171,340		5,572,027		5,074,460	5,068,506	

U.S. DEPARTMENT OF ENERGY
Uncosted Obligations by Appropriation and Fiscal Year
Appropriated and Reimbursable Activities

(dollars in thousands)

APPROPRIATION	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998
INTERIOR					
Fossil Energy Research & Development	328,005	377,680	291,758	219,354	221,284
Fossil Energy Research & Development (Annual)	0	0	0	0	0
Fossil Energy, Construction	793	751	54	0	0
Energy Conservation	617,262	676,803	338,938	410,676	318,617
Energy Information Administration	27,653	25,351	20,462	15,494	14,080
Economic Regulatory Administration	1,590	2,443	1,477	695	335
Strategic Petroleum Reserve	98,946	85,829	120,988	121,393	98,216
Naval Petroleum & Oil Shale Reserves	93,165	92,375	75,917	51,277	49,692
SPR Petroleum Account	3,077	3,116	2,359	2,369	2,467
Emergency Preparedness	2,469	1,618	867	398	209
Clean Coal Technology	317,276	404,046	199,605	290,257	409,251
Energy Security Reserves & Alternate Fuels Prod	10,010	9,879	9,858	9,855	9,788
TOTAL Interior	1,500,246	1,679,891	1,062,283	1,121,768	1,123,939
TOTAL Other b/	22,030	17,836	11,722	9,487	6,234
TOTAL DEPARTMENT OF ENERGY	10,002,024	8,869,067	6,646,032	6,205,715	6,198,679

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, and Transfer Appropriations.
c/ Adjusted for FY 1995 revenue recording error of $19,395,000.
d/ Adjusted for errors in recording costs and revenues of $140,856,222 that occurred before FY 1982.
e/ Adjusted for errors in recording costs and revenues of $140,856,222 that occurred before FY 1982, and FY 1996 errors in the recording of obligations and costs of $23,922,781.
f/ Includes $344,514 of FY 1997 uncosted balances recast from Energy Supply R&D

NOTES:
1. These 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 1997 to FY 1998

Appropriated and Reimbursable Activities

(dollars in thousands)

APPROPRIATION	1997 Total Uncosted	Increase/ (Deacrease)	1998 Total Uncosted
ENERGY & WATER DEVELOPMENT			
Geothermal Resources Development Fund	46	0	46
Federal Energy Regulatory Commission	9,031	(188)	8,843
General Sciences & Research Activities	176,064	335,531	511,595 c/
Energy Supply & Research Activities	1,157,372	(679,140)	478,232
Energy Supply & Research Activities (Annual)	0	111,359	111,359
Uranium Supply & Enrichment Activities	36,627	(32,158)	4,469
Departmental Administration	40,704	8,871	49,575
Working Capital Fund	1,571	11,663	13,234
Office of Inspector General	2,168	954	3,122
Weapons Activities	1,884,000	33,447	1,917,447
Defense Envir. Rest. & Waste Management	951,011	67,778	1,018,789
Non-Defense Environmental Management	0	98,477	98,477
Defense Facilities Closure Projects	0	91,720	91,720
Other Defense Activities	558,193	(46,988)	511,205
Other Defense Activities (Two Year Funding)	0	32,400	32,400
Southeastern Power Administration	369	(312)	57
Southwestern Power Administration	6,705	2,027	8,732
Continuing Fund (SWPA)	0	2,991	2,991
Alaska Power Administration	3,349	9,987	13,336
Isotope Production & Distribution Fund a/	5,900	599	6,499
Colorado River Basins Fund a/	22,159	(14,536)	7,623
Western Area Power Administration	99,918	(12,140)	87,778
Falcon/Amistad Op. Fund (WAPA)	5	312	317
Nuclear Waste Fund	68,939	(30,354)	38,585
Uranium Enrichment D&D Fund	28,167	19,652	47,819
Defense Nuclear Waste Disposal	22,162	(17,906)	4,256
TOTAL Energy & Water Development	5,074,460	(5,954)	5,068,506

U.S. DEPARTMENT OF ENERGY
Uncosted Obligations Comparison of FY 1997 to FY 1998
Appropriated and Reimbursable Activities
(dollars in thousands)

