WORKING CAPITAL FUND

U.S. DEPARTMENT OF ENERGY

FISCAL YEAR 2003: ANNUAL REPORT

Office of Management, Budget, and Evaluation

November 2003

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Message from the Fund Manager

In FY 2003, its seventh full year of operations, the Working Capital Fund and its businesses continued to provide the Department of Energy and its program organizations with consistent excellence in common administrative services and products. This success is due to efforts of many persons to achieve the Fund goals of efficiency, full cost allocation and flexibility.

One FY 2003 highlight was the Working Capital Fund "Expo", a pair of successful demonstrations in Forrestal and Germantown that informed customers about the many products and services that are delivered through the Fund. The Expo showcased the pride, professionalism and dedication of the employees of the Fund businesses and gave customers valuable information on how to make effective use of Fund services. Based on feedback from customers and the Working Capital Fund Board, we expect to schedule another Expo in the coming year.

The success of the Fund is illustrated by an estimated $120 million (FY 1996 dollars) cost savings to the Department in seven years[1]. This success is further evidenced in the innovations that have provided digitization services, online learning, and employee self service. The flexibility of the Fund has supported initiatives in payroll outsourcing, mail security, DOEnet, purchase card surveillance, emergency power, flexible savings accounts, and building upgrades.

Financial Condition

The financial condition of the Fund is sound. Over the seven years of Fund operation, earnings ($594 million) have exceeded expenses by $2.5 million -- a narrow margin of less than one half of one percent. Although businesses experience fluctuations in net earning performance on an annual basis, all of our businesses are solvent and exhibit break even operating performance on a cumulative basis. Notwithstanding some uncertainty due to the delays in enacting final FY 2004 appropriations, we believe that, in FY 2004, the Fund and its businesses will be able, under current pricing policies, to:

- Continue normal business operations;
- Complete the building improvement projects started in FY 2003 and
- Implement the FY 2004 initiatives taken by the Board in late FY 2003.;

1 .This is based on a comparison of average annual Fund billings to the costs of comparable businesses prior to Fund creation

Business Performance

The progress of the Fund businesses is reflected in their separate reports, included in this document. Many of these business successes can be characterized as "behind the scenes" in DOE management. But, looking back over the various issues that have been dealt with in recent years, one is struck by the way in which, during Hurricane Isabel, the emergency power improvements of the Building Occupancy business sustained the capabilities of the Network business which, in turn, allowed the Payroll business to complete work with DFAS to pay thousands of DOE employees accurately and on time. If any one of these organizations had failed, it is obvious that we would no longer be "behind the scenes."

For FY 2003, Fund businesses report as follows:

The Mail Business was recognized by both the Postal Service and the Government Services Administration for its leadership role in improving mail security.

The Copy business initiated the digitization business segment.

The Printing and Graphics business streamlined the process to acquire printing services.

The Building Occupancy business continued to implement the building improvement program in support of the Secretary's goal of making DOE the employer of choice. It also received the prestigious GSA Award for Real Property Innovation in addition to other awards for achieving a 41% reduction in energy consumption at the Germantown complex. Total was 34% at Headquarters.

Both the Telephone and the Network businesses modernized their infrastructure while continuing high levels of reliability.

The Payroll business successfully outsourced DOE payroll operations to the Defense Finance and Accounting Service (DFAS), thereby becoming the first agency to successfully migrate its payroll function to a designated payroll provider under this Administration initiative.

The CHRIS business moved the DOE further along the spectrum of automated personnel support in furtherance of e-government initiatives.

The Contract Closeout business line continued to exceed its targets for completing action on expired instruments.

Governance and Management

The reports of the separate businesses do not fully reveal the high degree of cooperation between business line officials, customers, Board members, and the Fund staff. The Fund is a "network" style organization that depends of the free flow of information (and money) between participants, and sustaining this cooperation and trust is critical to future Fund success.

The organization of the Fund is unique among DOE administrative structures:

- The 13 FY 2004 Fund businesses report variously to the Chief Information Officer (CIO) and to five different organizations within the Office of Management, Budget and Evaluation/Chief Financial Officer (OMBE).
- The customer-majority Board appointed by the Deputy Secretary approves business pricing policies, budgets and capital investment plans. The Board ensures customer input to business decisions and, through the Dispute Resolution Council, hears and acts on appeals by customers. Beyond these formal duties, the Board is a forum for the exchange of ideas and best practices between the various communities that make up the Working Capital Fund
- The Fund Manager function in OMBE provides centralized billing services and oversight of the businesses, including budget development, financial review and reporting; quarterly business reviews; maintenance of system documentation; and administration of the WCF home page. The current Fund Manager chairs the Board and is responsible for providing timely and relevant information to all Board members and other customers.

The Working Capital Fund is only one of several ways in which intradepartmental business is conducted in DOE, and nearly all of its formal business practices could be adopted to coordinate common administrative services outside the Fund. What makes the Fund distinctive is the combination of market-like business practices and the network organization. At a time when Federal organizations are focused on succession planning, employee development, knowledge management, systems modernization, competitive sourcing, and related measures to improve the efficiency of operations on a sustainable basis, the Fund cannot take the success of its organization for granted.

During FY 2003, we undertook a series of initiatives to strengthen Fund management, including the following:

- **Improved information for customers**: We now have a three-dimensional monthly billing process that includes (i) an electronic bill for customers that allows them to "drill down" into detailed tables to analyze their spending patterns; (ii) a summary-level bill with both narrative and tables explaining the derivation of the information and projecting customer spending for the year; and (iii) an electronic feed into the Department's accounting system.
- **Full documentation of procedures:** We have established a formal system of procedures and manuals to be updated annually, including (i) ***Guide to Services, Policies and Procedures*** (for customers); (ii) ***Guidebook for Creating and Managing a Working Capital Fund Business*** (for current or new businesses), (iii) ***Guidebook for Processing Customer Billing, Funding, and DISCAS Data*** (for Fund staff and contractors), and (iv) ***Guidebook for New Business Start-up*** (targeted advice for new activities transitioning into the Fund) . In effect, these guidebooks and related materials, which are in

electronic form on the WCF Home Page, are part of a "knowledge management" approach to Fund activities.

- **Business staff training**: During the last year, we held two learning sessions for business line employees – a briefing on the new I-MANAGE information system initiatives and a class on the use of cost accruals in Fund financial operations.

In addition, we are continuing the practice of providing the Board with annual and quarterly reports on operations, an annual economic benefit/cost analysis, and an annual assessment of the indirect costs of Fund operations.

Looking Ahead

During FY 2004, we need to address several new challenges and build on the successes of FY 2003 and prior years. The following are some key areas of emphasis:

<u>New Businesses and Business Segments</u>: The Board approved creation of the Project Management Career Development Program as a new business and has also approved the expansion of several businesses. Cell phones, fee-for-service training, and Flexible Spending Account administrative costs were added to the Fund to avoid the costs associated with duplicate billing systems, and the Purchase Card Surveillance initiative was added to the Contract Closeout business line. We need to start up these new activities and ensure timely and accurate billings.

<u>New or Reorganized Customers</u>: We will need to ensure that the new customer organizations have effective access to the information they need to participate in the Fund.

<u>Customer Communications</u>: We want to build on our FY 2003 efforts to improve customer communications, both through special events such as the Expo and also through continued improvements in the WCF Home Page, including generating an electronic version of the "Blue Book", formally entitled ***Guide to Services, Policies and Procedures.***

<u>New Financial Systems and Practices:</u> The new STARS accounting system is being developed to come on line for FY 2005. Concurrently, the new quarterly financial statements will shorten the time available for monthly billing. Business line staffs will need to be trained in the new systems and procedures to maintain the "streak" of on-time billing performance that we have enjoyed.

<u>Knowledge Management</u>: We need to complete another full cycle of documentation in FY 2004. In FY 2003, we "raised the bar" by creating new manuals and reports, and updating these materials will be a challenge. We also need to continue our efforts for in-service training of business line staffs, including development of On-Line Learning Center tools for that purpose.

<u>Information Management Businesses:</u> The CIO is phasing-in the eXCITE

concept (DOE's Extended Common Integrated Technology Environment) during FY 2004, and much of the Desktop business will be subsumed into this new business framework. No decision has been made on whether and how to restructure IT businesses in the Fund to reflect eXCITE . I recommend creating a working group to advise the Board and the CIO on these matters.

The Board should be proud of its FY 2003 governance activity. The Deputy Secretary appointed new Board members, and there was turnover in Board attendees from current members. Nevertheless, the Board worked through several complex and contentious issues and made sound decisions that advance the Department's goals. This cooperation, which is greatly appreciated by those of us in the Office of Working Capital Fund, cannot be taken for granted. We will need to continue this high level of cooperation and communication in FY 2004, and we look forward to working with you on our common objectives.

Howard G. Borgstrom
Fund Manager (ME-15)

Germantown Expo

Fund Manager's Office
Forrestal Expo

Financial Statements of the Working Capital Fund

Relation of Earnings to Expenses

The Fund earned $0.6 million in excess of expenses during FY 2003. This results in cumulative net earnings of $2.5 million since FY 1997 or approximately 0.4% of earnings over the seven year period. As Table I illustrates, results varied substantially among businesses, but the overall result for the first seven years has been substantially a breakeven situation, in line with Congressional and Departmental policies.

Customer billings in FY 2003 were unchanged from FY 2002; this was due largely to reductions in Payroll ($1.7 million) and Supplies ($0.9 million) offset by increases in Building Occupancy ($2.1 million) and Mail ($0.6 million).

Table I: FY 2003 Year End Business Results
(dollars in millions)

	Earnings	Expenses	Net Earnings FY 2003	Net Earnings FY 97 – 03
PAPERCLIPS	$ 2.4	$ 2.4	$ 0.0	$ -1.1[1]
Mail	2.6	2.1	0.5	0.1
Copying	2.4	2.6	-0.2	0.0
Printing & Graphics	2.8	2.8	-0.1	0.4
Bldg Occupancy	58.9	59.0	-0.1	8.5
Phones	6.5	6.2	0.3	-8.4
Desktop	1.1	1.1	0.0	-0.3
Network	6.2	5.6	0.7	1.1
Contract Closeout	0.8	0.6	0.2	0.4
Payroll Services	1.4	2.1	-0.7	1.4
CHRIS	2.2	2.4	-0.2	0.1
OLC	0.3	0.2	0.2	0.0
Total	$ 87.6	$ 87.1	$ 0.6	$ 2.5

The cumulative net performance of the Building Occupancy and the Telephone businesses appear to offset each other; however, these are unique transactions that deserve further explanation. The net income in building does not represent a pure "profit", since $4.8 million in net earnings are committed to unfinished construction projects and cannot be redirected to other uses or refunded to customers. The Telephone Business Line was charged $9.3 million depreciation expense for the

[1] Financial results for PAPERCLIPS also include the predecessor organization's cumulative net losses of $1.1 million.

write-down in the value of physical assets in FY 2002 that were transferred into the Fund at its inception in FY 1997. The reported cumulative loss of $8.4 million is a "book loss" caused by the accounting recognition of depreciation expenses without corresponding revenues to offset such costs. The write-off makes the asset life consistent with GSA guidance, and this has no adverse implications for the underlying, long-term financial stability and viability of the business.

Key factors explaining earnings/expense variations of over $50,000 follows:

The **Mail** business line earned a $0.4 million net operating profit in FY 2003, due largely to a decision by the Executive Office to defer mail security infrastructure improvements ($0.2 million). The government-wide review is complete and the contracts are being funded now. In addition, accruals at the end of FY 2002 shifted FY 2003 costs into FY 2002, affecting last year's loss and this year's apparent profit.

The **Copy** business line earned $0.2 million less than expenses, in part because the business volume has declined at the staffed copy centers. The copier lease at these sites is very costly compared to alternatives. The lease ends in FY 2004 and the business expects to replace the copiers with less expensive alternatives. The Board action in FY 2002 that enables the business to sell new digitization services is expected to restore the business to financial health during FY 2004.

The **Printing and Graphics** business line earned $0.1 million less than expenses due to FY 2003 charges paid after October 1, causing the accruals to be too high. This will have the impact of reducing P&G charges in the first fiscal quarter of 2004.

The **Building Occupancy** business line earned $0.1 million less than of expenses. This is due largely to the completion of project work financed in prior years. This is a trend we expect to continue as projects are completed in future years. Most of the cumulative net earnings ($8.4 million) in this business are committed to construction projects and cannot be redirected to other uses or refunded to customers. The balance of the net earnings has been used to forward fund utility and maintenance contracts.

The **Telephone** business line earned $0.3 million net operating profit resulting from a one time prior year cost adjustment by their vendor.

The **Network** business line earned $0.7 million net operating profit. This is due to cost reductions related to DOEnet.

The **Closeout** business line earned $0.2 million net operating profit. The business line identified an additional cost of $62,485 for September that was not reflected in the accounting accruals. This invoice will be costed in FY 2004 and will increase costs in that fiscal year. These profits are consistent with past years and result from productivity improvements. The retained earnings in the business are not significant and will be used to support the start-up of the purchase card surveillance business segment.

The **Payroll** business line earned $0.7 million less than expenses. Another $0.2 million costs to cover expenses related to help desk support of the outsourcing initiative were recognized by the business line after the accounting close. This loss was anticipated and resulted from the decision to forego customer billings in excess of $1.7 million. Due to cost uncertainty related to outsourcing payroll, the Board voted to keep the remaining equity in the business for FY 2004.

The **CHRIS** business line earned $0.2 million less than expenses. The business paid the FY 2004 PeopleSoft license in FY 2003.

The **Online Learning** business line earned $0.2 million operating profit due largely to credits for subscription charges. These earnings will be used to offset the expense of transitioning to **golearn,** the training portion of the e-gov initiative, and to finance activity during closeout of the current support contractor.

Relation of Customer Payments to Anticipated Customer Billings

By the end of FY 2003 all customers had made advances equal to or greater than actual billings. The surplus advances are available to customers for FY 2004 billings. In the beginning of FY 2003, a similar carryover amount financed the first eight weeks of operations in the absence of appropriations.

Table II. Comparison of Advances to Billings
(dollars in millions)

	Advances	Billings	% Collected
Supplies	$3.8	$ 2.4	158%
Mail	3.1	2.6	119%
Copying	3.0	2.4	125%
Printing & Graphics	3.7	2.8	132%
Bldg Occupancy	69.0	58.9	117%
Phones	8.4	6.5	129%
Desktop	1.6	1.1	145%
Network	6.3	6.2	102%
Contract Closeout	1.1	0.8	135%
Payroll Services	5.2	1.4	371%
CHRIS	2.4	2.2	109%
OLC	0.5	0.3	166%
Indirect	0.2	0.1	200%
Total	$108.4	$ 87.7	124%

Relation of Payments to Obligations by Business Line

There was no reportable administrative control of funds violation by Working Capital Fund business lines.

At the end of FY 2002 the fund recorded $17.4 million in excess of obligations. For FY 2003 we received a further $90.7 million in customer advances for a cumulative availability of $108.1 million, as shown in Table II.

Overall, businesses are carrying $20.7 million in unobligated balances into FY 2004. It should be noted that these balances are not unencumbered assets, in the sense that there are offsetting service delivery liabilities ($13.3 million) associated with customer advances.

Balances set forth by the business lines below exclude $0.2 million available to the Fund Manager for training and contractual services, as contributed by ME.

Table III: FY 2003 Annual Business Results: Federal Agency Basis
(dollars in millions)

	Unobligated Balance 10/02	Current Year Customer Advances	Total Allotted to Businesses	Obligations	Unobligated Balances 9/03
Supplies	$1.8	$2.0	$3.8	$3.5	$0.5
Mail	$0.4	2.7	2.9	2.1	1.0
Copying	$0.8	2.2	2.9	2.2	0.8
Printing & Graphics	$0.5	3.2	3.6	3.6	0.8
Bldg Occupancy	$3.5	65.6	66.7	58.9	10.2
Phones	$3.2	5.2	8.0	5.5	2.9
Desktop	$0.3	1.4	1.4	1.1	0.6
Network	$2.0	4.3	6.0	5.1	1.1
Contract Closeout	$0.3	0.8	1.1	0.7	0.3
Payroll Services	$3.7	1.5	5.2	2.7	2.5
CHRIS	$0.8	1.6	2.4	2.3	0.2
OLC	$0.1	0.4	0.4	0.3	0.2
Total	$17.4	$90.9	$104.4	$87.3	$20.7

Changes in Budget Estimates

As shown in Table IV.a, the original FY 2003 estimate (May 2001) for the Working Capital Fund overall was $86.9 million. The $2.3 million increase in the May 2002 estimate (for the FY 2003 Congressional Budget) was the result of GSA rent increases ($2.0 million) and increased demand for supplies.

