



Department of Energy

Washington, DC 20585

June 10, 2013

The Honorable Ed Whitfield
Chairman
Subcommittee on Energy and Power
Committee on Energy and Commerce
U. S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

On March 18, 2013, we sent you the edited transcript of the February 26, 2013, testimony given by Dr. Kathleen Hogan, Deputy Assistant Secretary for Energy Efficiency, Office of Energy Efficiency and Renewable Energy, regarding "American Energy Security and Innovation: An Assessment of Private-Sector Successes and Opportunities in Energy Efficient Technologies."

Enclosed are seven Inserts that were requested by Representatives McNerney, Burgess, Terry, McKinley and Cassidy for the hearing record.

If we can be of further assistance, please have your staff contact our Congressional Hearing Coordinator, Lillian Owen, at (202) 586-2031.

Sincerely,

A handwritten signature in blue ink that reads "Christopher E. Davis".

Christopher E. Davis
Deputy Assistant Secretary
for Congressional Affairs
Congressional and Intergovernmental Affairs

Enclosures

cc: The Honorable Bobby L. Rush, Ranking Member



1030 Ms. {Hogan.} Yes, so every home can be a little bit
1031 different, but I think there is a fair number of improvements
1032 somebody in their home can make that can have a payback of 3,
1033 4, 5, 6, 7 years.

1034 Mr. {McNerney.} So--and that is not including federal
1035 subsidies, or is that including?

1036 Ms. {Hogan.} That would be without any type of
1037 subsidies. That would just be based on doing, you know,
1038 insulation, windows, a more efficient furnace, et cetera.

1039 Mr. {McNerney.} So the homes in lower income areas are
1040 going to be less efficient than the new homes in the more
1041 affluent areas, so they would have quicker rate of return,
1042 perhaps, than the newer homes, so federal help in that would
1043 be very effective in terms of reducing energy use and saving
1044 people money?

1045 Ms. {Hogan.} Yeah, I think people use incentives for
1046 any number of reasons. One is to help buy down the cost of
1047 these improvements, but also, as we know from utility
1048 programs around the country, you use some incentives just to
1049 even get people's attention, just to help get those
1050 improvements moving.

1051 Mr. {McNerney.} Thank you. I was very thrilled to hear
1052 you talk about water savings. You know, I am from California
1053 and we have water wars out there, and water savings is a

1054 double win, because you are not only saving water, but you
1055 are saving energy because so much energy is needed to produce
1056 and deliver water. Are there significant programs in place
1057 to incentivize western users, particularly in southern
1058 California, to save water?

1059 Ms. {Hogan.} We can look into that and get back.
1060 Certainly not at the federal level, but there is certainly
1061 the issues with water in California are being addressed by a
1062 number of the California agencies, and I know they are trying
1063 to put programs in place very similar to what the energy
1064 utilities have been doing for years.

1065 Mr. {McNerney.} Okay, one more area of questioning.
1066 Again, I was thrilled to hear you talk about electric
1067 vehicles, but I have heard some concern about companies
1068 installing equipment that might service all kinds of
1069 vehicles. Are you working with companies to address
1070 potential concerns of these businesses for installing
1071 stations that can accommodate all vehicles? What is the plan
1072 in terms of getting this out there in the business world?

1073 Ms. {Hogan.} Yes, so we are trying to engage with
1074 organizations of all kinds around building out the right
1075 infrastructure around alternative vehicles. We have a Clean
1076 Cities Program that works with cities around, you know,
1077 helping them plan for the right infrastructure and build it

COMMITTEE: HOUSE ENERGY AND COMMERCE
ENERGY AND POWER SUBCOMMITTEE

HEARING DATE: FEBRUARY 26, 2013

WITNESS: KATHLEEN HOGAN
PAGE: 52, LINE: 1056-1064

INSERT FOR THE RECORD

Programs in place to incentivize western users, particularly in Southern California, to save water.

Department of Energy programs to incentivize water conservation in Federal facilities are in place across the country, including in California and other western states. Federal facilities managers work collaboratively to plan their budgets and staff to save money, energy and water by meeting goals outlined by Congress and under executive orders spanning the last two administrations. Collectively, goals aimed at saving money and resources are found in statute, executive order, and under the Guiding Principles for High Performance Sustainable Buildings.

