



The Secretary of Energy
Washington, D.C. 20585

January 15, 2008

The Honorable Richard B. Cheney
President of the Senate
Washington, DC 20510

Dear Mr. President:

This letter is in response to the annual Competitive Sourcing reporting requirement contained in Section 647(b) of Division F of the Consolidated Appropriations Act, for FY 2004, P.L. 108-199. The enclosed report on the Department of Energy's (DOE) Competitive Sourcing program complies with the agency reporting elements outlined in P.L. 108-199 for submitting the annual Congressional Competitive Sourcing Activity Report. In summary, DOE's Fiscal Year 2007 Competitive Sourcing Activity Report includes data on costs, savings, Federal full-time equivalent employees, and other information on the Department's completed, ongoing, and planned competitive sourcing studies.

The Department of Energy did not complete or initiate any competitions in FY 2007. The total estimated savings and/or cost avoidance for competitions implemented in fiscal years 2003-2007 is \$538M over seven years. The Department does not anticipate any competitions in FY 2008.

If you need further information on DOE's Competitive Sourcing Program, please contact Lisa E. Epifani, Assistant Secretary for Congressional and Intergovernmental Affairs, at (202) 586-5450.

Sincerely,

A handwritten signature in black ink that reads "Samuel W. Bodman".

Samuel W. Bodman

Enclosures



**Department of Energy
FY 2007 COMPETITIVE SOURCING ACTIVITIES WORKSHEET**

**COMPLETED COMPETITIONS
(Dollars in Millions)**

Competition Description														Savings and/or Performance Improvements										
Agency	Bureau	Primary Activity Code	Secondary Activity Code	Additional Activity Code	Description of Activity Competed	Type of Competition	Location (State)	# of FTE in study	# of Bids Received	Start Date (Day/Mo/Yr)	End Date (Day/Mo/Yr)	Expected Phase-In Completion Date (Day/Mo/Yr)	Actual Phase-In Completion Date (Day/Mo/Yr)	Source Selection Strategy Used	Winning Provider	FY 2006 Costs	Total Cost All Years	Estimated Savings	Period of Est. Savings (Performance Period--in years)	Annualized Savings	Actual Savings (if available)	Saving Methodology: Calculation / Proxy	Quantifiable Description of Improvements in Service or Performance (if appropriate)	
STREAMLINED COMPETITIONS																								
SUBTOTAL, STREAMLINED COMPETITIONS								0	0							0.000	0.000	0.000		0.000	0.000			
STANDARD COMPETITIONS																								
SUBTOTAL, STANDARD COMPETITIONS								0	0							0.000	0.000	0.000		0.000	0.000			
TOTAL, ALL COMPETITIONS								0	0							0.000	0.000	0.000		0.000	0.000			
FY 2007 FIXED COSTS*					0.628																			

*Note: These costs are not competition-specific

**Department of Energy
FY 2007 COMPETITIVE SOURCING ACTIVITIES SUMMARY SHEET**

Announced Competitions*
(Dollars in Millions)

Competition Description											
Agency	Bureau	Primary Activity Code	Secondary Activity Code	Additional Activity Code	Description of Activity Competed	Type of Competition	Location (State)	# of FTE in study	Source Selection Strategy Used (If Known)	Incremental Costs of Conducting Studies	Anticipated Savings or Quantifiable Description of Improvements in Service or Performance (if available)
STREAMLINED COMPETITIONS											
SUBTOTAL, STREAMLINED COMPETITIONS								0		0.000	
STANDARD COMPETITIONS											
SUBTOTAL, STANDARD COMPETITIONS								0		0.000	
TOTAL, ALL COMPETITIONS								0		0.000	

Department of Energy
FY 2007 COMPETITIVE SOURCING ACTIVITIES

SAVINGS & PERFORMANCE UPDATE

(Dollars in Millions)

Agency	Bureau	Function Competed	Description of Activity Competed	Type of Competition	FTEs	Total Estimated Savings (As reported to Congress in past 647 reports)	Total Performance Period (in years)	Actual Phase-In Completion Date (MM/DD/YYYY)	Actual Accrued Savings FY 2004	Actual Accrued Savings FY 2005	Actual Accrued Savings FY 2006	Actual Accrued Savings FY 2007	Total Actual Accrued Savings	Pd Over Which Actual Savings Accrued (In Years)	Savings Methodology: Calculation/ Proxy	Quantifiable Description of Improvements in Service or Performance (if appropriate)
STREAMLINED COMPETITIONS																
Energy		B501	Civil Rights	Streamlined cost comparison	8	\$ 1.50	5	09/01/2003	\$ 0.35	\$ 0.85	\$ 0.66	\$ 0.90	\$ 2.76	4.08	Calculation	
Energy		K541	NNSA - Logistics	Streamlined competition with MEO	76	\$ 6.00	5	09/30/2004	\$ -	\$ 2.10	\$ 1.86	\$ 2.20	\$ 6.16	3.00	Calculation	
SUBTOTAL, STREAMLINED COMPETITIONS					84	\$ 7.50							\$ 8.93			