At the end of FY 2003, actual fiscal year billings for all business lines totaled $87.7 million. Final costs for FY 2003 were within $0.8 million (less than 1%) of the Congressional Budget Request. Significant changes occurred in the usage of Printing and Graphics (-$805 thousand) and Phones (-$446 thousand) and Payroll charges (-$1,737 thousand) offset by increases in space and building alterations ($3,865 thousand).

Table IV.a. FY 2003 Budget Estimates for WCF Businesses

Date	Process	FY 2003 Billing Estimate ($Millions)
May 2001	FY 2003 Corporate Review	$86.9
December 2001	FY 2003 Congressional Budget	$87.1
May 2002	FY 2004 Corporate Review	$89.4
December 2002	FY 2004 Congressional Budget	$89.6
October, 2003	FY 2003 Final WCF Bill	$87.7

Changes in Budget Estimates by Customer

The Fund staff provides guidance to program customers at various stages in the budget process. While recognizing that customer organizations can make decisions to increase or decrease their use of services, we seek to provide reliable forecasts of spending patterns.

Table IV.b. analyzes the absolute dollar and percentage variation by customer between the estimates associated with the FY 2003 Request to Congress and the actual FY 2003 customer billings. Eleven program customers experienced differences **(in bold)** of 10% or more this year. This was due largely to reductions in discretionary spending (Environmental Management, Hearings and Appeals, Environment, Safety, and Health, Chief Information Officer, Policy and International Affairs, and Worker Transition) and space increases and building alterations (Intelligence, National Nuclear Security Administration, and Oversight & Performance Management). Bonneville Power Administration, Western Area Power Administration, and Civilian Radioactive Waste Management, all increased their use of the DOE Wide Area Network (DOEnet).

Table IV.b: FY 2003 Budget Estimate Accuracy by Customer (dollars in thousands)

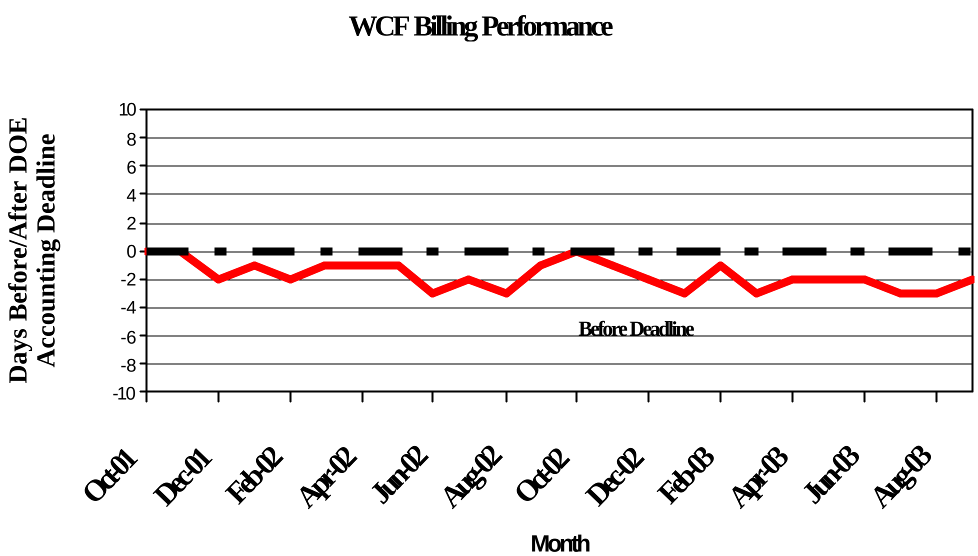
	FY 2003 Congressional Budget	FY 2003 Actual Billings	Absolute Change	Absolute Change %
Secretary of Energy Advisory Bd	225	218	7	3.2
Board of Contract Appeals	245	236	10	3.9
Bonneville Power Administration	171	216	45	**26.4**
Cong. & Intergov'l Affairs	688	662	26	3.8
Counterintelligence	839	825	14	1.6
Energy Assurance	-	446		N/A
Economic Impact and Diversity	717	712	5	0.7
Energy Efficiency	6,388	6,107	281	4.4
Environment, Safety, and Health	4,798	4,032	766	**16.0**
Energy Information Admin	7,444	7,215	229	3.1
Environmental Management	7,579	6,170	1,409	**18.6**
Fossil Energy	3,578	3,296	282	7.9
General Counsel	2,692	2,505	187	7.0
Hearings and Appeals	1,044	859	185	**17.7**
Inspector General	1,707	1,648	58	3.4
Chief Information Officer	4,622	3,967	655	**14.2**
Intelligence	1,089	2,204	1,115	**102.3**
Management and Administration	15,277	14,211	1,065	7.0
National Nuclear Security Admin:	10,414	14,698	4,283	**41.1**
Nuclear Energy	1,684	1,612	71	4.2
Naval Reactors	104	166	62	**59.8**
Oversight & Perf. Assurance	419	585	167	**39.8**
Public Affairs	858	833	25	2.9
Policy and International Affairs	1,743	1,556	186	**10.7**
Civilian Radioactive Waste Mgmt	1,261	1,320	60	4.7
Office of the Secretary	755	818	64	8.4
Science	4,081	3,885	196	4.8
Security & Emergency Operations	5,211	5,128	83	1.6
WAPA/SWPA/SEPA	1,101	1,128	27	2.5
Worker Transition	370	328	42	**11.3**
Field Office (OLC)	-	47	47	N/A
Total	87,103	87,637	11,652	13.4

Financial Management Systems

On September 24, 1999, the Inspector General conducted its most recent periodic audit of the Working Capital Fund, concluding, "The Fund was operated in compliance with the required administrative controls, used performance measures appropriately, and implemented actions to correct problems identified in the prior period where feasible." The audit did not make any recommendations.

The WCF billing system continued to successfully produce timely and accurate monthly bills. The chart below indicates the billing performance related to transferring customer-billing information to DISCAS by the fifth working day of the month (beginning February 2003, the fourth working day). This allows the Fund staff, with the cooperation of CFO officials, to have the billings entered into DISCAS each month before the accounts are closed. A minus two (-2) indicates that billing was forwarded two days before the deadline. This standard provides customers with costs reported in DISCAS in the same month they occur.

Beginning with FY 2004, the billing will be due to the Accounting Center on the third working day. We believe the billing system will continue to allow us to make this deadline.



The Fund Manager analyzed Working Capital Fund capital requirements in order to determine the liability related to funding their replacement. The capital plan highlighted requirements for telephone switches and software and hardware requirements of Payroll and CHRIS businesses. Our capital requirements may decline in the future as technology improvements decrease computing and communication infrastructure costs. We expect current earnings should be adequate to finance current capital requirements.

Financial Analysis

The previous sections address the key financial questions that the Board asked the Fund Manager to address in the December 1998 procedures. Specifically, Section V.A.(3) (a) identified the following matters to be addressed in each quarterly report, to include the annual report:

i. Relation of earnings (billings) to expenses (accrued costs) by business line;

ii. Relation of payments (advances) by customer to current and anticipated annualized billings under current pricing policies, with a discussion of material balances or deficiencies;

iii. Relation of payments (advances) to obligations by business line;

iv. Changes in budget estimates, by business line and customer, from previously published estimates;

v. Anticipated need to change billing of WCF costs or to make substantial changes in operating levels."

This list of key topics from the 1998 procedures forms the basis for the tables in the previous sections, linked primarily to matters addressed either in a business income statement or in governmental administrative-control-of-funds. Each of these topics remains important today, but new topics need to be addressed as the Fund starts into its 8^{th} year of operation. In particular, there is important information in the financial balance sheet that should be considered by the Board in interpreting the financial condition of the Fund. Table V provides the WCF balance sheets for the past two fiscal years, accompanied by a discussion of some of the major developments.

Balance Sheet Variables

Total Assets

Although the original legislation for the Fund authorized appropriations to support operations, no such explicit "cash corpus" has ever been appropriated. Rather, the assets of the Fund consisted of equipment and inventories of Fund businesses, unexpended balances of obligations on contracts, and transfers of contributed capital into the Fund from the parent organizations of the specific businesses. As Fund operations commenced, two further types of assets were added: the cash advance payments of customers and the net profits of Fund operation.

During FY 2003, Total Assets of the Fund increased by $1.5 million. Cash assets increased by $2.0 million due in part to increased customer advances ($2.9 M) and cash generated from inventory sales, depreciation expenses, and business operating profits ($1.2 M) offset by reduction to accounts payable (-$2.1 M). Capital equipment is declining as a result of technology improvements that decrease infrastructure costs. Software and equipment replacement costs are either below the revised threshold for capitalization or far less expensive to acquire.

Table V. WCF Balance Sheet FY 2003/FY 2002($ Thousands)

		As of September 30, 2003		As of September 30, 2002	
ASSETS:					
	Fund Balance with Treasury		**$ 50,179**		**$ 48,197**
	Accounts Receivable, Net		**0**		**11**
	Advances and Prepayments		**200**		**134**
	Supplies Inventory		**217**		**179**
	Original Purchase Price	**21,009**		**20,897**	
	LESS: Accum Depreciation	**19,942**		**19,217**	
	Property and Equip, Net		**1,066**		**1,680**
TOTAL ASSETS:			**$ 51,662**		**$ 50,201**
LIABILITIES:					
	Accounts Payable		**$ 13,246**		**$ 15,194**
	Unearned Customer Advances		**15,223**		**12,324**
	Contract Holdbacks		**133**		**195**
TOTAL LIABILITIES:			**28,602**		**27,713**
NET POSITION:					
	Invested Capital		**18,545**		**18,545**
	Cum Results of Operations		**4,515**		**3,943**
TOTAL NET POSITION:			**23,060**		**22,488**
TOTAL LIABILITIES AND NET POSITION:			**$ 51,662**		**$ 50,201**

Liabilities

Liabilities consist primarily of two factors. Accounts Payable represent the value of goods and services already consumed by the Fund businesses but for which vendor invoices have not yet been paid. The level of Accounts Payable has remained relatively stable since the Fund was created. The second major element is termed "Unearned Customer Advances." These amounts have been obligated and paid into the Fund from program customer appropriations but have not been "earned" by the businesses pursuant to Board pricing policies. Consequently, the Fund either needs to perform the services to those customers or return the funds. Such Unearned Customer Advances increased by $2.9 million as a result of customer advances carried over to finance the first quarter of FY 2004.

Net Position

Net Position is the difference between Total Assets and Liabilities, and represents a measure of the Department's equity in the Fund. When the Fund was created, this net position was reflected primarily in the value of equipment and inventories. Two major components at that time were the value of the Telephone switch, which was being depreciated on a 30-year life, and the value of the Supplies inventory. However, with the sale of the Supplies inventory to PAPERCLIPS and the write-off in FY 2002 of the Telephone assets, the level and composition of the Net Position have changed. Specifically, the level declined by nearly $6 million in FY 2002 by the amount of the Telephone asset write-off, offset by the operating profit of other businesses, and the composition shifted such that $22 million of the Net Position is reflected as cash, rather than as equipment or inventory.

The derivation of this cash component of Net Position can be summarized as follows:

- Net Earnings of $2.5 million for the first 7 years of the Fund;
- Recording of $15.5 million in depreciation over the life of the Fund, a non-cash charge that is offset by $1 million in capitalized costs of equipment; and
- Contributed Capital of $5 million, including $2 million from the CFO for the Payroll business, $0.3 million from the CIO to support the Desktop business, and the remainder in the form of contract balances transferred in from the former Management and Administration organization.

At the end of FY 2003, this cash balance is reflected in the Department's accounts as $17.6 million in uncosted obligations on contracts and $4.4 million in unobligated balances. In terms of business lines, $10 million is associated with the Building Occupancy business ($5 million on unfinished improvement projects and $5 million on operating contracts); another $2 million is remaining from the planned outsourcing of Payroll operations to DFAS; and $2 million is earmarked for capital projects to update the Telephone and Network infrastructure.

Supply Business Line

FY 2003 Annual Report

Financial Summary	FY 2003 Earnings *(millions)*	FY 2003 Expenses *(millions)*	Net Earnings FY 2003 *(millions)*	Net Earnings FY 1997-2003 *(millions)*
PAPERCLIPS	$2.4	$2.4	$0	$0[1]

Background

PAPERCLIPS operates two main stores and one satellite self-service store, which carry a wide variety of consumable office products. The supply business also obtains non-stocked items for customers. Our customers are employees of the Department's program offices. The offices are then billed for employee purchases.

Defining Success

This business supports the DOE Headquarters programs by providing, from a convenient location, basic office supplies necessary for employee desktop productivity. Because of the contractual nature of DOE's relationship with the service provider the measures of success are customer demand and customer satisfaction. Customer demand is measured by continuing purchases. Customer satisfaction can be measured by surveys. We are deciding whether to survey customers in FY 2004.

Financial Overview

PAPERCLIPS financial performance should always break-even, since billings to customers equal costs to the DOE. Performance for FY 2003 was breakeven. [1]

Business Line Official

James A. Hoffman 202-586-6492

[1] Financial results for PAPERCLIPS reflect only the performance since this organization took over the stores in FY 2001. The predecessor organization's cumulative net losses of $1.1 million are excluded.

Mail Services Business Line
FY 2003 Annual Report

Financial Summary

FY 2003 Earnings *(Millions)*	FY 2003 Expenses *(Millions)*	Net Earnings FY 2003 *(Millions)*	Net Earnings FY 1997-2003 *(Millions)*
$2.6	$2.1	$0.5	$0.1

FY 2003 Achievements

- The DOE Mail Management Team hosted and sponsored the U.S. Postal Service Government Mailers Advisory Committee (GMAC) quarterly meeting at DOE headquarters. The Washington D.C. Postmaster Dolores Killette and GMAC Co-chair Anthony Myers presented Brian Costlow with a special plaque to show their appreciation to the Department for supporting and participating in GMAC.
- The Forrestal Mail Center took over the responsibility of receiving all incoming Post Office mail for the Germantown location to assure safety and security of all headquarters mail. This assured that all incoming first class mail would be irradiated before it was received at DOE along with being inspected, tested, x-rayed, and processed, before being sent to Germantown and all other headquarters locations.
- Mail Delivery/mail services to 955 L'Enfant Plaza were implemented in order to support newly relocated program offices.
- A working Group was established to review the pricing for the business line. A modified pricing policy was adopted by the board.
- The DOE Mail Management Team hosted the General Services Administration Quarterly Mail Forum at the headquarters auditorium where over 100 federal mail managers and mail operations personnel attended. GSA recognized DOE for hosting the forum.
- Procedures for mail, copy, and distribution have been updated.
- The support services contract (Didlake) was awarded for a 1 year based period and 4 year optional for mail service.

Background

The Mail Services Business Line has provided service to DOE since FY 1997. We seek to achieve the highest possible level of customer satisfaction with our mail operations. The DOE Mail Center provides a variety of mail services for all official and other authorized mail for DOE and its employees, including: the processing of all incoming postal mail, outgoing official mail, internal mail processing, and special services including accountable mail processing, pouch mail, a variety of overnight express mail services, directory services, and pick-up and delivery services.

Mail Centers are found at the following locations:

- Forrestal Building—Room GL-084:
  1000 Independence Avenue, SW
  Washington, DC 20585
- Germantown Building—Room E-066:
  19901 Germantown Road
  Germantown, MD 20874-1290
- 270 Corporate Center—Room 1003:
  20300 Century Boulevard
  Germantown, MD 20874
- L'Enfant ?

