

**Department of Energy**  
Washington, DC 20585

May 12, 2006

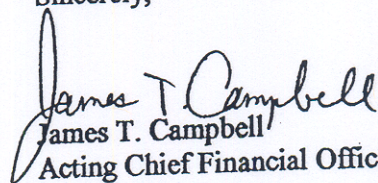
The Honorable Thad Cochran  
Chairman  
Committee on Appropriations  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

In accordance with the fiscal year (FY) 1999 Energy and Water Development Appropriations Conference Report (105-749), enclosed is the Department of Energy's FY 2005 Support Cost by Functional Activity Report. This report summarizes the costs incurred to accomplish the Department's challenging missions, highlighting costs expended on direct mission activities versus the support activities necessary to ensure success. I am pleased to report that support costs as a percentage of total costs have declined by 3.8 percent since FY 1995, yielding approximately \$4.5 billion in additional funds expended on direct mission activities over the 10 year period, as compared to what would have been spent at the 1995 rate.

While the Department has made great progress in managing these costs, we will continue to analyze our support activities to ensure that we identify and take advantage of available opportunities to further enhance our cost management. If you have any questions regarding this report, please feel free to contact Jill L. Sigal, Assistant Secretary for Congressional and Intergovernmental Affairs, at (202) 586-5450.

Sincerely,

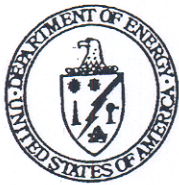
  
James T. Campbell  
Acting Chief Financial Officer

Enclosure

cc: Senator Robert C. Byrd  
Ranking Minority Member







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Washington, DC 20585

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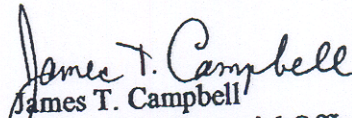
The Honorable Jerry Lewis  
Chairman  
Committee on Appropriations  
U.S. House of Representatives  
Washington, DC 20515

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Acting Chief Financial Officer

Enclosure

cc: Congressman David R. Obey  
Ranking Minority Member







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Washington, DC 20585

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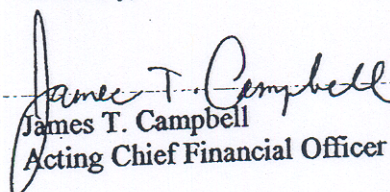
The Honorable David L. Hobson  
Chairman, Subcommittee on Energy  
and Water Development, and  
Related Agencies  
Committee on Appropriations  
U.S. House of Representatives  
Washington, DC 20515

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Sincerely,

  
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Acting Chief Financial Officer

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cc: Congressman Peter J. Visclosky  
Ranking Minority Member







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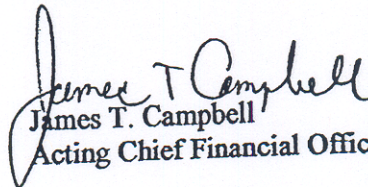
The Honorable Pete V. Domenici  
Chairman, Subcommittee on Energy  
and Water  
Committee on Appropriations  
United States Senate  
Washington, D.C. 20510

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Sincerely,

  
James T. Campbell  
Acting Chief Financial Officer

Enclosure

cc: Senator Harry Reid  
Ranking Minority Member



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