

**DEPARTMENT OF ENERGY
FY 2003 CONGRESSIONAL BUDGET REQUEST
ECONOMIC REGULATION**

PROPOSED APPROPRIATION LANGUAGE

For necessary expenses in carrying out the activities of the Office of Hearings and Appeals, [\$1,996,000] \$1,617,000 to remain available until expended.

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OFFICE OF HEARINGS AND APPEALS

PROGRAM MISSION

The Office of Hearings and Appeals (OHA) is responsible for all of the Department's adjudicatory processes. OHA also adjudicates cases arising under the Emergency Petroleum Allocation Act of 1973 (EPAA), and continues to conduct refund proceedings returning petroleum overcharge funds collected by the Department to parties who were directly injured by those overcharges, and to the States and Federal government for indirect restitution. OHA continues to receive refund applications, although at a lower rate than in past years. OHA also continues to work on isolated matters connected with EPAA-related enforcement proceedings that are before the Federal courts or that have been remanded to OHA.

The Office of Hearings and Appeals supports Strategic Objective CM1 and has developed the following specific Program Strategic Performance Goals and performance indicators.

CM1: Achieve effective and efficient management of the Department of Energy by implementing the President's Management Agenda initiatives on Strategic Management of Human Capital; Competitive Sourcing; Improved Financial Performance; and Budget and Performance Integration.

Program Strategic Performance Goal

? Distribute appropriate refunds of overcharge monies (\$300,000,000) remaining in DOE escrow accounts for refined product and crude oil restitution.

Performance Indicator: Number of cases resolved, proportion of decided cases upheld on appeal.

Annual Performance Results and Targets

FY 2001 Results	FY 2002 Results/Target	FY 2003 Target
OHA resolved 331 refund cases in the Subpart V Crude Oil Refund proceedings. (CM1)	Resolve 150 cases and direct final payments in the Subpart V Crude Oil proceedings. (CM1)	Resolve the restitution in the Subpart V Crude Oil proceedings. (CM1)
OHA resolved 53 cases in refined product refund proceedings. (CM1)	Resolve remainder of refined product refund cases. (CM1)	N/A

Significant Accomplishments and Program Shifts: OHA has been highly successful in fulfilling its mission. The primary quantitative performance measures are:

- **Record on Appeal:** OHA has had and projects that it will continue to have a singularly successful record of having its decisions regarding petroleum overcharge matters upheld upon judicial review.
- **Number of Cases Resolved:** Following a FY 2000 deadline for the filing of Supplemental Crude Oil Refund Applications (the second round of partial refunds), OHA resolved 384 crude and refined product refund cases during FY 2001; from the more than 235,000 refund cases received, 300 supplemental claims remain to be processed in FY 2002 and out-years. Since the supplemental application deadline, approximately \$300 million has been received for restitution.
- **Distribution of Refunds:** OHA has returned nearly \$5 billion in petroleum overcharge funds to injured purchasers, i.e., individual refund applicants, firms, the States and the Federal government. During FY 2002, OHA's goal, subject to its other statutory deadline-sensitive caseload, is to direct final payments to the remaining applicants involved in petroleum overcharge refunds.
- **Public Availability of Information and Decisions:** Within one day of issuance, OHA makes all of its decisions available through its Internet website to interested persons. OHA also provides public access through its website to much of its refund application database.

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**PROGRAM FUNDING PROFILE
OFFICE OF HEARINGS AND APPEALS**

Percent Change
Request v. FY 2002

<u>Activity</u>	<u>FY 2001^a Comparable</u>	<u>FY 2002^a Request</u>	<u>FY 2003^a Request</u>	<u>Dollars</u>	<u>Percent</u>
Office of Hearings and Appeals					
Operating Expenses	<u>\$2,268</u>	<u>\$2,257</u>	<u>\$1,617</u>	<u>-\$640</u>	<u>-28%</u>
Total	<u>\$2,268</u>	<u>\$2,257</u>	<u>\$1,617</u>	<u>-\$640</u>	<u>-28%</u>
Summary Operating Expenses	<u>\$2,268</u>	<u>\$2,257</u>	<u>\$1,617</u>	<u>-\$640</u>	<u>-28%</u>
Total Program	<u>\$2,268</u>	<u>\$2,257</u>	<u>\$1,617</u>	<u>-\$640</u>	<u>-28%</u>
Total Excluding Full Funding for Federal Retirement Program	<u>\$1,996</u>	<u>\$1,996</u>	<u>\$1,487</u>	<u>-\$509</u>	<u>-26%</u>
Staffing – (FTEs)					
HQ FTEs	<u>17</u>	<u>16</u>	<u>8</u>		
Total FTEs	<u>17</u>	<u>16</u>	<u>8</u>		

Authorizations:

Pub. Law 95-91, DOE Organization Act, Petroleum Overcharge Distribution and Restitution Act of 1986.