Defining Success

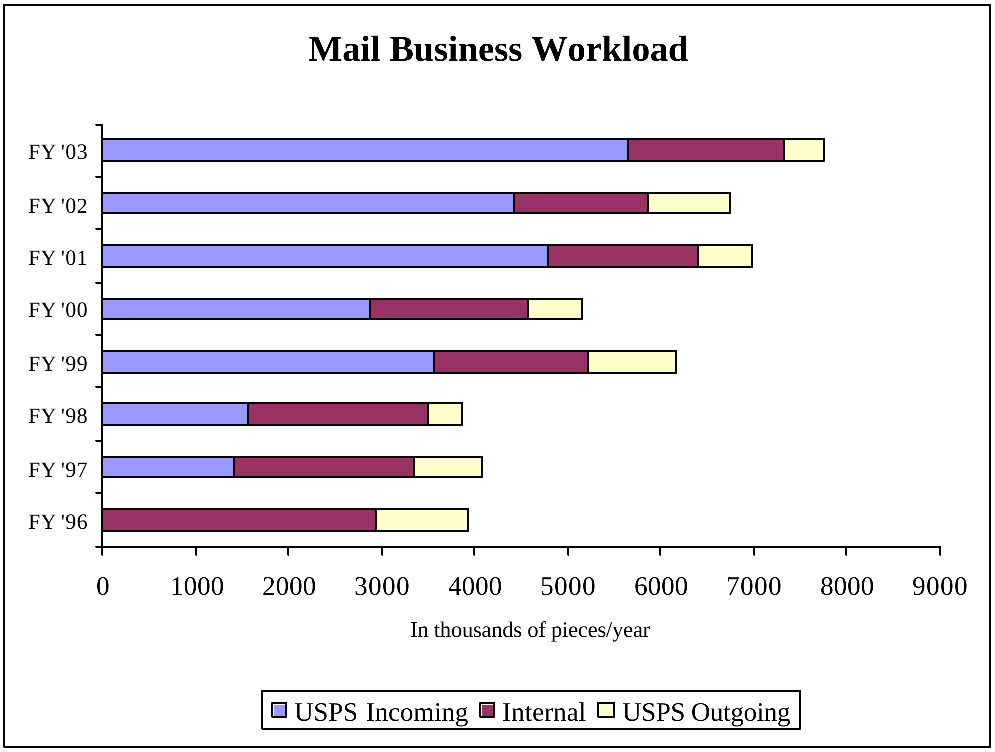
This business contributes to the flow of critical information for DOE programs by distributing hard copy documents and printed materials, inspecting and cleaning the mail, and discovering low cost postal options. The business has adopted the following balanced scorecard objectives as the basis for measuring success. A customer survey was completed in FY 2003 with a rating of 98% customer satisfaction. During FY 2004 a customer survey is planned, as one key basis for measuring progress.

Mail Business Balanced Scorecard Objectives

	Customer	
	Reduce the amount of time to process and deliver internal mail.	
Financial		***Internal Processes***
Reduce customer's mailing costs by utilizing presort mail rates.		Maintain the highest security standards for incoming, outgoing, and internal mail distribution.
	Learning and Growth	
	Enhance the effectiveness, knowledge, and satisfaction of Mail Service Business Line employees.	

Business Line Trends

The mail business handled approximately 8 million pieces of mail during FY 2003. The volume of incoming mail activity increased this year due to responses to program surveys that were initiated in FY 2002. The decrease in outgoing mail is the result of large, one-time program surveys that were mailed in FY 2002 with the respective increase in responses this year. With the creation of the Fund in FY 1997, program offices became responsible for paying for outgoing USPS mail and the volume of such mail has remained relatively small. There has also been a trend toward reduced internal mail, likely due to increased use of e-mail.



Mail Business Line Workload Measures							
	Incoming USPS Mail	Internal Mail	Outgoing USPS Mail	Special. Services In	Special Services Out	Program Mail Stops	Common Mail Stops
FY '97	1,408,214	1,936,612	724,955	44,612	4,808	122	5
FY '98	1,557,005	1,933,719	371,975	42,000	7,000	103	5
FY '99	3,566,560	1,644,812	946,160	66,646	8,921	97	5
FY '00	2,883,636	1,696,256	574,992	93,040	9,305	96	6
FY '01	4,783,300	1,623,760	576,223	92,488	8,222	98	6
FY ’02	4,420,289	1,447,398	887,065	77,986	10,368	96	6
FY ’03	5,638,596	1,678,062	436,608	50,594	9,348	102	6

FY 2003 Financial Overview

The Mail Business earned $0.5 million in excess of expenses. This due to reduced costs for support services contact and deferred purchase of mail hazard equipment pending administration decisions.

Business Line Officials

Business Line Service Manager: Mary Anderson,	202-586-4375
Business Line Financial Manager: John Harrison,	202-586-3611
Service Points of Contact: Anthony Nellums,	202-586-6064
Alvan Majors,	202-586-4338

Photocopy Business Line

FY 2003 Annual Report

Financial Summary

	FY 2003 Earnings *(millions)*	FY 2003 Expenses *(millions)*	Net Earnings FY 2003 *(millions)*	Net Earnings FY 1997-2003 *(millions)*
	$2.4	$2.6	-$0.2	$0.0

FY 2003 Achievements

- The Copying business line installed 25 dedicated digital multi-functional energy star compliant copiers.
- In compliance with the Federal Acquisition Regulation, Section 508 of the Rehabilitation Act, the business line replaced 95% of the walk-up copiers in the Forrestal, Germantown and L'Enfant Plaza Buildings with more energy efficient copiers.
- An in-house capability to perform scanning and Optical Character Recognition (OCR) services was approved by the Working Capital Fund Board as a new business segment in the Copying business line for FY2003.

Background

The Photocopy Business Line was part of the original Fund in FY 1997. The Photocopy Business Line provides convenient and cost-effective duplicating services and dedicated copiers to DOE headquarters organizations at the 3 Germantown Locations as well as Forrestal and L'Enfant Plaza facilities. At main Germantown, Forrestal and L'Enfant Plaza locations, the business line operates a staffed copy center in each location and provides service and equipment for central and dedicated copiers. The Copy Management Staff also provide the following services:

- Perform acquisition activities on behalf of program customers.
  - Arrange for delivery, installation of newly acquired equipment.
  - Negotiate with the vendors for trade-in discounts.
  - Coordinate training for key operators and users on newly acquired equipment.
  - Establish annual maintenance agreements with vendors (including negotiation of most cost-effective terms and conditions).
- Coordinate servicing of the copiers for customers.
- Maintain copier supplies for the various copier models.
- Provide automated access control and meter reporting for individual copiers.
- Provide door-to-door delivery of paper.

- Perform equipment surplus functions, where appropriate.

A mix of Federal and contractor staff performs these functions. Program offices are charged for central and staffed copiers on a cost-per-copy basis and a full vendor cost basis for its assigned dedicated copiers.

Defining Success

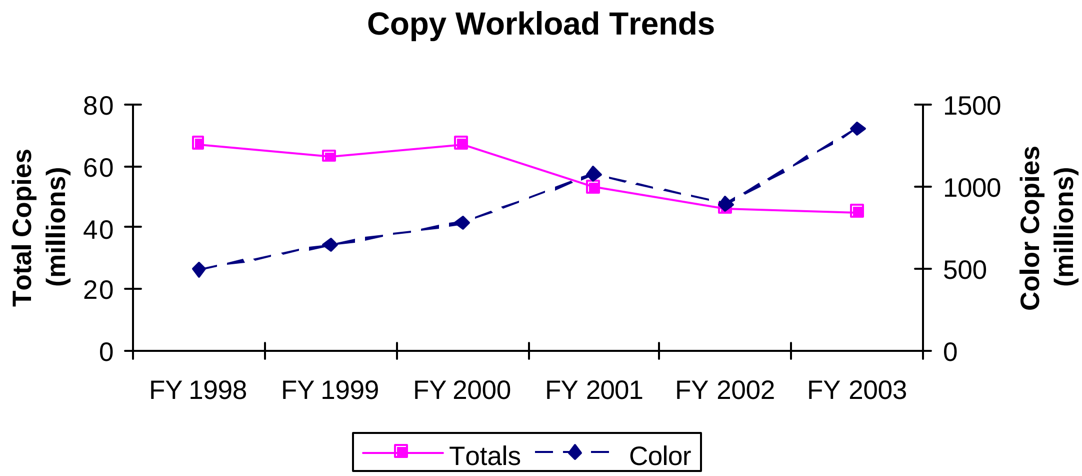
This business supports DOE program missions by providing document management, including paper copies and digital files for distribution and storage. The Balanced Scorecard objectives in the Photocopy 5-year business plan are as follows:

Photocopy Business Line Balanced Scorecard Objectives

	Customer	
	Provide customers with convenient copy facilities and maintain low total cost to the customer.	
Financial		***Internal Processes***
Improve efficiency and ensure full cost recovery.		Streamline internal processes and apply technological advancements logically.
	Learning and Growth	
	Enhance the effectiveness, knowledge, and satisfaction of Photocopy Business Line employees.	

Business Line Trends

As shown in the figure on the following page, since the Fund was created, the number of total photocopies produced in Headquarters has been cut more than half, from over 100 million copies per year in FY 1996 to 44 million in FY 2003. On the other hand the number of color copies continued to increase in FY 2003. The new digital scanning and OCR business segment will enhance the ability of this business to help our customers manage their document needs.



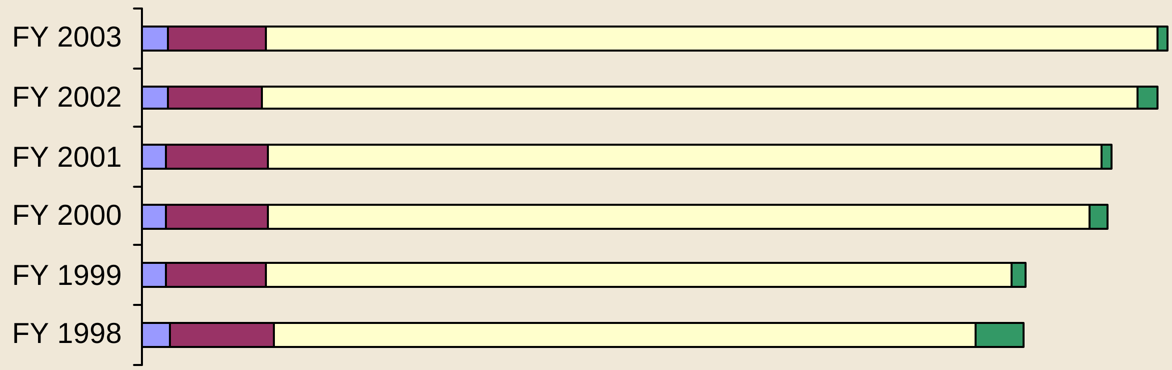
Copying Workload Trends						
	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Color	492,109	644,174	779,730	1,073,408	892,778	1,266,765
Staffed	25,300,145	20,886,195	22,099,621	18,188,158	12,808,814	9,270,704
Central	17,023,796	15,678,090	17,199,359	9,467,911	9,123,625	5,613,421
Dedicated	24,146,746	25,743,953	27,011,133	23,901,160	23,143,684	27,542,263
Totals	66,962,796	62,952,412	67,089,843	52,630,637	45,968,901	43,693,153
Digitization	0	0	0	0	0	

The business has maintained a very competitive pricing structure for copies in comparison to other organizations within and outside the Federal Government, as shown in the following table.

Cost-Per-Copy Comparison		
Organization	**B/W**	**Color Copies**
DOE (central/staffed)	$0.028	$0.50
Agriculture	$0.05	$0.85
EPA	$0.05	$0.45
Labor	$0.03	$0.40
Transportation	$0.05	$0.75
Kinko’s	$0.07	$1.49
Copy General	$0.06	$0.99
Office Depot (under 1000 copies)	$0.05	$0.99
Staples	$0.07	$0.99

There has been continued growth in the number of dedicated copier machines as shown in the table below, partially explaining the significant reduction in the number of copies made at central copier locations. New copiers are predominantly digital and connected to the LAN.

Copier Machine Trends



	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Miscellaneous	17	5	6	4	7	4
Dedicated	252	268	295	299	314	320
Central	37	36	37	37	34	35
Staff	10	8	8	8	9	9

Number of Machines

FY 2003 Financial Overview

The **Copy** business line earned $0.2 million less than expenses, in part because the business volume has declined at the staffed copy centers. The copier lease at these sites is very costly compared to alternatives. The lease ends in FY 2004 and the business expects to replace the copiers with less expensive alternatives. The Board action in FY 2002 that enables the business to sell new digitization services is expected to restore the business to financial health during FY 2004. During the first half year of operation in FY 2003, nearly 350,000 pages were converted to digital images.

Business Line Officials

Business Line Manager: Mary Anderson, (202) 586-4318

Business Line Financial Manager: John Harrison, (202) 586-3611

Service Points of Contact: Sandra Best-Jackson, (202) 586-5276

Printing and Graphics Business Line

FY 2003 Annual Report

Financial Summary

FY 2003 Earnings *(millions)*	FY 2003 Expenses *(millions)*	Net Earnings FY 2003 *(millions)*	Net Earnings FY 1997-2003 *(millions)*
$2.8	$2.9	-$0.1	$0.4

FY 2003 Achievements

- Processed 1,427 print requests and 6,282 graphic service requests for customers.
- Entered into an agreement on the establishment of the Simplified Purchase Agreement (SPA) with the GPO to allow the acquiring of printing and related services directly from vendors.
- Obtained the services of the Term Contract B588 to procure the production of short-run, fast turnaround duplicating/copying of Reports of Investigation and Complaints for up to 10 copies each order.
- Began using the GPO electronic database PICS Web for inquiring on work placed through the GPO.
- Provided ongoing assistance to customers on creating and submitting electronic media files for the printing of documents. Electronic files were sent to vendors for approximately 87% of all printing jobs.
- Developed marketing campaigns in support of recurring events held at Headquarters, i.e., Black History Month, Asian Pacific Month, Native American Month, and Hispanic History Month. Each event required posters, flyers, and programs.
- Provided all graphics support services for the 2003 National Science Bowl held in Washington, DC.

Background

Printing services produce a complete range of high-quality printed products comparable to those available from a full-service commercial enterprise. The services include: mailing, shipping, and distribution; production of Government Printing Office (GPO) printed inserts to the daily Federal Register; production and duplication of various electronic informational media; and court reporting and transcription services.

The graphics business line provides onsite design and production services for all graphic products required by Headquarters offices. Products and services include but are not limited to the following: full color posters, various sized signs, exhibits, promotional materials, desktop publishing services, presentations, certificates, seminar materials, and output services. In addition, this business provides expertise and project oversight when coordinating work produced for DOE by commercial firms.

The business line also provides onsite photographic services for all Headquarters offices. Services include but are not limited to the following: Washington DC & metropolitan area photographic sessions, studio photography, passport & visa services, digital photography, and complete photo lab services. The business line maintains DOE technology visuals in order to provide prints/slides to Department-wide program personnel and the public sector. In addition, this business catalogues and maintains negatives generated by Headquarters photo assignments. The business line sells printed products, such as official DOE stationary, that had previously been sold through the Supplies business line.

Defining Success

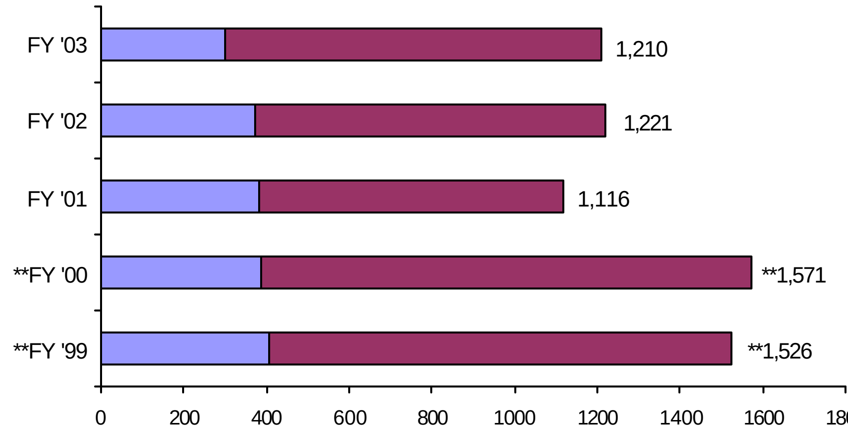
The Printing and Graphics Business Line's goal is to provide quality printed and graphics services in an expeditious, timely, and efficient manner at the lowest cost to programs. The focus is on capacity, processes, and quality control.