As an element of required evaluation and reduction targets under the Energy Independence and Security Act of 2007, agencies evaluate their facilities for energy and water use and implement the energy and water efficiency measures identified. The Federal Energy Management Program (FEMP) receives agency-reported data for energy and water in its Compliance Tracking System, and has published guidance on the implementation of the measures that agencies identify in their evaluations. Generally, agencies are directed to conduct life cycle cost analyses per provisions of EISA, especially for water-related measures.

Agencies also monitor and reduce water consumption across their buildings' portfolios in accordance with two executive orders (EOs). Under EO 13514 and EO 13423, agencies must reduce their potable water energy intensity by two percent annually and 26% by the end of FY2020, relative to a FY 2007 baseline. They also must reduce agency industrial, landscaping, and agricultural water consumption by two percent annually, or 20% by the end of FY 2020, relative to a FY 2010 baseline. The Department of Energy also regulates the use of water nationwide through the Building Technologies Office's Appliance Standards Program. Several minimum efficiency standards are in place that mandate a maximum water use or flow for various appliances. Standards are currently in place for residential and commercial clothes washers, dishwashers, automatic commercial ice makers, showerheads, urinals, water closets, faucets, and pre-rinse spray valves. The water conservation standards, together with energy conservation standards that also save water, reduced water use by 1.5 trillion gallons in 2010, and will achieve cumulative water savings by 2040 of 51.4 trillion gallons. The estimated consumer savings in 2010 from reduced water use amounted to \$10.8 billion.¹

¹ Lawrence Berkeley National Laboratory, Energy and Economic Impacts of U.S. Federal Energy and Water Conservation Standards Adopted From 1987 Through 2011, April, 2012.

1126 Dr. {Burgess.} Well, it is of concern that here we are
1127 in February, and back home in Texas right before I came up
1128 here, I filled up the hybrid with gasoline that cost \$3.70 a
1129 gallon in Texas in February. That means in New York, after
1130 Memorial Day, they will be closing in on \$5 a gallon
1131 gasoline. So I think this is a matter of some importance,
1132 and since the Department of Energy is involved in this, and
1133 this may have a direct effect on our economy generally. No
1134 one can forget that just before the meltdown that occurred in
1135 2008, our gasoline prices and diesel prices were sky high,
1136 and they certainly had an effect on the economy, so I would
1137 think this would be something that you would be discussing
1138 internally and maybe even some interagency discussions. Do
1139 you ever pick up the phone and call the people at the
1140 Commodities Futures Trading Commission?

1141 Ms. {Hogan.} We do engage in conversations across the
1142 Federal Government, and we, of course, are very concerned
1143 about these prices and are doing what we can do at this
1144 point, yes.

1145 Dr. {Burgess.} What does Mr. Ginsler at CFTC tell you
1146 that he is doing that may dovetail with what you are doing
1147 with the energy efficiency in the Department of Energy?

1148 Ms. {Hogan.} We can give you a more detailed
1149 explanation, if you would like, on what the Federal

1150 Government is doing in this--

1151 Dr. {Burgess.} I would appreciate that very much, and
1152 again, I think that would be of general interest to people
1153 who are maybe watching this on C-SPAN.

1154 Now, in answer to--or actually, Mr. Waxman made a point
1155 about that he wanted to see things that were common sense
1156 directions and applied in a reasonable manner, and I think he
1157 was talking about the Federal Energy Management Program. So
1158 you have the jurisdiction of federal buildings under your
1159 control, the energy efficiency of federal buildings? Is that
1160 correct?

1161 Ms. {Hogan.} That is correct.

1162 Dr. {Burgess.} Is this building under your control?

1163 Ms. {Hogan.} I believe this under the Office of the
1164 Architect.

1165 Dr. {Burgess.} But you know, I will just say from my
1166 observation, having been in the congressional office
1167 buildings now for a few years, since 2007, 2008. Someone
1168 came in and changed all my light bulbs to CFLs. Nobody told
1169 me they were going to do it. Nobody warned me not to break
1170 one over my head one night, but there I was. I had CFLs in
1171 all the offices. Well, that is great. We are perhaps saving
1172 some energy by doing that, but no one has ever done, as far
1173 as I can tell, an energy audit of the Rayburn Building and

COMMITTEE: HOUSE ENERGY AND COMMERCE
ENERGY AND POWER SUBCOMMITTEE

HEARING DATE: FEBRUARY 26, 2013

WITNESS: KATHLEEN HOGAN
PAGE: 56, LINE: 1145-1153

INSERT FOR THE RECORD

Explanation of coordination across the Federal government, including the Commodities Futures Trading Commission, regarding energy efficiency and fuel prices.