^a The FY 2001 and FY 2002 columns of the FY 2003 Congressional Request include funding in the amounts of \$272,000 and \$261,000 respectively, for the Government's share of increased costs associated with pension and annuitant health care benefits. These funds are comparable to FY 2003 funding of \$130,000. (Note that the data are presented on a comparable basis as if the legislation had been enacted and implemented in FY 2001.)

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SUMMARY OF CHANGES

OFFICE OF HEARINGS AND APPEALS

	FY 2003 <u>Request</u>
FY 2002 Comparable	\$ 2,257
- Non-Discretionary	
- Decrease in Federal Staff of 8 FTEs, begin 3-year phase-out of this function	-\$770
- Includes funding for the Government's share of increased costs associated with Pension and annuitant health care benefits	+\$130
FY 2003 Base.....	\$ 1,617

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PROGRAM PERFORMANCE SUMMARY

I. Mission Supporting Goals and Objectives: Office of Hearings and Appeals

The Office of Hearings and Appeals (OHA) is the central component of the Department's effort to equitably terminate the regulatory program implementing the Emergency Petroleum Allocation Act of 1973. OHA provides administrative review and resolution services for the Department and provides adjudications pertaining to Interior-funded programs.

All programs stemming from the Emergency Petroleum Allocation Act of 1973 are being brought to an end. OHA is preparing a report detailing its plan to terminate all economic regulatory activities within the next three fiscal years. All such cases on hand were resolved in FY 1996, and the refund proceedings that flowed from these enforcement cases have been largely resolved. The largest ongoing refund proceeding is the crude oil proceeding in which OHA distributes funds recovered by the Department to consumer/purchaser claimants, including individuals, farmers, businesses, hospitals, school districts, cooperatives, public utilities, and government entities. Crude oil claimants receive a payment once their application is approved, and supplemental payments as additional crude oil overcharge funds are collected by the Department. OHA will finish the second round of supplemental payments during FY 2003. OHA's goal has been to pay all valid claims and conclude the refund program as soon as circumstances permit. After the second supplemental refunds, the remaining crude oil monies available for final restitution will exceed \$300,000,000.

II. Funding Table: Office of Hearings and Appeals

Program Activity	FY 2001 Enacted	FY 2002 Request	FY 2003 Request	% Change
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Case Resolution				
Compliance and Refund Cases	\$ 2,268	\$ 2,257	\$1,617	-28 %
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Subtotal, Case Resolution	\$ 2,268	\$ 2,257	\$1,617	-28 %
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Total, Office of Hearings and Appeals	\$ 2,268	\$ 2,257	\$1,617	-28 %
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	-----	-----	-----	-----
Total Excluding Full Funding for Federal Retirements Program	\$1,996	\$1,996	\$1,487	-26%
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III. Performance Summary

Program Activity	FY 2001	FY 2002	FY 2003
Case Resolution Compliance	OHA resolved 384 refund cases with 296 remaining.	OHA implements plan to eliminate all economic regulation activity by FY 2005. Will work to resolve remaining cases.	OHA implements plan to eliminate all economic regulation activity by FY 2005. Will work to resolve remaining cases.
Petroleum Overcharge Distribution and Restitution Act (PODRA)	No estimate has been made at this time of the amount of crude oil overcharge funds that will be distributed to the States.	No accurate estimate can be made at this time of the amount of crude oil and funds that will be distributed to the States.	No accurate estimate can be made at this time of the amount of crude oil and funds that will be distributed to the States.

Program Activity

FY 2001

FY 2002

FY 2003

Case Resolution
Compliance

OHA resolved 384 refund cases with 296 remaining.

OHA implements plan to eliminate all economic regulation activity by FY 2005. Will work to resolve remaining cases.

OHA implements plan to eliminate all economic regulation activity by FY 2005. Will work to resolve remaining cases.

Program Direction

In order to accomplish these goals, OHA requested funding of \$2,268K for personnel compensation (\$1,727K), which also includes funding for the Government's share of increased costs associated with pension and annuitant health care benefits, and travel (\$15K), the Working Capital Fund (WCF) for base services (\$470K), and computer hardware and related contractual support services (\$56K). The WCF expenses included rent, telephone, supplies, postage, building operations, equipment maintenance, printing and Automated Office Support System support and maintenance.

In order to accomplish these goals, OHA requested funding of \$2,257K for personnel compensation (\$1,716K), which also includes funding for the Government's share of increased costs associated with pension and annuitant health care benefits, and travel (\$15K), the Working Capital Fund (WCF) for base services (\$506K) and computer hardware and related contractual support services (\$20K). The WCF expenses included rent, telephone, supplies, postage, building operations, equipment maintenance, printing and Automated Office Support System support and maintenance.

In order to accomplish these goals, OHA's funding request is \$1,617K for personnel compensation (\$1,117K), which also includes funding for the Government's share of increased costs associated with pension and annuitant health care benefits, and travel (\$15K). It further includes the Working Capital Fund (WCF) for base services (\$465K) and computer hardware and related contractual support services (\$20K). The WCF expenses include rent, telephone, supplies, postage, building operations, equipment maintenance, printing and Automated Office Support System support and maintenance.