Printing and Graphics Business Balanced Scorecard Objectives

	Customer	
	Ensure that customers receive professional, prompt and courteous services.	
Financial		***Internal Processes***
Control costs to provide savings to customers.		Evaluate policies, procedures, and business practices to accomplish the printing and graphics modernization initiative.
	Learning and Growth	
	Develop and implement strategies to deploy technology and training to employees, administrative staff, and supervisors, so that they become integral partners in the printing and graphics modernization process.	

Printing Services Business Line

5 Year Comparison of Jobs Processed

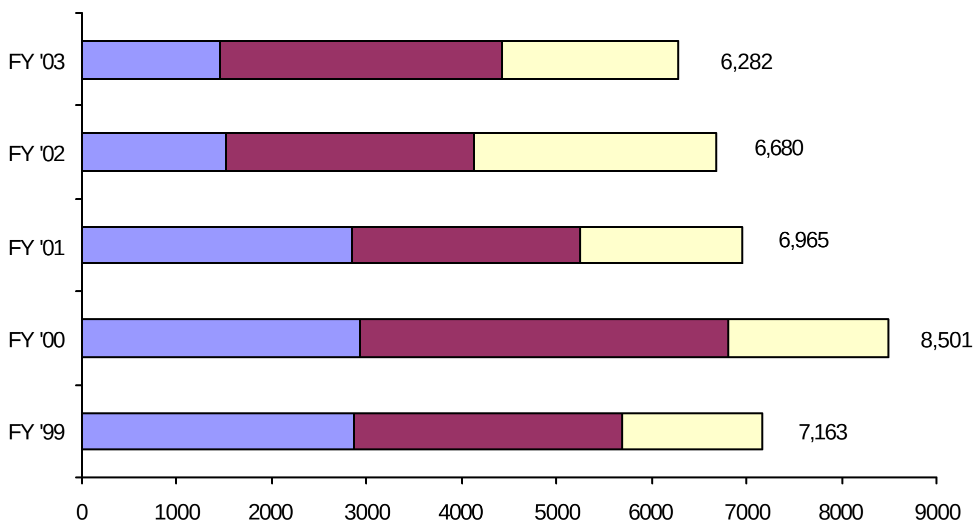


	**FY '99	**FY '00	FY '01	FY '02	FY '03
Printing	1119	1184	732	850	911
Federal Register	407	387	384	371	299

** Includes Open Requisitions

Graphics Services

Workload Trends



	FY '99	FY '00	FY '01	FY '02	FY '03
Graphics	1475	1690	1717	2551	1848
ETVC	2825	3885	2393	2604	2982
Photo	2863	2926	2855	1525	1452

FY 2003 Financial Overview

The business line earned $0.1 million less than expenses due to FY 2003 charges paid after October 1 and causing the accruals to be too high. This will have the impact of reducing P&G charges in the first fiscal quarter of 2004.

Business Line Plans and Anticipated Issues

The Printing and Graphics Business Line has identified the following as key objectives to be implemented:

- Enhance its Job Tracking System (JTS) during FY04 to enable the JTS to be more user friendly which would provide assists teams ability to better track printing jobs, improve the billing and budgetary process.

- Increase the number of jobs to be placed on the Simplified Purchase Agreement.

- Flight check more printing jobs than in prior years to identify and resolve as many problems as possible prior to sending electronic files to vendors

Business Line Officials

Mary R. Anderson, Mary.Anderson@hq.doe.gov, 202-586-4375, Business Line Manager
Bill Talbot, Bill.Talbot @hq.doe.gov, 202-586-2732, Graphics Point of Contact
Dallas Woodruff, Dallas.Woodruff@hq.doe.gov, 202-586-4318, Printing Point of Contact

Building Occupancy Business Line

FY 2003 Annual Report

Financial Summary

FY 2003 Earnings *(millions)*	FY 2003 Expenses *(millions)*	Net Earnings FY 2003 *(millions)*	Net Earnings FY 1997-2003 *(millions)*
$58.9	$59.0	- $0.1	$8.5

FY 2003 Achievements

- NNSA moved into 3 floors (73,878 sq. ft. of space) at 955 L'Enfant Plaza, S.W.
- We have eliminated 38 of the 95 identified barriers to persons with disabilities (40%) from the FY 2001 Biennial Audit of the Forrestal and Germantown Buildings. Since FY1999 eliminated a total of 102 of the 159 barriers identified or 64.2%.
- Continued to implement HQ Building Improvement program to support the Secretary's goal of making DOE the employer of choice, as follows:

  At Forrestal:

  - Enhanced corridors by modifying the color scheme, accenting the columns and adding planters at the ends of the E and F corridors.
  - To upgrade the restrooms to include full compliance with the Americans with Disabilities Act accessibility guidelines. Restrooms (134) to be upgraded over the next five years. 28have been completed and another 28 are under construction.
  - Upgraded Conference room 6A-092.
  - 22 elevator lobby ceilings have been upgraded.
  - Completed the replacement of the ground corridor ceilings to include sprinklers for added fire and life safety. Augmented project to include the snack bar and three (3) GH-corridor conference rooms.
  - Upgraded the cafeteria serving area.
  - Upgraded lighting in cafeteria dining area.
  - Completed the replacement of the convector unit piping on the North and East sides of the complex. Design completed for the South and West sides (work to be completed in FY 2004 and 2005).

  At Germantown:

  - Construction underway for the cafeteria renovation.
  - 1st floor corridor upgrade complete.
- Installed PA systems at the satellite leased locations.
- Updated/improved occupant emergency plans for all buildings at Headquarters.
- Recipient of prestigious GSA Office of Government-wide Policy Achievement Award for Real Property Innovation on 10/9/03 for Best Practice – Energy Management at the Germantown Headquarters Complex. We reduced energy consumption by 41% in FY 2002 from the FY 1985 baseline. We beat the goals in Executive Order 13123 by 6% and 8 years.

Background

The products and services provided by the Building Occupancy Business Line include: space management, assignment, allocation, acquisition, disposition and utilization, utilities, cleaning services, snow removal, facility operations and maintenance, pest control, trash removal, waste recycling, drafting of construction documents (drawings and specifications), developing scopes of work, construction management and inspection, engineering, developing scopes of work,
lease - hold administration, lock repair and key management, safety and occupational health, and conference support. These services are provided at a standard level of service and an above standard level of service. The standard level of service is to provide the basics of a safe, healthy, warm, and adequately lit shell. Renovations within a suite of offices for the benefit of the program office are considered to be above the standard level of service for which programs are billed. The mission of this business line is to provide the most expeditious and efficient service in a safe and healthy environment to the members of the DOE program offices and to achieve the highest possible customer satisfaction in accordance with the Federal Property Management Regulations. The Building Occupancy business line is led by a management team whose combined backgrounds consist of corporate knowledge in occupancy allocation, building maintenance and operations, as well as engineering and facilities management. The staff is a diverse, quality workforce consisting of trade and professional personnel, and contractors.

Defining Success

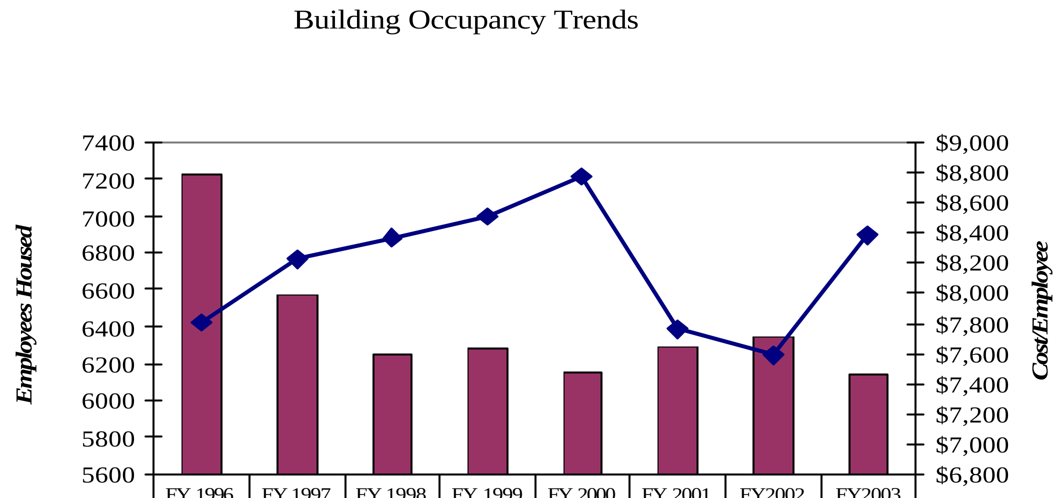
To monitor the business line's service performance, the business line tracks several metrics. These include cost per square foot of both government owned and leased space, cost per person, the number of employees housed, vacancy rate, and the total square footage of space utilized. The Balance Scorecard objectives in the Building Occupancy Business Plan are as follows:

Building Occupancy Business Balanced Scorecard Objectives

	Customer	
	Improve customer satisfaction.	
Financial		***Internal Processes***
Reduce cost per person.		Operate and maintain equipment and systems in a manner that will provide for orderly operations of the Department, be environmentally responsible, and ensure preservation of the Government's real property assets.
	Learning and Growth	
	Improve knowledge, skills and abilities of business line staff in support of business systems and business line mission.	

Business Line Trends

The Fund was created during a period of Headquarters downsizing, and the number of Federal and contractor employees housed in FY 2003 was approximately 1,083 lower than in FY 1996. (See bars on the graph below). During the early years of the Fund, the cost per employee housed tended to increase, but this trend was reversed during FY 2001 and lowered further in FY 2002. As a result, the nominal dollar space cost per employee in FY 2002 was below the FY 1996 level by over $200. With the acquisition of occupancy of approximately 74, 000 sq. ft. of leased space at 955 L'Enfant Plaza by NNSA in FY 2003, the trend has reversed again.



	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY2002	FY2003
Employees Housed	7226	6,567	6,252	6,286	6,149	6,290	6,347	6,143
Cost/Employee	$7,809	$8,225	$8,361	$8,509	$8,771	$7,757	$7,584	$8,388

Occupancy Agreement for the Forrestal Building with GSA was completed on 11/14/02. We successfully negotiated a cost avoidance of $345, 239 in rent beginning in FY 2004 and every year thereafter by eliminating 63,815 sq. ft. of joint space and including it in the general office use category for a net savings of $5.41/sq. ft.

80% of the Building Occupancy Business Line staff are subject to competitive sourcing. The PWS has been developed and the Management Plan development and procurement plan will take place in FY 2004. We expect a decision (MEO vs. contract) by September 2004.

The table below displays selected metrics for the Building Occupancy business line. It indicates that the overall area occupied by Headquarters has remained stable since FY 1999 but in FY 2003 it returned to FY 1998 levels. The occupancy rate has decreased in FY 2003, and the number of accidents and injuries has declined.

Building Occupancy Business Line Metrics								
	PRE-WCF		WCF					
Metric	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Total square footage	2,434,909	2,412,845	2,380,439	2,319,269	2,319,269	2,319,269	2,307,269	2,381,147
Employees Housed	7226	6,567	6,252	6,286	6,149	6,290	6,347	6,143
Cost per Square Foot (owned)	-		$22.41	$23.11	$23.19	$20.13	$20.03	$20.21
Cost per Square Foot (leased)	-	$23.49	$23.49	$22.85	$23.85	$27.50	$26.94	$29.85
Cost per person	$7,809	$8,225	$8,361	$8,509	$8,771	$7,757	$7,584	$8,388
Vacancy Rate	-	1.82%	2.99%	1.82%	1.75%	0.37%	0.20%	0.11%
Rent (in $000's)	$56,428	$54,011	$52,271	$53,489	$53,933	$49,077	$48,134	$51,525
Accidents/Injuries	75	76	75	69	59	57	49	46
Square Feet Per Employee	337	367	381	369	377	369	364	388

FY 2003 Financial Overview

The Building Occupancy Business Line lost $80 thousand in FY 2003. This loss was minimal (0.14% of a $58 million budget). Most of the cumulative profit ($8.5 million) in this business is committed to construction projects and cannot be redirected to other uses or refunded to customers. The balance of the profit has been used to forward fund utility and maintenance contracts.

Business Line Plans and Anticipated Issues

The growth of the NNSA during FY 2002 has affected the FY 2003 and will effect the FY 2004 and FY 2005 business line budgets and activities. The NNSA has leased over 73,000 square feet of space at 955 L'Enfant Plaza to accommodate this growth. Elements of NNSA were moved to the L'Enfant Plaza space. Forrestal space thus vacated will then be configured to accommodate the remaining NNSA personnel and other Headquarters space requirements. Overall, this is expected to increase the average cost per square foot and per employee in the Headquarters complex in FY 2003, FY 2004, and FY 2005. In FY 2005 EM desires to release the Cloverleaf Center IV building. If successful, the Business Line metrics should revert back to FY 2002 levels (as adjusted by the CPI).

Business Line Officials

Louis A. D'Angelo, III, Manager 202-586-6080

Telephone Business Line

Financial Summary

	FY 2003 Earnings *(millions)*	**FY 2003 Expenses** *(millions)*	**Net Earnings FY 2003** *(millions)*	**Net Earnings FY 1997-2003** *(millions)*
	$6.5	$6.2	$0.3	-$8.4

FY 2003 Achievements

- Completed contract transition effort from TELIS to ITTIS seamlessly without adversely impacting the user community.

- Upgraded the Compco MySoft Telecom Management database from Version 5.6 to the latest release 5.7. This effort also involved an upgrade to the underlying Progress Database platform from version 8.3 to version 9.1.

- Identified errors in the GSA/Verizon WITS billing infrastructure that have resulted in a reduction of charges and reduced rates. Because of our efforts, other government agencies have benefited because Service@Once and Bill@Once process fixes at Verizon have positively affected their billing as well. The overall cost avoidance was in excess of $200K

- Increased the port capacity on the Remote Switching Center (RSC) infrastructure at 955 L'Enfant in support of NNSA.

- Completed comprehensive audit of the Nortel MSL 100 Switches in Germantown and Forrestal, replacing cards as necessary, and creating a spare pool to meet future requirements. This will provide with a more pro-active position in terms of addressing potential problems before they are realized.

Background

Since the inception of the WCF in 1997, this business has provided reliable telephone services in support of DOE programmatic missions. It provides telephone service for approximately 13,000 phone lines in use at the Department's Headquarters facilities in Washington, D.C. and Germantown, Maryland. The telephone system infrastructure is composed of two large Northern Telecom SL100 PBX's (one for each headquarters building) and includes local, long distance, and international dialing provided through the headquarters telephone system. It also includes specialized services such as:

- Operator-assisted calls (including large audio conference calls)
- Voice mail, three-way calling, call forwarding, 800 telephone services, custom calling cards for domestic and international calling
- Video conference calling at variable speeds
- Technical personnel to install repair and operate the system

- Support personnel to administer service order implementation, billing, and charge back processes required to process the DOE HQ's user organizations service needs

Headquarters telephone system infrastructure facilities and access to the Washington Metropolitan Area local telephone exchanges is provided by Verizon Communications under the GSA WITS2001 contract, which became effective on October 1, 2000. Domestic long distance calling services and video conferencing services are provided by WORLDCOM under the GSA FTS2001 contract. AT&T provides International calling services and calling card services (domestic and international) under the GSA "Crossover" contract. Contractor personnel provide technical and administrative support for these services.