The Department of Energy is sensitive to the impact high gas prices can have on families and businesses. DOE has not directly collaborated with the Commodity Futures Trading Commission as part of its efforts to address rising gas prices. However, as Dr. Hogan's testimony indicated, the Department is working in conjunction with other Federal agencies across the government, including the Departments of Transportation, Agriculture, Interior, and Defense; the National Science Foundation; and the Office of Science & Technology Policy to address high gas prices and reduce the amount of money families spend at the pump every year.

The technology programs in the Office of Energy Efficiency and Renewable Energy are working toward solutions to address the high gas prices problem, including developing domestic alternative biofuels, making advancements in alternative technology vehicles, and making our vehicles more fuel efficient. Two examples of initiatives with cross agency collaboration include:

Clean Cities & the National Clean Fleets Partnership: Through its nationwide network of coalitions, DOE's Vehicle Technologies Office Clean Cities program supports local efforts to reduce petroleum

consumption, and the National Clean Fleets Partnership provides technical assistance to the nation's largest fleets interested in incorporating cost-effective petroleum reduction measures into their operations. Clean Cities coordinates with the Environmental Protection Agency to publish the Fuel Economy Guide and manage FuelEconomy.gov, one of the federal government's most popular websites. The program also works with the Department of Interior on projects to deploy alternative fuel vehicles at National Parks, reducing park fuel costs and lowering emissions, while also educating consumers about fuel efficiency and alternative fuels. Clean Cities also collaborates with the Department of Transportation on cost-effective strategies to prepare state and local communities for alternative fuel and plug-in electric vehicles by improving signage, sharing information resources, and building relationships between state transportation departments and Clean Cities coalitions.

Developing Domestic Alternative Fuels: DOE's Bioenergy Technologies Office is focused on cutting the cost and improving the performance of promising biofuels and fuel-efficient technologies. Biofuels and other fuel efficient technologies are making progress towards being price competitive with gasoline. The Department of Energy is working with other Federal agencies to promote national security through developing domestic sources of energy. Partner agencies include the Environmental Protection Agency; the Departments of Agriculture, Transportation, Interior, and Defense; the National Science Foundation; and the Office of Science and Technology Policy.

1174 discussed the effect of having single-pane glass on all of
1175 the windows. I have an office that faces west. In the
1176 summertime, it gets beastly hot. Is this something that your
1177 office might be interested in?

1178 Ms. {Hogan.} We are happy to have a conversation about
1179 how to do an audit of the Capitol buildings--

1180 Dr. {Burgess.} Well, I am just shocked that the
1181 architect of the Capitol has not reached to you, as part of
1182 your mission is for the energy efficiency of federal
1183 buildings, and this is a big federal building that consumes a
1184 lot of energy. You changed all the light bulbs, but maybe
1185 there were other things you should have been looking at as
1186 well.

1187 Ms. {Hogan.} Well I think if we engage the Office of
1188 Architect, we will see that they are doing a lot more around
1189 the Capitol buildings, and probably just started with, as
1190 what we were saying, the low-hanging fruit, and certainly
1191 doing those audits is a cornerstone of what we are doing
1192 across the entire federal family.

1193 Dr. {Burgess.} So can I assume that there are
1194 conversations between your office and the Office of the
1195 Architect of the Capitol as far as the energy efficiency of--
1196 the energy consumption of federal buildings, at least on the
1197 House side?

1198 Ms. {Hogan.} We have been engaged with the Office of
1199 the Architect in their plans, yes.

1200 Mr. {Whitfield.} Gentleman's time is expired.

1201 Dr. {Burgess.} Well, Mr. Chairman, maybe if you could
1202 share some of that information with our office as well. We
1203 would appreciate that.

