



**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

The Inspector General

Office of Inspector General
Washington, D.C. 20590

August 31, 2001

The Honorable Joseph I. Lieberman
Chairman, Committee on Governmental Affairs
United States Senate
Washington, DC 20510-6250

Dear Mr. Chairman:

We are providing this information in response to your letter of July 26, 2001, regarding the Department of Transportation's (DOT) implementation of energy efficiency and conservation measures. Our responses are keyed to your request for information in four areas.

Committee Request: Describe your office's plan for periodically reviewing or auditing your agency's energy management activities and provide any pertinent documentation of this plan.

Following the energy price increases experienced across the country earlier this year and in recognition of the President's directive on May 3 that Federal agencies take appropriate actions to conserve energy use, we initiated research work on May 18, 2001, to obtain basic program data we need to effectively plan an audit of DOT's energy management program.

As part of our research work, we are looking to establish a supportable baseline on energy consumption so as to measure DOT's future progress in reducing energy consumption. Our audit will include, at a minimum, determining whether DOT: (1) is in compliance with the National Energy Conservation Policy Act and related Executive Orders, (2) has developed reports and tracking systems on energy usage that identify and quantify cost savings, and (3) is exploring new ways to reduce energy consumption.

The current emphasis and legislation coming from the President and Congress will shape the requirements for new DOT policies and this, coupled with the need for reliable tracking systems of energy usage, will form the foundation for our future audit

and evaluation efforts. The first part of our audit effort is to develop appropriate methodologies and metrics to conduct our audit. To do this, we will request that DOT identify actions taken on our prior recommendations and provide its current information on usage data by Operating Administration.

Committee Request: Identify and provide copies of any and all reviews, audits, and investigations your office (a) has conducted since October 24, 1992, (b) is currently conducting, (c) currently plans to conduct, of your agency's energy management activities.

Since October 24, 1992, we have conducted one survey and one audit of DOT's energy management activities. We had no investigation cases on DOT's energy management activities. The result of our survey, "Audit Survey on Federal Energy Management Program," was issued to the President's Council on Integrity and Efficiency Coordinator for Energy Management and Conservation on February 22, 1993. The result of our audit, "Report on the Audit of Energy Conservation in DOT Facilities," was issued on September 22, 1993. As you requested, the audit report, which includes the survey memorandum, is enclosed for your information.

The survey and audit both found that DOT's energy consumption and cost data available at that time were best estimates, not reliable, and exempted over 50 percent of DOT's energy usage. For example, the Federal Aviation Administration (FAA) is DOT's biggest user of energy, yet it claimed an exemption in Fiscal Year (FY) 1991 from achieving DOT's energy reduction goal. The Federal Energy Management Improvement Act set the goal for all Federal agencies to reduce energy consumption by 10 percent by FY 1995 as compared to FY 1985 energy use. The Act and subsequent Executive Orders allow agencies to exempt buildings, and the associated energy, where "energy intensive" activities are carried out. Although FAA reported its energy use, it was not counted toward the 10-percent energy reduction goal.

FAA claimed the exemption based on the premise that implementation of its new National Airspace System (NAS) would increase energy consumption due to the overlap of old and new systems. Since then, FAA missed many of its NAS modernization deadlines and continues to miss estimated completion dates. In its FY 2000 energy report, FAA still claims the exemption on facilities consuming about 94 percent of its total energy. However, FAA's current rationale for the exemption has changed. FAA now claims its buildings are exempt because NAS requires an overwhelming proportion of process-dedicated energy, making it technically infeasible to meet energy reduction goals.

Furthermore, DOT's energy figures do not include all the energy associated with DOT space occupied under General Services Administration (GSA) leases. For leases where GSA pays the energy bills, GSA reports and tracks the energy usage. The above

problems and questions with DOT's energy data make it essential that we properly plan our audit work and identify appropriate baseline data on DOT's energy consumption.

Our 1993 audit also found that actions could be taken to improve DOT's energy conservation efforts. For example, we recommended that the DOT Operating Administrations follow existing guidelines on identifying funds for energy retrofit projects and conservation measures in their annual budget requests, and the Coast Guard include electricity consumption for outdoor lighting in its annual energy reports. DOT and the Coast Guard agreed with our recommendations. Specifically, DOT notified Operating Administrations to follow existing guidelines when identifying funds for energy retrofit projects in budget requests, and issued policy and procedures on energy intensive-use facilities. DOT also published a Departmental Energy and Water Management Manual in 1995. The Coast Guard also developed a comprehensive reporting system for collecting annual energy consumption and now includes outdoor lighting in annual energy reports.

Our intentions, as previously described, are to conduct an audit of DOT's energy management activities in FY 2002.

Committee Request: In light of the current energy situation, please identify and describe any additional actions your office is taking to review, audit, or investigate your agency's energy management activities.

As mentioned earlier, we started preliminary research work for an audit of DOT's energy management activities. If we identify significant deficiencies or investigative allegations, we will address these issues accordingly. We also are adding energy management activities as an item of congressional interest in our Strategic Audit Plan.

Committee Request: Your assessment of your agency's progress in meeting Federal energy management goals. Please identify any additional actions or opportunities available to the agency that would further reduce its energy consumption and costs.

Although DOT has reported progress in meeting its energy reduction goals, we have not verified these reported accomplishments. In FY 1998, DOT reported a 22-percent reduction in its energy consumption in DOT buildings compared to FY 1985. DOT's FY 2000 target was to reduce energy consumption in DOT buildings by 20 percent as compared to FY 1985. DOT's FY 2000 Performance Report stated that it exceeded its annual goal by reducing consumption 29 percent. Upon completion of our planned audit work in this area, we will be in a better position to assess DOT's progress in meeting Federal energy management goals.

Finally, DOT's energy reduction initiatives should not be limited to the existing base of assets. DOT's energy reduction planning efforts should extend to and include the current plan to relocate DOT Headquarters operations.

We will keep you informed of our efforts and progress. If we can answer any questions or be of any further assistance, please feel free to contact me at (202) 366-1959, or my Deputy, Todd J. Zinser, at (202) 366-6767. An identical letter was sent to Senator Fred Thompson, Ranking Member of the Committee.

Sincerely,

A handwritten signature in black ink, appearing to read "Kenneth M. Mead". The signature is written in a cursive style with a large initial "K" and a long, sweeping underline.

Kenneth M. Mead
Inspector General

Enclosure



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