Defining Success

Customer satisfaction is one of our key goals. The small number of user complaints and the following telephone service statistics indicate that we are meeting our goals:

- Telephone reliability of 99.8%
- Not more than 35 outbound calls blocked per 10,000 calls placed

Reliable telephone service is a critical element in each DOE organization's ability to successfully fulfill its mission. The DOE has improved Internet Protocol (IP) access for our remote and HQ complex users by implementing diverse IP services with AT&T, MCI, and Sprint. This action has improved remote connectivity from all communities that our DOE users call from and also improved reliability of access at HQ. Defining and satisfying user requirements in a timely manner are our major objective.

Business Line Trends

Telephone service technology changes will continue at a rapid rate as Internet Protocol (IP) technology and broadband facility management provides for bundling of telephone, data and video services to achieve an overall lower cost and better utilization of available telephone facilities.

In order to continue to provide for the latest in evolving switch technology, FY04 plans include upgrading the Nortel MSL100's to the current product level availability of software version release MSL17.

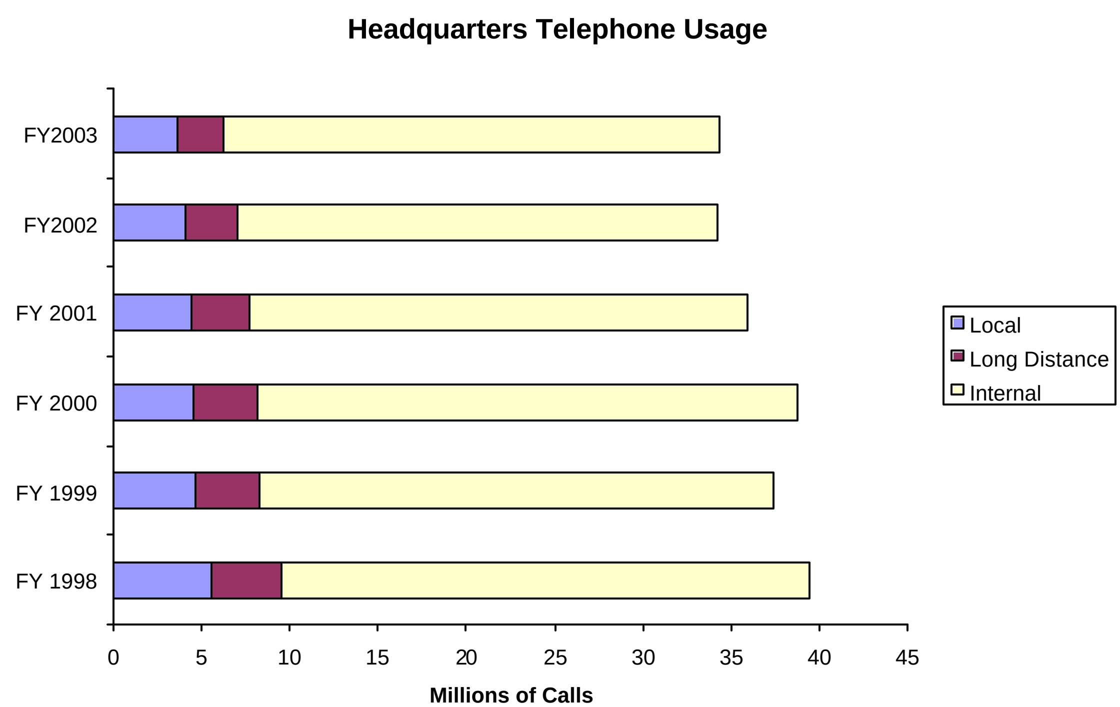
As voice, video, and data continue to merge as a single platform for disparate applications, we will review the implications of introducing Integrated Services Digital Network (ISDN) widespread as a common infrastructure in support those technologies.

The telephone system is maintained at a service and equipment availability level to accommodate changing program requirements. Plans for upgrading existing equipment and implementing new technology ensures continuous and reliable telephone service to Headquarter users. Ongoing maintenance has extended the useful life of capital equipment through FY 2010.

The business line saw a decrease in local and long distance calling of 11% and the number of calls placed on the internal exchange increased by 3%. Decreases in call volumes are attributed to the change in technology and user calling habits such as increased cellular telephone usage, expanded E-Mail usage, Personal Digital Assistant (PDA) usage and telecommuting. Also attributing to the decrease was the transfer of the NA-30 telephone traffic, local (39,000 calls) and FTS (20,000 calls) from HQ billing to direct user billing. Year-to-year variations in internal calls have been small, most likely because the number of Headquarters employees has remained relatively constant.

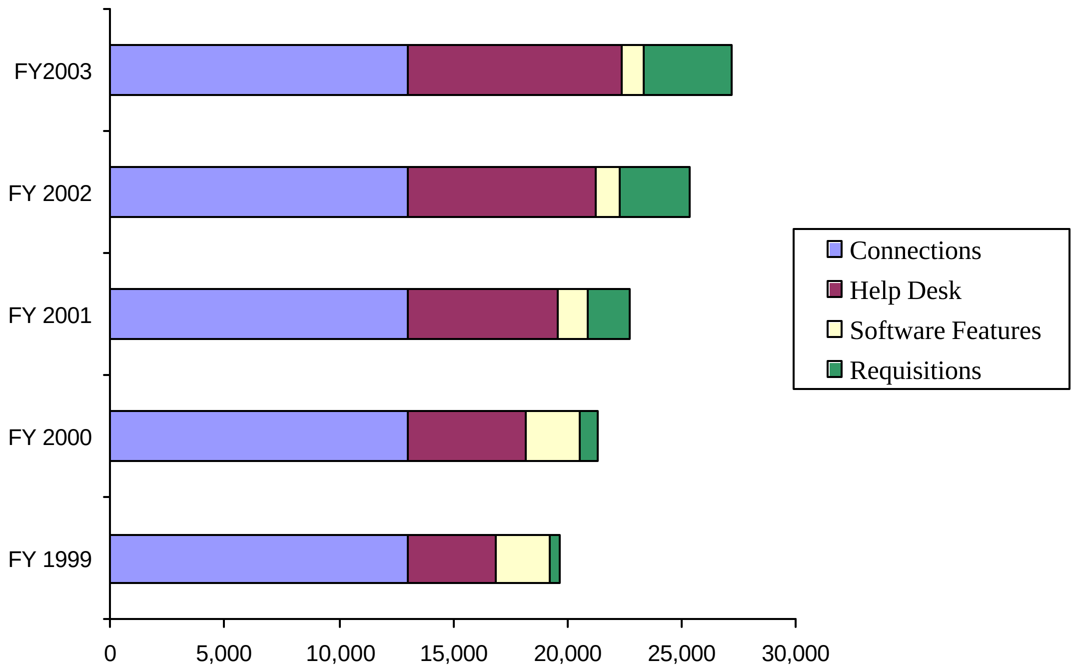
Telephone usage in millions of calls per year is shown in the below table:

Millions of calls/year	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY2002	FY2003
Local	3.5	5.6	4.6	4.5	4.4	4.1	3.6
FTS2000/FTS2001	4.8	3.9	3.7	3.7	3.3	2.9	2.6
Internal (PBX)	Unknown	29.9	29.1	30.5	28.2	27.2	28.1



Demand for Telephone services has been strong over the last five years. Below is a graph of trends for customer service calls.

Telephone Service calls as related to Help Desk Trouble Calls and Requisitions



FY 2003 Financial Overview

The business line earned $0.3 million net operating profit resulting from a one time prior year cost adjustment.

Business Line Plans

Nortel Networks plans to introduce MSL17 in second quarter of FY2004. MSL17 will be fully supported for the normal 2-year support window after General Availability. In the event that ISDN is considered widespread and plans continue with the migration, additional funds will be required in order to support the high cost basis.

Business Line Officials

Behrooz Sabet, Owner	301-903-4472
Judy Saylor, Technical Monitor	301-903-4999
Richard Otis, Technical Monitor	301-903-5310

Desktop Business Line

Financial Summary

	FY 2003 Earnings	FY 2003 Expenses	Net Earnings FY 2003	Net Earnings FY 1997-2003
	$1.1	$1.1	$0.0	-$0.3

FY 2003 Achievements

- 2,948 service requests responded to by three hardware technicians and Tier 1 CSC Helpdesk analysts for all DOE Headquarters Offices.
- 100 new client accommodations were addressed.
- 117,787 virus encounters, including 367 incidents, were addressed.
- 51 decontamination incidents involving 472 systems were addressed.
- 115,380 incidents DOE wide were managed by the Applix system.

Background

The Desktop Business Line has been a part of the Working Capital Fund (WCF) since its inception. This business provides complete desktop maintenance services for a wide variety of personal computers, fax machines and printers and third-party maintenance contracts for equipment that cannot be repaired in-house. It also provides for workstation infrastructure services, such as common desktop software application support, virus support, Applix support and adaptive workstation support, all of which is provided DOE-wide though a centralized Customer Support Center (CSC). For hardware maintenance there are two hardware maintenance facilities: one in the main Germantown building, which services all offices in the greater Germantown area, and another in the Forrestal building, which services all offices in the Washington, D.C., area. Other functions include the following:

- Ordering of parts and computer components as an integral part of satisfying customer needs.
- Installing new hardware, when requested, to include data migrations.
- Relocating equipment, including disconnects and reconnects of desktop equipment.
- Sanitizing hard drives, when requested, in order to facilitate the excessing of equipment.
- Investigating and controlling computer viruses.
- Resolving problems for common/supported desktop software applications.
- Providing disabilities accommodations services for employees with various functional limitations, including assisting the user in determining if problem or resolution can be accomplished through the use of the Computer/Electronic Accommodations Program.
- Providing disk media recovery services.

- Providing support for the Applix application, which currently supports approximately 650 reps supporting 40,299 DOE-Wide active users (active users consist of Federal and contractor employees both on and off-site, as well as users at DOE Field Sites).

Defining Success

The desktop business line is successful when the customer's desktop is active and productive. This success relies on the following three primary factors**:** user productivity, system availability, and addressing the threat of intrusion. This business is structured to maximize performance in these three areas. Success can also be defined as delivering timely and outstanding service to our customer base with a much-reduced staff over a wide geographic area with extremely high customer satisfaction ratings.

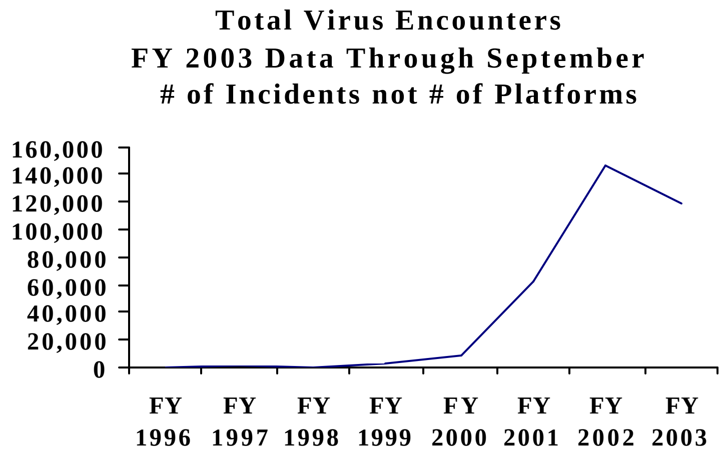
Desktop Maintenance Business Balanced Scorecard Objectives

	Customer	
	Provide timely and accurate Customer Support service to all DOE program customers at Headquarters on demand.	
Financial		***Internal Processes***
Continue fee for service customer billing by linking the basis for vendor billing with customer billing.		Examine every possible avenue to refine and/or redefine the service offerings.
	Learning and Growth	
	Utilize lessons learned and technology, wherever possible, to ensure sound business practices.	

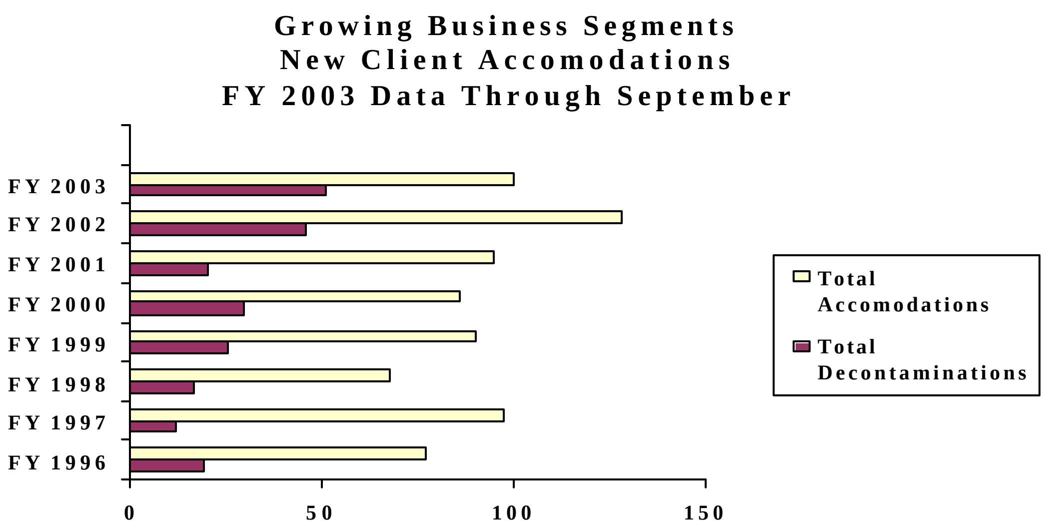
Business Line Trends

Hardware Maintenance: The Hardware Maintenance component of this business line has historically enjoyed success with respect to the services performed over the years. Before it was made part of the WCF, there were sufficient resources (26 technicians) to perform the work required as well as high priority requests. Once funding was provided by the WCF, business line managers chose a team of four technicians to provide continuous service. Unfortunately, the existing contract was structured so that a fixed monthly price was charged for the technicians, although revenues were based on actual usage and any down time resulted in business losses. The previous restructuring of this task to three technicians remains in effect.

Infrastructure Support Services: Virus Protection Plan: Workload requirements for the Virus Protection Plan remain high due to large numbers of decontaminations, as well as high numbers of virus encounters from various vectors and response coordination for several internal virus outbreaks during the fiscal year. The ASSIST oversaw the implementation of McAfee anti-virus software and assumed management of all McAfee installations.



Software Support: Since inception of the WCF in FY 1997, this function has seen a significant reduction in staff to a total of 2 analysts. This reduction is due to continued increase in dedicated staff for the program offices and the declining service requirements of computer literate staff. Effective June 26, 2003, this service was removed from the Working Capital Fund.



Disabilities Accommodations Program: The Assistive Technologies Program has continually provided quality customer support, however due to increasing costs, that service was replaced by the Department of Defense Computer Accommodation Program (CAP), a no-fee service, effective April 1, 2003.

Although the client base for support to disabled users has remained close to the same as last year, a portion of the support in FY 03 was provided through the Department of Energy's partnership and participation in the CAP. It is expected that the service provided through DOE's participation in CAP will be used to meet the requirements of the President's New Freedom Initiative and Management Agenda, which calls for the hiring of additional persons with disabilities.

<u>Applix Support</u>
All Headquarters Program Offices DOE-Wide to include Field Sites utilize Applix, which equates to approximately 650 reps with active Applix Id's. Program Offices utilize the Applix application for various functions, including Help Desk, Asset Management, Training, Meet Me Conferencing, Video Conferencing, Working Capital Fund and Building Operations. In support of the organizations and the applications they utilize, this support provides client software installation, training, data migration, escalation/notification configuration and on-site, first day support. Additionally, maintenance of the Outlook Mail Box is used for notifications and staff of the Applix Enterprise Help Desk Function (phone and desk side support).

FY 2003 Financial Overview

This business broke even during FY 2003.

Business Line Plans and Anticipated Issues

The operational hours of the Hardware Maintenance component of this Business Line are being reviewed to determine staffing impact if the hours of operation are extended to support an anticipated increase in service.

The Virus Protection and Decontamination component of this Business Line continues to lack funds to adequately staff for delivery of this service. Additional funds would provide for staffing to: more adequately cover the decontamination service; conduct VIRT (virus Incident Response Team) training at the prescribed intervals; upgrade the McAfee software to provide better management and control, etc.