1204 Mr. {Whitfield.} Okay.

1205 Dr. {Burgess.} Thank you, and I will yield back.

1206 Mr. {Whitfield.} At this time, I recognize the
1207 gentleman from New York, Mr. Tonko, for 5 minutes.

1208 Mr. {Tonko.} Thank you, Mr. Chair.

1209 Dr. Hogan, welcome, and I have a couple of questions
1210 about combined heat and power, and the President's 2012
1211 Executive Order on industrial energy efficiency.

1212 What role do you see for the--is the federal procurement
1213 going to play in achieving the President's goals of deploying
1214 more combined heat and power systems?

1215 Ms. {Hogan.} So certainly as the largest energy user
1216 and as a big procurer of equipment, the Federal Government
1217 has a big role to play, and I think we are currently trying
1218 to put together a broader strategy on what that role could
1219 look like. Though what we are doing in the immediate term is
1220 exploring extending a pilot program that we have underway in
1221 the ESPC space. We have been standing up a pilot program

COMMITTEE: HOUSE ENERGY AND COMMERCE
ENERGY AND POWER SUBCOMMITTEE

HEARING DATE: FEBRUARY 26, 2013

WITNESS: KATHLEEN HOGAN
PAGE: 57, LINE: 1193-1202

INSERT FOR THE RECORD

Share info on DOE's work with Architect of Capitol to improve energy efficiency of House buildings.

The Department of Energy works with the Architect of the Capitol (AOC) through the Federal Energy Management Program (FEMP). The Capitol Complex provides a high-profile opportunity to lead by example, and DOE expects to evaluate the opportunity as a case study to apply lessons learned to the broader Federal community.

FEMP has worked with the AOC's Office of Sustainability to provide its engineers with technical assistance on an array of energy modeling tools and software to help them select the best energy analysis tool for their facilities. The technical assistance has helped the AOC perform their own energy use analyses rather than relying on outside vendors, allowing them to manage the energy use of the Capitol Complex more effectively and at lower costs.

The AOC has also worked with the Department to implement energy saving performance contracts (ESPCs) to make significant energy-saving improvements in several of its buildings at no additional cost to the taxpayer.

The latest public energy report from the AOC can be found here.

http://www.aoc.gov/sites/default/files/AOC_EnergyReport_FULL_2011_FINAL_508_091712.pdf.

1318 So could you point out the internal DOE structure to
1319 oversee the weatherization program and to ensure that 80
1320 percent of it, the dollars that are provided, aren't being
1321 used for administrative purposes?

1322 Ms. {Hogan.} Sure. I mean, first let me say that
1323 issues with weatherization really were the exception and not
1324 the rule, but--and there is a very comprehensive set of
1325 quality assurance procedures in place, on top of the fact
1326 that only a certain portion of the dollars can be used for
1327 administrative purposes.

1328 Mr. {Terry.} And what percentage is that?

1329 Ms. {Hogan.} It is--in all, I think it is about 20
1330 percent.

1331 Mr. {Terry.} Twenty percent is allowed for
1332 administrative purposes--

1333 Ms. {Hogan.} In all.

1334 Mr. {Terry.} --and then the rest has to--

1335 Ms. {Hogan.} Be put to work to improve low-income
1336 family homes. So yes.

1337 Mr. {Terry.} And so when--how would--there were several
1338 stories in our local paper outing this scam. Do those rise
1339 up to--in DOE, do people catch those so you can begin an
1340 investigation, and how is an investigation into that type of
1341 waste and fraud--well, what triggers an investigation? Can

1342 you investigate that?

1343 Ms. {Hogan.} Absolutely we can investigate that. So--
1344 and there have been any number of--any time we hear of an
1345 issue, it is investigated and we do everything in our power
1346 to correct it and recoup any dollars that may have been
1347 misused.

1348 Mr. {Terry.} Will you check for me and get back to me
1349 of what you have done on the Omaha situation with the waste
1350 and fraud in that program?