STANDARD COMPETITIONS																
Energy		Y570	Graphics	Cost comparison	13	\$ 4.30	5	03/01/2004	\$ 0.76	\$ 0.69	\$ 0.69	\$ 0.63	\$ 2.78	3.58	Calculation	
Energy		C307	Financial Services	Standard competition	181	\$ 31.00	5	04/01/2005	\$ -	\$ 6.29	\$ 5.07	\$ 5.97	\$ 17.33	2.50	Calculation	
Energy		U301	Human Resources Training	Standard competition	146	\$ 33.84	5	07/01/2006	\$ -	\$ -	\$ 2.25	\$ 8.74	\$ 10.99	1.25	Calculation	
Energy		S731	Albany Research Center Logistics	Standard competition	8	\$ 0.80	5	11/30/2005	\$ -	\$ -	\$ 0.18	\$ 0.18	\$ 0.36	1.83	Calculation	
Energy		W310	Information Technology	Standard competition	642	\$ 456.49	7	03/31/2006	\$ -	\$ -	\$ 35.84	\$ 50.07	\$ 85.90	1.50	Calculation	
Energy		D200	New Brunswick Laboratory	Standard competition	40	\$ 2.58	5	10/01/2006	\$ -	\$ -	\$ -	\$ 0.82	\$ 0.82	1.00	Calculation	
Energy		S731	DOE - Logistics	Standard competition	136	\$ 1.56	5	09/01/2006	\$ -	\$ -	\$ -	\$ 0.37	\$ 0.37	1.08	Calculation	
SUBTOTAL, STANDARD COMPETITIONS					1,166	\$ 530.57							\$ 118.55			

TOTAL, ALL COMPETITIONS					1,250	\$ 538.07							\$ 127.47			
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Projected Number of DOE FTEs To Be Announced for Competition in FY 2008

The Department of Energy does not anticipate announcing any FTEs for public-private competition under its Competitive Sourcing program in FY 2008. The Department will solicit candidates for study and if functions/organizations are identified as candidates, then Feasibility Reviews will be conducted to determine if a competition should be recommended. Potential candidates could also be identified during the yearly review of the FY 2007 Federal Activities Inventory Reform (FAIR) Act.

The Department is employing a sound methodology for identifying potential competitions, nominating potential competition candidates, analyzing nominated candidates through feasibility reviews, executing competitions, and implementing the results. The FAIR Act commercial activities inventory forms the primary basis for identifying potential candidates for nomination to undergo a feasibility review. A feasibility review, which is not a formal competitive sourcing study, is a preliminary assessment to determine if a "candidate" function meets the criteria for being considered for a standard (12 month) or streamlined (90-day) competitive sourcing study.

Throughout our review processes the Department is ensuring a careful and thorough analysis of all competitive sourcing candidates. The potential scope of the study, mission impacts, risks, costs, estimated return on investment, and timeframe will be considered during the feasibility review process.

DOE Alignment of Human Capital and Competitive Sourcing Initiatives

The Department of Energy (DOE) has continued to align and link all initiatives associated with the President's Management Agenda. Specifically, the Human Capital Management (HCM) principles continue to be an integral part of the Competitive Sourcing/A-76 initiative. The Chief Human Capital Officer (CHCO) continues to serve as an advisor to the Department's Competitive Sourcing Executive Steering Group. In addition, the Department has filled the position of Human Resource Advisor (HRA) for all competitive sourcing activities being conducted within the Department. The HRA has designated a Human Resource Advisor Representative to support each competitive sourcing study being conducted, including Feasibility Reviews that are initially performed to support the decision to formally conduct a competitive sourcing study. DOE did not conduct any Feasibility Reviews or A-76 competitions in FY 2007.

In a continuous effort to improve the Department's A-76 activities, the HRA provides advice – and more importantly, assistance – to the A-76 Study Team Leads as they begin to implement the most efficient organization (MEO) and incorporate the residual organization with on-going reorganizations throughout DOE. These Department-wide studies require extensive communications and coordination on the part of the HRA. Specifically, the role of the HRA is to assist the Team Leads to significantly reduce skills gap in mission-critical occupations, assist in the development of strategies to integrate the results of competitive sourcing and e-Gov initiatives, and analyze and optimize organizational structures for service and cost. This leads to the development of new concepts and processes that allow and encourage local HR involvement with these Department-wide studies. It also provides a cadre of Human Resources Specialists to complement the limited resources of the Department's HRA.

Aligning these new concepts and processes with the A-76 studies will also enhance the knowledge and skills of the local HR staffs. It will provide them with a much broader knowledge and appreciation of the day-to-day interactions of other site operations offices within the Department and give them insight as to how the functions of these offices complement their organization. In addition, the involvement of local HR staff in the Department's overall A-76 initiatives will provide additional training, experience, and an understanding of how this initiative aligns with and links to Human Capital Management (HCM) principles and local HCM plans.

In FY 2007, the Department stood up DOE's Office of Legacy Management (LM) as a high performing organization (HPO) with noteworthy results. In the establishment of this governmental HPO, LM improved its management of human capital by (1) implementing a team based organizational structure focused on achieving the LM mission; (2) adding LM's core values and performance goals to Federal performance plans; (3) improving the alignment of the Federal grade structure with requirements; and (4) enabling succession planning using career ladders and a dedicated portion of its FTE allowance.