This business line and most of the IT support staff for the Headquarters program offices rely on the operation and functionality of the help desk software application commonly referred to as Applix. Applix originated within the CIO's organization and was adopted as a project by the Headquarters IT Collaboration Group. Funding to cover the initial software licenses, installation support, and technical training, was provided by most of the major program offices in FY97. We need to review our pricing policy for this item to ensure continued functionality of Applix.

Business Line Officials

Business Line Owner	Jeanne Beard	202-586-6258	Jeanne.beard@hq.doe.gov
Service Manager Hardware Maintenance	Don Reed	301-903-2372	Don.reed@hq.doe.gov
Service Manager Software Support	Penny Gardner	301-903-5413	Penny.gardner@hq.doe.gov
Service Manager Deontamination Protection	Mahmood Bahadori	301-903-5988	Mahmood.bahadori@hq.doe.gov
Service Manager Virus Protection	Mahmood Bahadori	301-903-5988	Mahmood.bahadori@hq.doe.gov
Service Manager Applix Support	Kelly King	301-903-8708	Kelly.king@hq.doe.gov
Service Manager Adaptive Workstation	Alton McPhaul	202-586-1342	Alton.mcphaul@hq.doe.gov

Network Business Line

Financial Summary

FY 2003 Earnings *(millions)*	FY 2003 Expenses *(millions)*	Net Earnings FY 2003 *(millions)*	Net Earnings FY 1998-2003 *(millions)*
$6.2	$5.6	$0.7	$1.1

FY 2003 Achievements

Overall performance for fiscal year 2003 exceeded targets for the network business line. Significant accomplishments are included to demonstrate the continuing improvements being made in all areas of this business line, as well as the on going efforts to acquire and implement more capable measurement tools. We continue to strive to refine our performance goals and improve the tools used to measure our achievement.

Summary Performance vs. Objectives

Business Line	SLA Objective Availability	Attainment
HQ Network Infrastructure	98.0% (Per Task Order)	99.99%
Internet Service	99.0% (Per Task Order)	99.91%
DOEnet Circuits	95.0% (Per FTS2001)	99.99%

Accomplishments by Business Line:
Network Business Line:

We have been producing Daily, Weekly and Monthly Headquarters Network Performance Reports. We are currently using Tivoli NetView and Concord's E-Health to collect and report the network statistics. They are posted on the CIO-Ops Web Site at: http://cio-ops.doe.gov/standup/stu_reports.cfm. Eventually all service areas measurements will be posted to this location. These reports are generated for SLA purposes and we certainly welcome customer comments on improving their usefulness.

Network Infrastructure Accomplishments:

- HQ began upgrading the DOE Washington, D.C., Metropolitan Area Network, between the Germantown and Forrestal facilities from OC-3 and DS-3 ATM circuits to an OC-12 Synchronous Optical Network Ring. This upgrade will increase network performance, availability, and enable future services to be delivered over the fault-tolerant ring at reduced costs. Headquarters also completed the Voice-Over-IP (VoIP) pilot and will deploy VoIP technologies during 2004.

- Completed CISCO IOS upgrade to routers to address security vulnerabilities.
- Successfully completed the network connection and provided support to the Department of Homeland Security. DHS deployed their Department's email system leveraging existing facilities at DOE HQ during their rapid stand-up early in 2003.
- Completed the EH relocation at Forrestal
- Delivered infrastructure to support the eXCITE rollout ahead of schedule.
- Upgraded the VPN Concentrator and VPN Clients to Version 4. Upgrade mitigated several security exploits at the VPN Concentrator level and fixed reported DNS, WINS and security issues with previous version(s) of the VPN Client.
- Built and configured the AT&T supplied authentication server providing enhanced reliability and redundancy.

Network Management Accomplishments

- Successfully transitioned managed firewall and ISP services to new carrier without incident.
- Transitioned and trained 24x7 Network Operations Team to handle VPN Tier 1 Administration to include account creation, deletion and modification as well as support for common user issues.
- Through the use of open source software IM-41 automated the task of implementing network blocks when requested by IM-42 on the site Internet connection at Forrestal. This allows rapid response to Internet-based attacks where a network operations 24x7 staff member can implement a block when needed rather than escalate the request to an on-call network engineer. Blocking at Forrestal stops the traffic at the furthest point upstream, preventing potential denial of service conditions across the Metropolitan Area Network.
- Completed an Interagency Connection Agreement with DOJ consolidating four connections between DOE and DOJ into one for access by DOE users to the NCIC application.
- Successfully deployed a CPP sensor at DOE HQ on the site Internet connection. This sensor collects data for trending and analysis performed by CN, PNNL, and CIAC. CPP is a joint effort by the Office of the Chief Information Officer and Office of Counterintelligence to detect and deter hostile activities directed at the Department's information assets.
- Transitioned all network service support servers to the Application Hosting Environment. Operating system administration for the servers providing DNS, DHCP, NTP, NetView, Concord, and Tivoli were all transitioned from IM-41 support staff to the AHE under IM-44.

DOEnet Accomplishments

- Permanent Virtual Circuits (PVCs) configured and installed that provide continued service to DOEnet field locations in the event of a loss of connectivity at either of the DOEnet hub locations (currently at DOEHQ, Forrestal, and at the Nevada Operations Office, Las Vegas). This significantly reduces the possibility of a catastrophic loss of network availability due to the failure of a single site or single router.
- Completed CISCO IOS upgrade to all DOEnet routers to address security vulnerabilities.
- Successfully tested IP video with multiple sites.

- Transitioned the Golden Field Office to their individual circuit (independent of the National Renewable Energy Laboratory (NREL)/Denver Regional Office (DRO) providing other network services support.
- Transitioned the Ohio Field Office to their new location providing e-mail, ISP, firewall, VPN, and other networks services support.
- Added four new site customers to HQ ISP services bringing the number of sites utilizing HQ ISP to twelve.

Background

This business line provides network connectivity service for approximately 8,000 users in the Department's Headquarters facilities in Washington, D.C. and in Germantown, Maryland. The network infrastructure is comprised of four ATM switches, 16 routers, 600 closet switches and the various interconnecting cabling and cable runs to the individual user locations. The business line also provides Internet connectivity for a majority of DOE HQ customers. It includes services such as:

- Installations, moves, and changes of Network connection and infrastructure components
- Installation and management of the Network circuits connecting the DOE "campus" facilities
- Domain Name Service (DNS) management and maintenance
- Technical personnel to install, manage, and maintain the network infrastructure
- Hardware and software maintenance for all network infrastructure components

Defining Success

Network services are a critical element in the ability of all DOE organizations to successfully carry out their missions. The Headquarters network services organization success is measured by our ability to define and provide user service requirements in a time frame that meets their needs and to maintain a reliable service to meet those needs. Network availability statistics provide the key measure of the success of the networking services group. The recent implementation of Concord NetHealth will enable us to provide daily weekly and monthly network availability reports.

Monthly Performance Metrics for 2003 by Business Line:

DOEHQ Headquarters Backbone Network Availability:

Month	Headquarters Backbone Availability
Oct	99.99%
Nov	99.99%
Dec	99.99%
Jan	99.99%
Feb	99.99%
Mar	99.99%
Apr	99.99%
May	99.99%
Jun	99.99%

Jul	99.99%
Aug	99.99%
Sep	99.99%
Overall Availability	**99.99%**

Availability is a measure of the reachability (i.e. connectivity) of all headquarters router and switch devices over time. Each device carries a weighted factor based of number of end users supported relative to total users at Headquarters. We continue to refine our measurement capability and will, over time be able to provide more granular and customer specific data. Availability does not attempt to measure or consider anything other than network infrastructure devices (i.e. server and/or application availability are not in the calculation). HQ Network Performance Reports (Daily, Weekly, and Monthly) are posted on the CIO-Ops Web Site at: http://cio-ops.doe.gov/standup/stu_reports.cfm

Internet Service Availability:

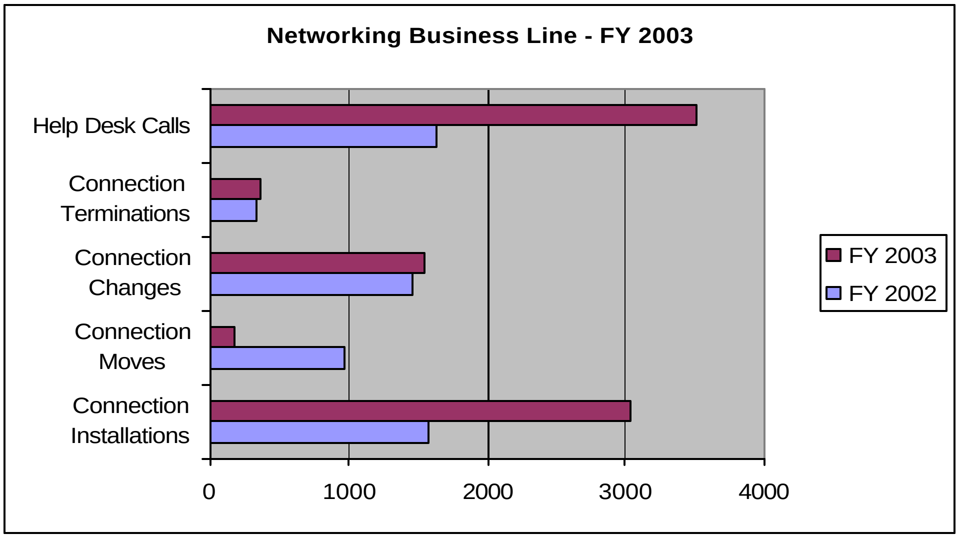
Month	Availability
Oct	100%
Nov	99.1%
Dec	99.98%
Jan	100%
Feb	100%
Mar	99.8%
Apr	100%
May	100%
Jun	100%
Jul	100%
Aug	100%
Sep	100%
Overall	**99.91%**

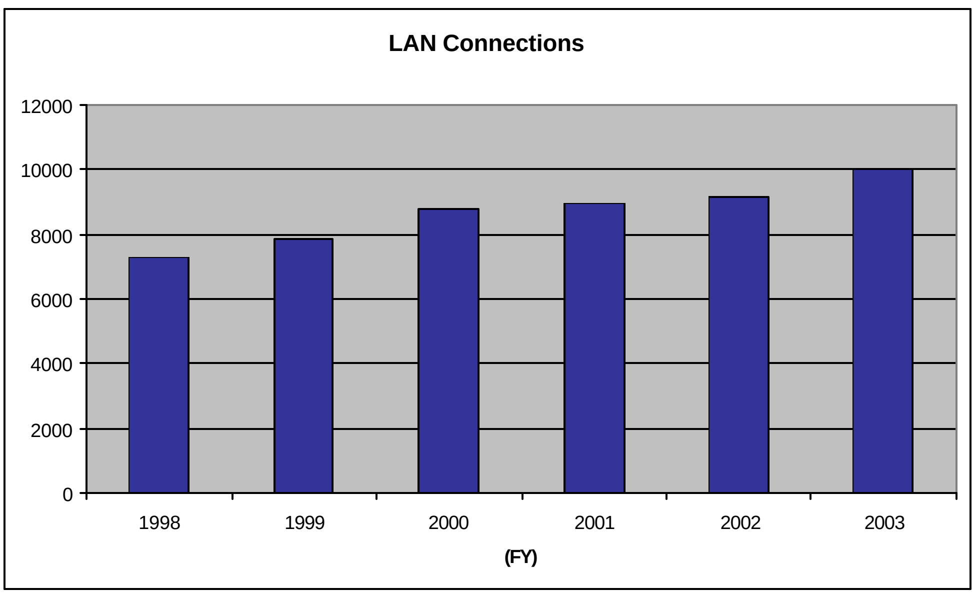
DOEnet Circuit Availability:

Month	Availability
Oct	99.99%
Nov	99.99%
Dec	99.98%
Jan	99.99%
Feb	99.97%
Mar	99.99%
Apr	99.99%
May	99.99%
Jun	99.98%
Jul	99.99%
Aug	99.99%
Sep	99.99%
Overall	**99.99%**

Customer satisfaction is measured by: personal contact with critical customers, help desk feedback on completed trouble tickets, and by direct feedback from users in the form of complaints. Customer satisfaction, measured by these methods, is judged to be very high.

During FY 2003, the Network business line staff responded to the following service calls:





Network connections have increased significantly over the past couple of years largely due to the implementation of various e-government initiatives within DOE. This has caused a significant number of new connections for file servers, web servers and other devices in support of e-government. The increase in help desk calls is a result of a continuing effort to capture all support activities in a help desk ticket, as well as the expansion of VPN support hours to 24 x 7. The number of VPN users has grown substantially over the past year.

Financial Performance Overview

The network business line earned $0.7M more than expenses due to operating cost reductions on DOEnet. These reductions will be passed to DOEnet users in FY04, and the billing methodology will be changed: instead of relying on the actual use of the network by sending and receiving organizations, the new method is based on the cost of providing DOEnet connectivity to each site. The purpose of this change was to remove the economic disincentives to the actual use of the network.

Business Line Trends

This business line provides network connectivity service supporting approximately 8,000 users with more than 11,000 network connections. It has upgraded and modernized the network infrastructure to respond to growing customer requirements. The growth of technology, particularly IP-based services (including voice and video), will continue for the foreseeable future. This growth will demand that the network services provided to our customers become more sophisticated, robust and flexible. The Networking Services group is prepared to meet that challenge with adequate network infrastructure cost recovery rates.

Business Line Plans

The Network business line is growing primarily due to new services offered to existing users. New services include desktop IP video conferencing that will be done over the network, i.e., the LAN; DHCP; improved Internet connectivity; and upgrading existing hardware to permit faster throughput for network users. We are in the process of developing with the Telephone business line a coordinated 5 year plan for the convergence of data, voice and possibly video networks.

The business will continue to evaluate the cost of DOEnet and other services and when warranted reduce costs of service or increase the level of service to meet changes in customer needs and to implement appropriate new technology.

Business Line Officials

Behrooz Sabet, Business Line Owner	301-903-4472
Richard Otis, Technical Monitor	301-903-5310

Contract Closeout Business Line

FY 2003 Annual Report

Financial Summary

FY 2003 Earnings *(millions)*	FY 2003 Expenses *(millions)*	Net Earnings FY 2003 *(millions)*	Net Earnings FY 1997-2003 *(millions)*
$0.8	$0.6	$0.2	$0.4

FY 2003 Achievements

- Reduced the number of over-aged instruments by 26%, 16% over target.
- Returned $11.6 million of deobligated balances to the Department.
- Exceeded target for a number of completed closeouts by 70 contracts.

Background

The closeout process assures that all terms and conditions of the instrument have been fulfilled, all financial information has been submitted and evaluated, final payment has been made, any remaining funds have been deobligated, and the instrument is administratively retired from the Procurement Automated Data System (PADS). The retired instrument is boxed and stored locally or shipped to a federal storage facility. Instrument types include purchase and delivery orders, firm fixed price contracts, interagency agreements, financial assistance instruments, and cost reimbursement contracts.

Defining Success

We use the following metric to measure our performance: Retiring targeted instruments and returning unutilized funding balances to the Department.

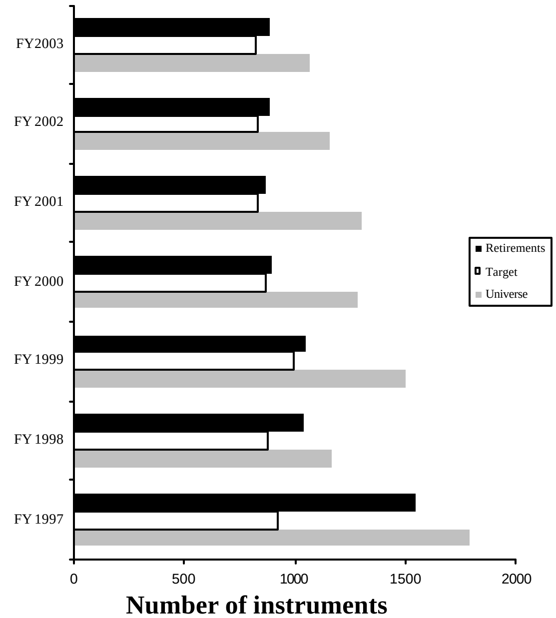
Contract Closeout Business Balanced Scorecard Objectives

	Customer Provide competent and accurate closeout of targeted instruments.	
Financial Improve the availability of funding to programs.		***Internal Processes*** Improve contract closeout to accommodate changing contract types.
	Learning and Growth Improve knowledge, skills, and abilities of staff and improve business systems that support the business line.	