1351 Ms. {Hogan.} We would be happy to do that.

1352 Mr. {Terry.} Thank you. Yield back.

1353 Mr. {Whitfield.} Thank you, Mr. Terry.

1354 At this time, I recognize the gentlelady from
1355 California, Ms. Matsui, for 5 minutes.

1356 Ms. {Matsui.} Thank you very much, Mr. Chairman. Thank
1357 you, Dr. Hogan, for being here.

1358 Energy efficiency is a key component for shifting our
1359 Nation towards a clean energy economy. We have made great
1360 progress in changing the way we use and conserve energy, but
1361 we need to do much more. I believe one area where we can
1362 make a significant impact is by providing sound financing
1363 mechanisms to individuals eager to make energy efficiency
1364 upgrade to their home. In fact, last fall in my district of
1365 Sacramento, we launched a revamped public-private partnership

COMMITTEE: HOUSE ENERGY AND COMMERCE
ENERGY AND POWER SUBCOMMITTEE

HEARING DATE: FEBRUARY 26, 2013

WITNESS: KATHLEEN HOGAN
PAGE: 64, LINE: 1348-1351

INSERT FOR THE RECORD

Details on waste/fraud issues with Omaha, Nebraska, weatherization program activities.

Weatherization Trust is a subgrantee of the Nebraska State Energy Office under the Weatherization Assistance Program. The agency received \$8.1 million as a subgrantee through a three-year grant. According to the Nebraska State Energy Office, a fourth quarter 2012 financial report confirms that the Weatherization Trust spent about \$6.3 million of its \$8.1 million allocation on weatherizing 1,052 homes. With a remaining balance of approximately \$1.8 million, the agency closed its doors and ceased production in November 2011. For over twelve months, a criminal investigation has been ongoing by Nebraska state troopers to determine the status of the unspent federal stimulus grant funds. In addition to investigating the status of the unspent funds, the State is demanding that the agency return approximately \$785,000 of the approximately \$6.3 million in spent funds because they are unable to confirm these funds were used to weatherize low-income homes. The DOE Inspector General has delayed any audit action while the criminal investigation is on-going. Upon the conclusion of the criminal investigation and Inspector General audit, there may be additional funds returned to the State and subsequently to the U.S. Treasury.

The Department takes reports of waste, fraud, and abuse seriously and addresses issues quickly at no additional cost to the taxpayer. Nationwide, less than one percent of homes weatherized over the past four years have had such issues.

1606 At this time, I recognize the gentleman from Louisiana--
1607 oh, Mr. McKinley from West Virginia for 5 minutes.

1608 Mr. {McKinley.} Thank you, Mr. Chairman, and thank you
1609 for your patience, Dr. Hogan.

1610 Let us just start by saying I am very supportive of all
1611 the initiatives on energy efficiency, and as one of just two
1612 engineers in Congress, it is a delight to be able to try to
1613 work and improve that a little further.

1614 But I have got two questions for you. The GAO came out
1615 2 years ago with a report that said there are 11 agencies
1616 handling green buildings or 11 agencies offering 94 separate
1617 initiatives, and they said that--by their own report, they
1618 are saying that we can benefit with more collaboration. Can
1619 you share with us briefly what you have accomplished over the
1620 last 2 years in either combining them, because with budget
1621 constraints right now, wouldn't it make more sense instead of
1622 having 11 agencies handling green buildings to just a handful
1623 or fewer? Have you accomplished any of that?

1624 Ms. {Hogan.} Yeah, we are doing a lot of coordination
1625 across the federal agencies--

1626 Mr. {McKinley.} Different than what you were prior to 2
1627 years ago?

1628 Ms. {Hogan.} We are. I think we are getting more and
1629 more efficient, you know, as we go forward. I would also

1630 say, just going back to that GAO study, when you just count
1631 things it makes it look like there may be more duplication
1632 overlap than there may actually be, because certainly, you
1633 know, I oversee the Federal Energy Management Program. It
1634 has got an important role in engaging with each of the
1635 agencies around--with their senior sustainability officials
1636 around their work.

1637 Mr. {McKinley.} Could you get back to me, please, with
1638 some of the--what you have done to help consolidate, so that
1639 we can use the money--instead of doing it administratively,
1640 wouldn't it make more sense if we could pass that on to the
1641 consumers in some fashion by reducing those costs at the
1642 Federal Government level?