APPROPRIATION	1997 Total Uncosted	Increase/ (Deacrease)	1998 Total Uncosted
INTERIOR			
Fossil Energy Research & Development	219,354	1,930	221,284
Fossil Energy Research & Development (Annual)	0	0	0
Fossil Energy, Construction	0	0	0
Energy Conservation	410,676	(92,059)	318,617
Energy Information Administration	15,494	(1,414)	14,080
Economic Regulatory Administration	695	(360)	335
Strategic Petroleum Reserve	121,393	(23,177)	98,216
Naval Petroleum & Oil Shale Reserves	51,277	(1,585)	49,692
SPR Petroleum Account	2,369	98	2,467
Emergency Preparedness	398	(189)	209
Clean Coal Technology	290,257	118,994	409,251
Energy Security Reserves & Alternate Fuels Prod	9,855	(67)	9,788
TOTAL Interior	1,121,768	2,171	1,123,939
TOTAL Other b/	9487	(3253)	6234
TOTAL DEPARTMENT OF ENERGY	6,205,715	(7,036)	6,198,679

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, and Transfer Appropriations.

c/ Includes $344,514 of FY 1997 uncosted balances recast from Energy Supply R&D

U.S. DEPARTMENT OF ENERGY

Uncosted Obligations Threshold Analysis by Appropriation

Appropriated and Reimbursable Activities

(dollars in thousands)

APPROPRIATION	1998 Total Uncosted	Uncosted Threshold	Variance Net
ENERGY & WATER DEVELOPMENT			
Geothermal Resources Development Fund	46	0	46
Federal Energy Regulatory Commission	8,843	29,466	(20,623)
General Sciences & Research Activities	511,595	600,121	(88,526)
Energy Supply & Research Activities	478,232	474,210	4,022
Energy Supply & Research Activities (Annual)	111,359	158,860	(47,501)
Uranium Supply & Enrichment Activities	4,469	5,005	(536)
Departmental Administration	49,575	57,249	(7,674)
Working Capital Fund	13,234	15,123	(1,889)
Office of Inspector General	3,122	4,869	(1,747)
Weapons Activities	1,917,447	2,098,030	(180,583)
Defense Envir. Rest. & Waste Management	1,018,789	982,705	36,084 *
Non-Defense Environmental Management	98,477	110,511	(12,034)
Defense Facilities Closure Projects	91,720	130,365	(38,645)
Other Defense Activities	511,205	381,056	130,149 *
Other Defense Activities (Two Year Funding)	32,400	4,221	28,179 *
Southeastern Power Administration	57	1,700	(1,643)
Southwestern Power Administration	8,732	10,177	(1,445)
Continuing Fund (SWPA)	2,991	2,991	0
Alaska Power Administration	13,336	12,792	544
Isotope Production & Distribution Fund	6,499	6,499	0
Colorado River Basins Fund	7,623	7,623	0
Western Area Power Administration	87,778	98,004	(10,226)
Falcon/Amistad Op. Fund (WAPA)	317	167	150
Nuclear Waste Fund	38,585	35,067	3,518
Uranium Enrichment D&D Fund	47,819	37,038	10,781 *
Defense Nuclear Waste Disposal	4,256	28,684	(24,428)
TOTAL Energy & Water Development	5,068,506	5,292,533	(224,027)

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

APPROPRIATION	1998 Total Uncosted	Uncosted Threshold	Variance Net	
INTERIOR				
Fossil Energy Research & Development	221,284	165,989	55,295	*
Fossil Energy Research & Development (Annual)	0	17	(17)	
Fossil Energy, Construction	0	0	0	
Energy Conservation	318,617	219,808	98,809	*
Energy Information Administration	14,080	13,700	380	
Economic Regulatory Administration	335	564	(229)	
Strategic Petroleum Reserve	98,216	88,851	9,365	
Naval Petroleum & Oil Shale Reserves	49,692	23,149	26,543	*
SPR Petroleum Account	2,467	420	2,047	
Emergency Preparedness	209	62	147	
Clean Coal Technology	409,251	408,221	1,030	
Energy Security Reserves & Alternate Fuels Prod	9,788	1,672	8,116	
TOTAL Interior	1,123,939	922,453	201,486	
TOTAL Other	6,234	7,189	(955)	
TOTAL DEPARTMENT OF ENERGY	6,198,679	6,222,175	(23,496)	

***** Justifications for these over threshold amounts are provided on page 7 of this report***

NOTES:

1) It is important to note that the variances presented in this chart are "NET" variances at the appropriation level which have been summarized based on detailed analyses performed at individual Field elements. The detailed analyses calculate thresholds at the obligational control levels and as such specific field element variances may actually contain a combination of overages and underages to arrive at a net Departmental figure.