Business Line Projections

The inventory of Headquarters contracts, financial assistance instruments, and interagency agreements awaiting closeout has experienced a steadily decreasing trend during the five years that this activity has been a Working Capital Fund business. The inventory has decreased by 66% from 2,927 instruments in FY 1996 to 1,069 instruments by the end of FY 2003. With this reduction in the backlog of aged instruments, the contract closeout business line is operating with a manageable inventory. This was achieved through customer/supplier cooperation.

Contract Closeout FY 1997 - 2003



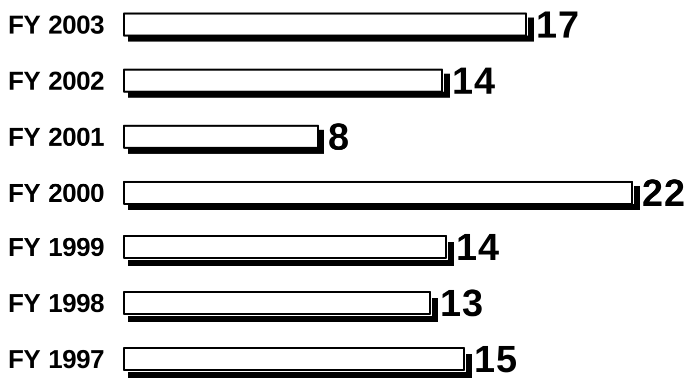
Noteworthy is the business line's success in retiring overage instruments. For FY 2003, the contract closeout business line achieved a 26% reduction in its universe of overage instruments. Overage is defined in the acquisition regulations. At the beginning of FY 2003, the overage universe stood at 256 instruments (contracts, grants, cooperative agreements, interagency agreements, and purchase and delivery orders).

Customers have agreed to finance annually the closeout of approximately the number of new instruments becoming available for closeout, stabilizing the inventory, and, as shown in the comparison of annual targets to actual retirements, the business line is meeting the promised number of retired instruments in accordance with service agreements.

In FY 2003, the business line activity resulted in a total of $11.6 million of contract deobligations. This returns spending authority to mission programs to apply to high priority needs. As shown in the following chart, there was $17 in deobligations for each $1 charged to customers.

Contract Closeout Return on Investment

Dollars Deobligated/Dollars Expended



Financial Overview

The business line earned $0.2 million net operating profit. The business line identified an additional cost of $62,485 for September that was not reflected in the accounting accruals. This invoice will be costed in FY 2004 and will increase costs in that fiscal year. These profits are consistent with past years and result from productivity improvements. The retained earnings in the business are not significant and will be used to support the start-up of the purchase card surveillance business segment.

Business Line Official

Jeffrey Rubenstein Jeffrey.Rubenstein@hq.doe.gov (202) 287-1516 Business Line Manager

Payroll Business Line

FY 2003 Annual Report

Financial Summary

FY 2003 Earnings *(millions)*	FY 2003 Expenses *(millions)*	Net Loss FY 2003 *(millions)*	Net Earnings FY 1997-2003 *(millions)*
$1.4	$2.1	-$0.7	$1.4

FY 2003 Achievements

- As a part of the *e-Government* initiative, the Department of Energy (DOE) is the first agency to successfully migrate its payroll functions to a designated payroll service provider. While the payroll migration was mandated by the OMB and OPM, the migration coincidently complemented the 2002 decision to outsource the payroll functions to the Defense Finance and Accounting Service.
  - By completing the migration on September 7, 2003, the Payroll Business Line achieved its goal well in advance of the mandated completion date of September 30, 2004.
  - Success here mitigates the risks of potential payroll failures that were highly probable under the current conditions wherein DOE is not making investments to replace its aging legacy systems and is not sustaining the staffing levels as subject matter experts retired or transferred to other agencies.
  - By avoiding the estimated cost of $5 million to replace DOE's legacy payroll applications and systems and by mitigating its payroll vulnerabilities, DOE receives immediate and long term economic benefits.
  - Fully implemented the paperless Leave and Earnings Statement which saves the Department approximately $140,000 annually.
  - Successfully controlled the cost to preclude the program offices from making additional contribution to the outsourcing effort.

- Sustained 100 % on time delivery of employee paychecks.

- 99 % of paychecks delivered through electronic funds transfer.

Background

The Payroll Business Line was added to the Fund in FY 1998 to finance the preparation of the biweekly payroll for approximately 12,000 Department of Energy civilian employees.

Shortly thereafter, the Payroll Business Line completed a business case study that proposed the outsourcing the payroll functions to the General Services Administration (GSA). GSA informed DOE that the costs to fix the gaps would be approximately $5 million, which resulted in the termination of agreement between GSA and DOE in May 2002.

In June 2002, the Chief Financial Officer recommended and the WCF Board agreed that the Department should pursue the outsourcing of the payroll functions to the Defense Finance and Accounting Service. After completing an internal cost analysis and with the concurrence of the Working Capital Fund Board, the Payroll Business Line partnered with DFAS and aggressively developed plans to implement the DFAS Time and Attendance Production System (ATAAPS) and transfer the payroll functions to DFAS. In fiscal year 2003, the DFAS and DOE Payroll Transition Team assertively and under a very demanding schedule performed:

- systems and software analyses,
- completed software changes to fix major gaps,
- tested the software revisions and enhancements,
- developed and implemented a communication plan,
- created a payroll website to keep the DOE community informed,
- developed training guides,
- provided classroom training to timekeepers and certifying officers,
- created a customer service team to act as liaison between DOE employees and DFAS, and
- performed other activities pertinent to all stakeholders.

While the payroll functions were transferred to DFAS, the Payroll Business Line will continue to be engaged in:

- sustaining and enhancing the IT infrastructure that supports time and attendance data collection,
- performing the payroll customer service functions,
- operating and enhancing DOEInfo and the Labor Distribution System,
- performing the payroll accounting, and
- working with DFAS to resolve open issues and enhance systems and process.

Business Line Trends

With regard to the timeliness of the payroll process, the Payroll Business Line successfully performed at a 100% performance level as in the previous five years. As noted above, the most noteworthy accomplishment in fiscal year 2003 was the successful transfer of the payroll functions to DFAS. This achievement presents opportunities to the Department to realize immediate and long term economic benefits and mitigates vulnerabilities associated with aging legacy systems and procedures.

Through the first quarter of the fiscal year the Payroll Business Line will continue to incur transition costs resulting from the continued work to resolve open operational issues with DFAS and to enhance the systems and processes. Starting in the second quarter, the steady-state cost should level off to an annual operational cost level of approximately $1.8 to $2.1 million. At this steady-state operational level and since it is lower than the budget requests, the WCF Board should reevaluate the pricing policy for fiscal year 2004 and beyond.

Defining Success

Delivering accurate employee paychecks on time is considered one of the most essential services offered for the Department, and the business line seeks to achieve this success at the lowest possible cost. The Balanced Scorecard objectives in the Payroll 5-year business plan are as follows:

Payroll Business Balanced Scorecard Objectives

	Customer	
	Ensure that all employees are paid accurately and in a timely manner, and that supervisors and managers receive value-added reports	
Financial		***Internal Processes***
Develop and execute plans to control operational costs within the limits of the WCF resources		Evaluate and/or reengineer policies, procedures, and business practices to increase operational effectiveness and meet the interest of all stakeholders.
	Learning and Growth	
	Develop and implement strategies to deploy technology and training to employees, administrative staff, and supervisors, so that they become integral partners in the payroll modernization process.	

FY 2003 Financial Overview

The Payroll Business Line experienced a net loss of $705,531 in FY 2003. This loss is mainly attributed to the $1.2 transition cost incurred by DFAS to fix the payroll software gaps, test the fixes, conduct DOE-wide training, and assist in the implementation ATAAPS throughout Department. Additionally, the billing and revenue amounted to $1.4 million instead of the initially budgeted amount of $3.1 million. This reduction provided an opportunity to the program office to redirect their resources.

Business Line Officials

Assistant Business Line Manager
Jerry Odegard, Chief, Payroll Branch 301-903-4934
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Business Line Manager
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Financial Manager for Payroll
George M. Tengan, Deputy Director, Capital Accounting Center 301-903-5878
george.Tengan@hq.doe.gov

CHRIS Business Line

FY 2003 Annual Report

Financial Summary

FY 2003 Earnings *(millions)*	FY 2003 Expenses *(millions)*	Net Earnings FY 2003 *(millions)*	Net Earnings FY 1997-2003 *(millions)*
$2.2	$2.4	-$0.2	$0.1

FY 2003 Achievements

- Completed 82% of all recruitment actions nation-wide by automated system support.
- Completed interface and initiated full operations with Recruitment One Stop – OPM's e-government project front end.
- Completed CPDF edits to reduce data error rates to meet or exceed OPM's acceptable standard levels.
- Completed IT Project Manager and PMCDP ESS system to implement certification for this critical core competency for DOE.
- Completed the Phase I skills assessment through ESS to support the PMA.
- Initiated joint planning for the interface with I-MANAGE STARS.
- Completed the design, testing and implementation of TSP catch-up, benefits administration, and necessary changes to support the transition to DFAS payroll.
- Supported the reorganization of various programs at DOE and their new Service Centers.
- Member of the successful DFAS Payroll migration team.
- Migrated DOE staff to the new Department of Homeland Security.
- Provided highly reliable daily operations for the Department's official system of record for human resource management.
- Completed a records management schedule for CHRIS in conjunction with the Office of the CIO.
- Redesigned both the ESS and CHRIS websites to improve customer feedback, ease of navigation and access to information.
- Completed the single-sign-on for earnings and leave statements using ESS and DFAS's MyPay web portal.
- Completed retro pay for all employees. DOE was one of the first to complete this major adjustment.

Background

The Corporate Human Resource Information System (CHRIS) is a nation-wide operational system within the Department of Energy that serves as the official system of record for human resource management information for all DOE employees. CHRIS is the foundation for the Enterprise Human Resources initiative in the Department's FY 2004 budget. CHRIS has been operational since September 1998 and continues to evolve as the corporate solution for many strategic and operational human capital management issues. The CHRIS project supports the Administration's strategic human capital management initiative and expands e-government within DOE. The CHRIS enterprise solution combines the highly skilled professionals of the Department with electronic workflow and other best practices in work processes with a web-based IT architecture and suite of software applications based on a world class commercial off-the-shelf (COTS) product (PeopleSoft 8).

The CHRIS project has expanded over the years to include an integrated modernization approach to meet human resource, training administration and information processing requirements; Employee Self-Service capabilities; an automated on-line vacancy application system (DOE Jobs Online), critical core competency certification processes, SF-52 tracking and on-line paperless transaction requests with electronic signatures (workflow).

The CHRIS system is a mixed life-cycle system. Each year, DOE extends the functionality of the system so the project core is in operations and maintenance mode while the new functionality is going through the development part of the project life-cycle. System activities under the CHRIS umbrella include interface with the payroll system at DFAS; development and implementation of PeopleSoft COTS to support personnel and training processing and information; provision of Employee Self-Service (ESS) which provides web-based access at the employee desktop to personnel and payroll information and the capability to update certain personal information; and interfaces with DOEInfo, the Department's data repository for human resource and payroll information and DISCAS, the current financial management system. Future interfaces to I-MANAGE STARS, e-Travel, and Procurement Modernization are planned. DOE Jobs Online, the automated recruitment system, uses QuickHire to provide for the electronic processing and assessment of applications and resumes. This application is interfaced with OPM's Recruitment One Stop system as part of the e-government initiatives.

Defining Success

The goals of the CHRIS System are to provide the highest quality human resource management information and services to the Department of Energy's managers, employees and human resource/training professionals and to operate the official HRM system of record in a cost-efficient manner.

To achieve these goals, the Department's primary objectives for CHRIS are to:

- provide superior customer service through strong teamwork, effective problem solving and timely responses
- protect the integrity and security of the HRM data
- enhance operational efficiencies
- reduce paperwork
- eliminate redundant information systems
- eliminate non-value added work, and,
- provide information necessary to make sound human resource decisions.

Specific Performance Metrics for FY 2003:

- Employee Self Service system is used for 75% or more of all HRM transactions.

STATUS: This metric was met (75% of all HRM transactions).

- DOE Jobs Online, the automated recruitment system based on QuickHire, is used for at least 85% of all actions.

STATUS: This metric was 82% nation-wide. While many sites exceeded the target, some sites were delayed by recently completed negotiations with Unions.

- At least 95% of all offices have access to electronic workflow functionality.

STATUS: This metric was exceeded at the 100% level. All DOE Offices now have access to the workflow functionality. Some offices have not yet started to use the new functionality since they just completed or are in the middle of major reorganizations. They did not want to start using the functions on an interim basis in order to minimize rework. Other cultural change factors also delayed the pace of adoption of the new functionality.

Financial Overview

The **CHRIS** business line earned $0.2 million less than expenses. The business accrued $0.2 million in costs for the PeopleSoft license for FY 2004.

Business Line Officials

CHRIS Project Manager	Michael B. Fraser	202-586-1910
HRMS and Benefits Team Leader	Enid Levine	202-586-1194

Online Learning Business Line
FY 2003 Annual Report

Financial Summary

FY 2003 Earnings *(millions)*	FY 2003 Expenses *(millions)*	Net Earnings FY 2003 *(millions)*	Net Earnings FY 1997-2003 *(millions)*
$0.3	$0.2	$0.1	$0.2

FY 2003 Achievements

- Added a Teaming Center which allows for increased collaborative activities. This Teaming Center function was effectively used by several organizations in providing a blended-approach to Project Management Career Developmental training activities. The function was also used in partnering with local Colleges and Universities to administer Career Development and Continuing Education programs and provide academic advising.
- Developed and posted 7 new courses to the OLC including: “2002 Headquarters Annual Security Refresher Briefing,” “Annual Ethics Training (2002)”, “Annual Ethics Form 278 Training”, “CHRIS Workflow Course”, “Annual Ethics Training (WAPA 2002),” “Bloodborne Pathogens Training,” “Fire Extinguishers Training,” “Lead Exposure Training,” “Personal Protective Equipment Training,” and “Respiratory Protection Training.” Also made “Sexual Harassment: What Employees Should Know,” “Sexual Harassment, What Managers Should Know” courses available to all of DOE Headquarters personnel.
- Added 300 additional business and professional courses and 140 technical courses to the OLC, bringing the total number of course offerings available to nearly 2200 in number.
- The Energy Online Learning Center (OLC) continues to be a successful corporate system with 4110 employees subscribing to the system and 5383 courses completed (DOE mandatory classes excluded).
- The OLC has been expanded to the extent that it now possesses the capability for knowledge sharing. This capability has been exploited through the use of the DOE specific courses (Ethics, Safety, Aviation Safety) by using a blended approach in training and development solutions

Background

The vision of the Energy OLC is to provide the entire DOE Community with needs based, technology enriched, learning development and knowledge management opportunities through implementation of efficient and effective blended e-learning strategies and solutions. The Energy OLC has been structured to meet DOE needs with a customized access process and DOE specific content and information.

The Energy OLC resides on a server located at the vendor's (Meridian KSI, Inc.) location. Employees have access 24 hours a day 7 days a week. The Energy OLC offers a large inventory of courses. Over 2200 self-paced business, management, leadership, and information technology courses have been made available. These courses are procured through a Memorandum of Agreement (MOA) with the U.S. Department of the Treasury FedSource San Antonio. FedSource San Antonio negotiated a contract with the course vendors SkillSoft and NetG and utilizes the National Security Agency to act as the distributor to obtain commercial off-the-shelf (COTS) online courses for Federal agencies at a reduced cost; however, it has shifted the responsibility for contract management and funds accounting to the Treasury Department. The Energy OLC was approved as a business line within the Working Capital Fund and began formal operation as a business in FY2002. Organizations support the Energy OLC through purchasing access to COTS courses and paying a prorated amount for user access fees and maintenance support. There are also DOE-specific courses that have been made available to employees. Additional mission related DOE courses and content will be posted on the Energy OLC in the future.