1643 The second issue I have is a bit of a paradox. Someone
1644 at my former firm--we designed a lot of schools and a lot of
1645 public buildings, and we knew that often what the cost was
1646 for operation of an older building, because they didn't meet
1647 all the new standards, the air quality and/or air quality
1648 standards. There was a cost that you can assume in the
1649 operation, but now under the new standards, new buildings are
1650 typically--for operational costs are increasing in costs
1651 primarily because of the standards that are set for fresh air
1652 to come into a classroom where you have to have four to
1653 twelve air changes per minute--per hour, as compared to where

COMMITTEE: HOUSE ENERGY AND COMMERCE
ENERGY AND POWER SUBCOMMITTEE

HEARING DATE: FEBRUARY 26, 2013

WITNESS: KATHLEEN HOGAN
PAGE: 75, LINE: 1614-1642

INSERT FOR THE RECORD

Efforts to consolidate green building initiatives with other Federal agencies.

The Department has undertaken a number of efforts to improve coordination across the Federal agencies on green building-related efforts. The Department of Energy's Building Technologies Office (BTO) and Federal Energy Management Program (FEMP) coordinate to align activities across Federal agencies, in particular with the General Services Administration (GSA) Office of High Performance Federal Green Buildings. These coordination efforts help consolidate Federal green buildings initiatives by addressing the issue of duplication, as well as increasing the sharing of resources and results of DOE's research.

The Department's coordination efforts include chairing or co-chairing working groups such as the Federal Building Technology Research Development Subcommittee and the Interagency Sustainability Working Group. DOE also coordinates with other Federal agency programs such as GSA's Green Proving Grounds and the DOD Environmental Security Technology Certification Program to coordinate product testing and to share results and outcomes between the programs.

DOE is also a signatory to several interagency memoranda of understanding, such as a 2009 MOU with the Environmental Protection Agency clarifying roles and responsibilities as they pertain to programs focused on improving the efficiency of products and buildings.

These are only a few examples – the Department has regular communication with other agencies to ensure that efforts are complementary and to share knowledge in support of sustainable, state-of-the-art energy efficient building technologies.

1750 look at that 10-year savings. Does that make sense?

1751 Ms. {Hogan.} You mean because it is--

1752 Dr. {Cassidy.} They are on a cash flow basis. It is
1753 not as if they have got a lot of money in the bank that they
1754 can invest and see the payoff over 10 years. They are just
1755 now meeting their bills, and anything that pays off over 10
1756 years is probably not uppermost in their mind.

1757 Ms. {Hogan.} There is the standpoint from the family.
1758 There is the standpoint from the banker, right, but from the
1759 standpoint of the family, if you have a more efficient home
1760 and you had to pay a little bit extra and it is rolled into
1761 your mortgage, as an example--

1762 Dr. {Cassidy.} Yes, but that doesn't occur right now.

1763 Ms. {Hogan.} But it can. Those mortgages are
1764 available. Energy efficient mortgages are available. Part
1765 of it is sort of an access and awareness issue as opposed to--
1766 -

1767 Dr. {Cassidy.} I would love to see that, because when I
1768 spoke to the bankers--we had some people come in because we
1769 were pursuing this--and the bankers said listen, we have a
1770 proprietary mechanism by which we determine if somebody is
1771 eligible--it is proprietary to our bank, not industry-wide,
1772 and we do not include this and we are not quite sure how.

1773 Ms. {Hogan.} Okay.

1774 Dr. {Cassidy.} So if you have those, we would love it
1775 if you could see that.

1776 Do you have awareness of Isaacson and Bennet's SAVE Act?

1777 Ms. {Hogan.} I do.

1778 Dr. {Cassidy.} What are your thoughts about that?

1779 Ms. {Hogan.} I think in general we are very supportive
1780 of the goals of the proposals that can help motivate home
1781 improvements.