2) Threshold amounts for reimbursable work, Line item construction, and some Grants, and Cooperative agreements are set at 100% as these activities inherently display a higher level of uncosteds 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
Unobligated Balances
Appropriated and Reimbursable Activities
(dollars in thousands)

APPROPRIATION	Total Obligational Authority (TOA)	Unobligated Balance	Unobligated Balance as a Percent of TOA
ENERGY & WATER DEVELOPMENT			
Geothermal Resources Development Fund	821	821	100%
Federal Energy Regulatory Commission	166,482	314	0%
General Sciences & Research Activities	2,304,692	11,763	1%
Energy Supply & Research Activities	1,399,963	139,592	10% **
Energy Supply & Research Activities (Annual)	893,465	1,785	0%
Uranium Supply & Enrichment Activities	1,086	2,734	252% **
Departmental Administration	238,186	17,451	7%
Working Capital Fund	88,037	4,817	5%
Office of Inspector General	28,065	1,109	4%
Weapons Activities	5,389,302	451,799	8% **
Defense Envir. Rest. & Waste Management	4,912,813	312,658	6% **
Non-Defense Environmental Management	505,718	6,155	1%
Defense Facilities Closure Projects	891,684	173	0%
Other Defense Activities	1,702,856	67,281	4% **
Other Defense Activities (Annual)	35,000	2,545	7%
Southeastern Power Administration	37,682	8,022	21%
Continuing Fund (SEPA)	50	50	100%
Southwestern Power Administration	31,208	52	0%
Continuing Fund (SWPA)	6,800	0	0%
Alaska Power Administration	21,893	7,875	36%
Isotope Production & Distribution Fund a/	37,632	4,701	12%
Colorado River Basins Fund a/	152,101	30,026	20%
Western Area Power Administration	357,903	28,809	8%
Western Area Emergency Fund	500	500	100%
Falcon/Amistad Op. Fund (WAPA)	1,147	171	15%
Nuclear Waste Fund	178,013	14,530	8%
Uranium Enrichment D&D Fund	230,207	17	0%
Defense Nuclear Waste Disposal	275,063	85,000	31% **
TOTAL Energy & Water Development	19,888,369	1,200,750	6%

U.S. DEPARTMENT OF ENERGY
Unobligated Balances
Appropriated and Reimbursable Activities
(dollars in thousands)

APPROPRIATION	Total Obligational Authority (TOA)	Unobligated Balance	Unobligated Balance as a Percent of TOA
INTERIOR			
Fossil Energy Research & Development	381,570	22,341	6%
Fossil Energy Research & Development (Annual)	100	0	0%
Fossil Energy, Construction	199	199	100%
Energy Conservation	613,931	14,777	2%
Energy Information Administration	71,269	4,948	7%
Economic Regulatory Administration	2,945	320	11%
Strategic Petroleum Reserve	251,521	36,673	15% **
Naval Petroleum & Oil Shale Reserves	133,113	39,406	30% **
SPR Petroleum Account	33,119	33,019	100% **
Emergency Preparedness	49	24	49%
Clean Coal Technology	630,771	427,003	68% **
Energy Security Reserves & Alternate Fuels Prod	3,000	3,022	101%
TOTAL Interior	2,121,587	581,732	27%
TOTAL Other	0	0	0%
TOTAL DEPARTMENT OF ENERGY	22,009,956	1,782,482	8%

**** Summary explanations for the level of unobligated balances for these appropriations are included on***
Page 9 Of this report.

NOTES:

a) Unobligated revolving fund balances

b) Includes reimbursable and appropriated activities and excludes Bonneville Power Administration

U.S. DEPARTMENT OF ENERGY
Use of Prior Year Balances
As of January 31, 1999
(dollars in thousands)

	FY 1998 Use of Prior Year Balances	FY 1999 Use of Prior Year Balances	FY 2000 Use of Prior Year Balances
Energy Supply Research & Development	$30,906	$8,000	$0
Uranium Supply and Enrichment Activities	$3,535	$0	$0
Non-Defense Environmental management	$0	$61,341	$0
General Sciences & Research Activities	49,179	20,600	0
Departmental Administration	3,623	2,237	7,138
Weapons Activities	2,608	46,994	0
Defense Env. Restoration and Waste Mgmt.	11,153	25,958	25,000 /1
Other Defense Activities	6,047	15,500	0
Southeastern Power Administration	4,000	3,000	5,500
Southwestern Power Administration	1,290	0	0
Western Area Power Administration	41,081	20,576	0
Geothermal Res. Dev. Fund	0	0	821
Naval Petroleum & Oil Shale Reserves	3,120	6,650	21,240
Fossil Energy R&D	64	0	11,000
Energy Conservation	345	0	0
TOTAL	$156,951	$210,856	$70,699

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

/1 Balances are from the Privatization initiative