In addition to online learning, the Energy OLC offers other training related functions that include an administration function allowing the user to have access to transcript information consisting of a list of courses accessed, courses completed, credit hours earned, test scores and course evaluations. There is also a reporting capability, sorted by organization, of employee training related data and information. Other functions of the Energy OLC offer knowledge management capabilities such as posting and sharing technical papers, presentations, videos, DOE standards and guidelines, reference materials and information and other learning materials.

Defining Success

The OLC supports DOE mission related programs by delivering training to the Desktop for real-time skills enhancement and formal training at low cost and with little disruption to the employee's workplace. We use the following FY 2003 metrics to measure our performance (including mandatory DOE classes):

- Number of new enrollments – 1,463
- Number of active users – 19,280
- Number of logins – 12,320
- Number of course accessions – 53,230
- Number of course completions – 16,870

Online Learning Business Balanced Scorecard Objectives

	Customer	
	Provide high quality, standardized, cost-effective learning opportunities on a much more timely basis.	
Financial		***Internal Processes***
Provide a low cost training alternative to program offices.		Review options for delivering online courses to the DOE.
	Learning and Growth	
	Ensure that learning and growth occurs continuously.	

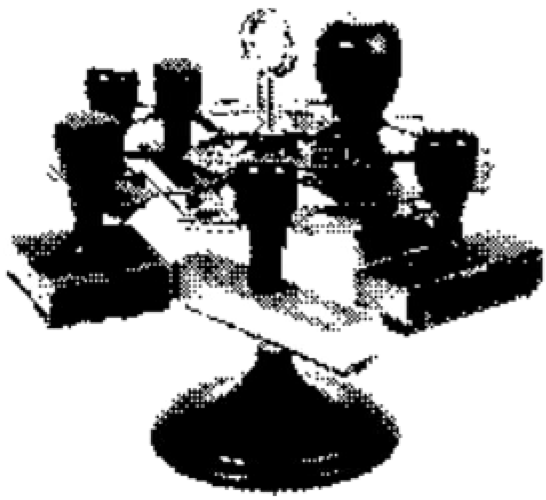
Financial Overview

The **Online Learning** business line earned $0.2 million operating profit due largely to credits for subscription charges. These earnings will be used to offset the expense of transitioning to **golearn** the training portion of the e-gov initiative and to finance activity during closeout of the current support contractor.

Business Line Officials

WCF Program Manager Tanya Luckett	202-287-1655
OLC Program Manager Al Corbett	202-287-1639
OLC Business Manager Becky Arndt	202-287-1582

Appendices



Appendix 1: Seven Years of Net Earnings

**DEPARTMENT OF ENERGY
WORKING CAPITAL FUND
FY 1997 - FY 2003**

	Cumulative	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999	FY 1998	FY 1997
Revenues ($million)								
Supply	$ 13.1	$ -	$ -	$ 2.0	$ 2.8	$ 3.0	$ 2.8	$ 2.6
PAPERCLIPS	7.2	2.4	3.3	1.5	0.0	0.0	0.0	0.0
Mail	13.8	2.6	2.0	0.7	1.6	2.7	1.9	2.2
Copy	16.9	2.4	2.0	1.8	2.7	3.1	2.7	2.2
Print	24.2	2.8	3.2	3.1	3.5	4.4	3.3	3.9
Bldg	398.7	58.9	56.7	56.4	57.4	57.4	55.5	56.4
Phone	46.7	6.5	6.8	6.8	7.0	6.3	6.6	6.8
Desk	10.3	1.1	1.2	1.2	1.4	1.6	1.5	2.3
Netwk	31.1	6.2	6.2	6.2	3.2	3.1	3.1	3.1
Audit	9.1	0.0	0.0	0.0	0.0	0.0	0.0	9.1
Closeout	4.2	0.8	0.7	0.7	0.5	0.6	0.4	0.4
Payroll	13.9	1.4	3.1	3.1	2.2	2.1	1.9	0.0
CHRIS	4.4	2.2	2.2	0.0	0.0	0.0	0.0	0.0
OLC	0.6	0.3	0.3	0.0	0.0	0.0	0.0	0.0
EIS	0.1	0.0	0.0	0.0	0.1	0.1	0.0	0.0
Subtotal	$ 594.3	$ 87.6	$ 87.7	$ 83.5	$ 82.5	$ 84.3	$ 79.8	$ 89.0
Costs ($million)								
Supply	$ 14.1	$ -	$ -	$ 2.4	$ 3.2	$ 2.4	$ 2.8	$ 3.4
PAPERCLIPS	7.2	2.4	3.3	1.5	0.0	0.0	0.0	0.0
Mail	13.7	2.1	2.4	0.8	2.0	2.7	1.8	1.9
Copy	16.9	2.6	3.1	1.4	2.6	2.8	2.3	2.1
Print	23.7	2.8	3.2	2.6	3.5	4.4	2.8	4.4
Bldg	390.3	59.0	55.1	51.7	57.6	56.0	54.0	56.8
Phone	55.1	6.2	14.3	6.6	7.0	7.2	7.1	6.6
Desk	10.7	1.1	1.2	1.3	1.5	2.6	0.6	2.4
Netwk	30.1	5.6	6.1	7.0	3.2	2.5	2.9	2.7
Audit	9.1	0.0	0.0	0.0	0.0	0.0	0.0	9.1
Closeout	3.7	0.6	0.7	0.6	0.5	0.6	0.3	0.4
Payroll	12.6	2.1	1.6	2.1	2.5	2.9	1.4	0.0
CHRIS	4.3	2.4	1.9	0.0	0.0	0.0	0.0	0.0
OLC	0.5	0.2	0.3	0.0	0.0	0.0	0.0	0.0
EIS	0.1	0.0	0.0	0.0	0.1	0.1	0.0	0.0
Subtotal	$ 592.1	$ 87.1	$ 93.2	$ 78.0	$ 83.8	$ 84.2	$ 76.1	$ 89.7
Net Earnings ($million)								
Supply	$ (1.0)	$ -	$ -	$ (0.4)	$ (0.4)	$ 0.6	$ (0.0)	$ (0.8)
PAPERCLIPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mail	0.1	0.5	-0.4	-0.1	-0.4	0.1	0.0	0.4
Copy	0.0	-0.2	-1.1	0.4	0.1	0.3	0.4	0.1
Print	0.4	-0.1	0.0	0.5	0.0	0.0	0.5	-0.5
Bldg	8.5	-0.1	1.6	4.8	-0.2	1.3	1.5	-0.4
Phone	-8.4	0.3	-7.5	0.2	0.0	-0.9	-0.6	0.2
Desk	-0.3	0.0	0.0	-0.1	0.0	-1.0	0.9	-0.1
Netwk	1.1	0.7	0.1	-0.8	0.0	0.5	0.2	0.4
Audit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Closeout	0.4	0.2	0.0	0.1	0.0	0.0	0.2	0.0
Payroll	1.4	-0.7	1.5	1.1	-0.3	-0.8	0.5	0.0
CHRIS	0.1	-0.2	0.3	0.0	0.0	0.0	0.0	0.0
OLC	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0
EIS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal	$ 2.5	$ 0.6	$ (5.5)	$ 5.7	$ (1.3)	$ 0.1	$ 3.6	$ (0.7)

Appendix 2: Seven Years of Balances

Department of Energy
Working Capital Fund
Balance Sheet
Comparative Statements
(in thousands)

Assets	FY03	FY02	FY01	FY00	FY99	FY98	FY97
Fund Balance with Treasury	$50,179	$48,197	$37,455	$30,168	$26,551	$25,827	$22,086
Accounts Receivable, Net	0	11	561	-			1,321
Advances and Prepayments	200	134	156	455	601	542	
Supplies Inventory	217	179	169	759	1,099	873	1,207
Property and Equipment, Net	1,066	1,680	11,603	12,534	12,489	14,155	12,135
Total Assets	51,662	50,201	49,944	43,916	40,740	41,397	36,749
Liabilities							
Accounts Payable	13,246	15,194	15,355	13,523	12,247	13,663	17,532
Unearned Advances from Customers	15,223	12,324	6,261	7,450	4,118	3,416	2,701
Contract Holdbacks	133	195	156	61	126	86	52
Total Liabilities	28,602	27,713	21,772	21,034	16,491	17,165	20,285
Net Position							
Total Invested Capital	18,545	18,545	18,545	18,545	18,545	18,545	17,350
Total Cum Results of Operations	4,515	3,943	9,627	4,337	5,704	5,687	-886
Total Net Position	23,060	22,488	28,172	22,882	24,249	24,232	16,464
Total Liabilities and Net Position	$51,662	$50,201	$49,944	$43,916	$40,740	$41,397	$36,749

Appendix 3: Statement of Operations

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U. S. Department of Energy
Statement of Operations
Comparative Statements

89X4563 Intragovernmental Funds: Working Capital Fund

	BNR	For the year ending September 30, 2003		For the year ending September 30, 2002	
Revenues and Financing Sources:					
Revenues from Sales of Goods and Services					
Payroll and Other Personnel Services					
Revenue from Payroll Processing	ZN3010150	$1,363,000.00		$3,100,000.00	
Revenue from CHRIS	ZN3010600	$2,170,000.00		$2,170,000.00	
Subtotal			$3,533,000.00		$5,270,000.00
Administrative Services					
Sales of Supplies	ZN3020410	2,421,460.04		3,298,426.41	
Sales of Mail Services	ZN3020420	2,568,149.00		1,996,565.00	
Sales of Photocopying Services	ZN3020430	2,369,140.14		2,029,596.38	
Sales of Printing and Graphics	ZN3020440	2,767,930.00		3,193,128.00	
Sales of Building Services	ZN3020450	58,938,372.38		56,687,226.83	
Subtotal			69,065,051.56		67,204,932.62
Information Management Services					
Sales of Telecommunications Services	ZN3030410	6,520,112.04		6,760,610.34	
Sales of Office Automation Services	ZN3030420	1,133,883.05		1,182,441.18	
Sales of Networking Services	ZN3030430	6,241,650.27		6,167,432.33	
Subtotal			13,895,645.36		14,110,483.85
Procurement Services					
Sales of Contract Closeouts	ZN3040420	818,560.00		761,240.00	
Subtotal			818,560.00		761,240.00
Personnel and Training Services					
Revenue from Energy OnLine Learning Ctr	ZN3050300	342,483.00		287,567.00	
Subtotal			342,483.00		287,567.00
Total Revenues from Sales of Goods and Services			87,654,739.92		87,634,223.47
TOTAL REVENUES AND FINANCING SOURCES			$87,654,739.92		$87,634,223.47
Expenses:					
Cost of Goods and Services Provided					
Payroll and Other Personnel Services					
Cost of Payroll Processing	WF1050000	$2,107,531.54		$1,633,816.61	
Cost of CHRIS Operations & Maintenance	WF1060000	$2,370,417.01		$1,917,284.29	
Subtotal			$4,477,948.55		$3,551,100.90
Administrative Services					
Cost of Supplies	WF2041000	2,382,371.92		3,251,086.72	
Cost of Mail Services	WF2042000	2,050,904.54		2,444,571.31	
Cost of Photocopying Services	WF2043000	2,616,387.70		3,147,999.92	
Cost of Printing and Graphics	WF2044000	2,832,965.94		3,201,438.62	
Cost of Building Services	WF2045000	58,986,113.79		54,174,980.84	
Cost of Electronic Services	WF2046000	0.00		890,140.65	
Subtotal			68,868,743.89		67,110,218.06
Information Management Systems and Operations					
Cost of Telecommunication	WF3041000	6,231,075.68		14,234,823.19	
Cost of Office Automation Services	WF3042000	1,135,427.07		1,211,556.47	
Cost of Networking	WF3043000	5,574,785.51		6,124,077.39	
Subtotal			12,941,288.26		21,570,457.05
Procurement Services					
Cost of Contract Closeouts	WF4042000	596,257.59		690,717.22	
Subtotal			596,257.59		690,717.22
Personnel and Training Services					
Cost of Energy OnLine Learning Center	WF5030000	186,734.14		248,321.38	
Subtotal			186,734.14		248,321.38
Total Cost of Goods and Services Provided			87,070,972.43		93,170,814.61
Indirect Operating Costs	WF9040000	147,503.24	147,503.24	146,991.05	146,991.05
Other Program Revenues	YN	0.00	0.00	0.00	0.00
TOTAL EXPENSES			$87,218,475.67		$93,317,805.66
EXCESS (SHORTAGE) of Revenues Over Expenses			$436,264.25		-$5,683,582.19

Appendix 4: Balance Sheet

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U. S. Department of Energy
Balance Sheet
Detailed Statement

89X4563 Intragovernmental Funds: Working Capital Fund

	As of September 30, 2003		As of September 30, 2002	
ASSETS:				
Fund Balance with Treasury (BSC 1110) (cash available to spend)		$50,178,728.11		$48,198,782.01
Accounts Receivable, Net (BSC 1442) (amounts due from non-Fed. sources)		608.75		0.00
Accounts Receivable, Net (BSC 1433) (refunds due from non-Fed. sources)		0.00		11,416.05
Advances and Prepayments (BSC 1611/1612) (postage payments made in advance)		199,802.00		133,847.00
Supplies Inventory (BSC 1691) (amount in supplies inventory)		216,856.00		179,075.87
Property and Equipment, Net				
Original Purchase Price of Property and Equipment (BSC 2150)				
Purchase Price of Communications Systems	19,856,579.03		19,856,579.03	
Purchase Price of Heavy Mobile Equipment	84,414.37		84,414.37	
Purchase Price of Motor Vehicles	61,223.14		61,223.14	
Purchase Price of Office Furniture & Equipment	110,165.00		32,390.00	
Purchase Price of Shop Equipment	34,441.02			
Purchase Price of Automatic Data Processing Equipment	862,089.65		862,089.65	
Total Purchase Price	21,008,912.21		20,896,696.19	
LESS: Accumulated Depreciation of Property and Equipment (BSC 2250)				
Accum. Dep. of Communication Systems	19,166,852.02		18,705,465.62	
Accum. Dep. of Heavy Mobile Equipment	78,532.15		70,094.11	
Accum. Dep. of Motor Vehicles	61,223.14		61,223.14	
Accum. Dep. of Office Furniture & Equipment	98,499.62		17,487.02	
Accum. Dep. of Shop Equipment	34,441.02			
Accum. Dep. of Automatic Data Processing Equipment	603,092.97		362,361.92	
Total Accumulated Depreciation	19,942,440.92		19,216,631.81	
		1,066,471.29		1,680,064.38
TOTAL ASSETS		51,662,464.15		50,201,185.31
LIABILITIES				
Accounts Payable (BSC 3212) (amounts owed to non-Federal sources)		9,797,458.32		9,820,623.06
Accounts Payable (BSC 3211) (amounts owed to Federal sources)		3,447,515.67		5,373,732.81
Accounts Payable (BSC 3141) (inter-field office)		922.34		
Advances from Other DOE Locations (BSC 3511)		15,223,191.19		12,323,884.29
Contract Holdbacks (BSC 3951) (amounts held back from contractors pending completion)		133,109.58		194,773.45
Unearned Advances from Customers (BSC 3913) (payments received in advance of completion of s		0.00		0.00
TOTAL LIABILITIES		$28,602,197.10		$27,713,013.61
NET POSITION				
Invested Capital (BSC 8152) (initial PPE and uncosted balances transferred in)	18,545,170.40		14,286,115.73	
Adjustments to Invested Capital (adjustments needed to DISCAS)	0.00		4,259,054.67	
Total Invested Capital		18,545,170.40		18,545,170.40
Cumulative Results of Operations (difference between rev. and exp. over time)	4,515,096.65		8,202,055.97	
Adjustments to Cumulative Results of Operations (adjustments needed to DISC	0.00		-4,259,054.67	
Total Cumulative Results of Operations		4,515,096.65		3,943,001.30
TOTAL NET POSITION		$23,060,267.05		$22,488,171.70
TOTAL LIABILITIES AND NET POSITION		$51,662,464.15		$50,201,185.31