1782 Dr. {Cassidy.} So let me just switch subjects. When I
1783 speak to home builders, they look at the regulations put out
1784 by DOE and they feel that sometimes something that is
1785 proscribed for one place wouldn't apply in another. And
1786 little things, for example, in my State, in Louisiana, if you
1787 plant an oak tree on the west or south side, frankly, you
1788 will get a heck of a lot of benefit, but there is no kind of
1789 calculation in terms of that, in terms of the overall cost
1790 efficiency of a home. Their suggestion was that you bring in
1791 stakeholders coming up with metrics so that someone could
1792 pick and choose, saying listen, insulation really works well
1793 here. It is worth bang for the buck, and this other
1794 intervention cost me a heck of a lot of money, but I am not
1795 going to get a payoff for 20 years. Probably I will have
1796 sold the home by then. Any possibility of that sort of
1797 thing?

COMMITTEE: HOUSE ENERGY AND COMMERCE
ENERGY AND POWER SUBCOMMITTEE

HEARING DATE: FEBRUARY 26, 2013

WITNESS: KATHLEEN HOGAN
PAGE: 81-82, LINE: 1763-1775

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Information on energy efficient mortgages.

The Department of Energy does not administer or manage this type of loan, but information is available through the Housing and Urban Development Department's Federal Housing Administration. Please see:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/eem/eemhome.

1294 Government? The barriers that are of concern?

1295 Ms. {Hogan.} I think one of the barriers is really just
1296 getting over the hurdle of having many different agencies go
1297 down this path. It takes a fair amount of knowledge to go
1298 and do that, and that is what the Federal Energy Management
1299 Program is set up to do. But if--just because we offer those
1300 services, doesn't mean people necessarily want it. And
1301 again, it is just because everybody is doing so much, you
1302 know in their day-to-day jobs. And I think that is one of
1303 the, then, barriers that the President's Performance
1304 Contracting Challenge is really helping overcome.
1305 Challenging the agencies to commit to \$2 billion with in
1306 energy savings performance contracting means each agency has
1307 their own goal and each agency is working through a set of
1308 projects to meet those goals. So I think we will have
1309 largely addressed that particular barrier by December, 2013.

1310 Mr. {Terry.} All right. On weatherization, you may
1311 have read some stories from my district where there were
1312 several million dollars issued for weatherization in the
1313 city, and it was something like 14 or 15 homes that were
1314 actually provided the services. But yet, the money is gone.
1315 And so weatherization, at least in our area, is not a program
1316 that is held in high esteem. It is an example of the waste
1317 and fraud.

1318 So could you point out the internal DOE structure to
1319 oversee the weatherization program and to ensure that 80
1320 percent of it, the dollars that are provided, aren't being
1321 used for administrative purposes?

1322 Ms. {Hogan.} Sure. I mean, first let me say that
1323 issues with weatherization really were the exception and not
1324 the rule, but--and there is a very comprehensive set of
1325 quality assurance procedures in place, on top of the fact
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1330 percent.

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1332 administrative purposes--

1333 Ms. {Hogan.} In all.

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1336 family homes. So yes.

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COMMITTEE: HOUSE ENERGY AND COMMERCE
ENERGY AND POWER SUBCOMMITTEE

HEARING DATE: FEBRUARY 26, 2013

WITNESS: KATHLEEN HOGAN
PAGE: 62, LINE: 1318-1336

INSERT FOR THE RECORD

Details on the internal DOE structure to oversee the weatherization program and to ensure that 80 percent of funding provided for weatherization isn't used for administrative purposes.

According to the United States Code of Federal Regulations - Title 10: Energy, Chapter II: Department of Energy, Subchapter D: Energy Conservation, PART 440.18: Weatherization for Low-Income Persons; "not more than 10 percent of any grant made to a State may be used by the grantee and subgrantees for administrative purposes in carrying out duties under this part, except that not more than five percent may be used by the State for such purposes, and not less than five percent must be made available to subgrantees by States."

This categorical expenditure is reviewed and approved as part of the grantee's application for funds and monitored every quarter to ensure compliance. There are no grantees that have exceeded this 10 percent ceiling. There is an allowance in the law for certain subgrantees with grants below \$350,000 to use an additional five percent for administrative purposes with the approval of the grantee and DOE. When that occurs, a grantee's administrative allowance could rise above 10 percent when a number of subgrantees use this allowance. However, the 10 percent threshold has not been exceeded by any grantee to date. DOE will continue its vigorous

oversight of the program to ensure funds for the weatherization program are used for their intended purposes and administrative costs are kept to a minimum.