

U.S. HOUSE OF REPRESENTATIVES  
COMMITTEE ON SCIENCE, SPACE, AND TECHNOLOGY

2321 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6301  
(202) 225-6371  
www.science.house.gov

May 4, 2011

The Honorable Steven Chu  
Secretary  
Department of Energy  
1000 Independence Avenue, S.W.  
Washington, DC 20585

Dear Secretary Chu:

In his 2011 State of the Union address, President Obama acknowledged the negative impact of excessive and unnecessary spending on deficits and the Federal government's fiscal condition, stating that he was "willing to eliminate whatever we can honestly afford to do without."

In the spirit of helping the President advance his commitment, and as Chairman of the House Science, Space, and Technology Subcommittee on Energy and the Environment (E&E), which maintains oversight responsibility of Department of Energy (DOE) programs involving commercial application of energy technologies, I write to request additional information on numerous spending concerns associated with the American Recovery and Reinvestment Act (ARRA).

First, I note that these concerns represent only a small sample of those identified under the E&E Subcommittee's portion of DOE's \$40 billion in Stimulus spending. However, in order to make this information request practicable and manageable, I have limited it to the following three programs within the Office of Energy Efficiency and Renewable Energy, the focus and management of which are particularly important given the President's requested increase of 44 percent for EERE in his fiscal year 2012 budget request (relative to FY2010):

Clean Cities Alternative Fuel Vehicle (AFV) Grant Program.

In March 2011, a DOE announcement titled "Green Beer: Not Just for St. Patrick's Day,"<sup>1</sup> detailed a DOE-funded Stimulus project that, in coordination with the New York State Energy Research and Development Authority (NYSERDA), provided \$1.6 million to the Manhattan Beer Distributors company to convert its diesel delivery trucks to run on compressed natural gas (CNG) vehicles and construct a new CNG fueling station. Because this funding was provided through a sub-award of a \$14 million grant to NYSERDA, it is not disclosed in DOE's online

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<sup>1</sup> <http://blog.energy.gov/blog/2011/03/17/green-beer-not-just-st-patrick%E2%80%99s-day>

Recovery Act database; the project's existence is only known because DOE highlighted this spending in its communications materials.

A similar \$15 million award from the Clean Cities AFV Program to the Puget Sound Clean Cities Coalition in Seattle appears to have supported the purchase of 200 natural gas taxis and shuttle buses.<sup>2</sup> Additionally, the Clean Cities Program's Recovery Act materials suggest several major corporations have been the beneficiaries of this program's funding, including UPS, Verizon, Waste Management, Ryder, and FedEx. In each of these cases, the precise contributions of DOE, other Federal agencies, State, local, and private funding is not clear. However, the awards raise serious questions regarding the appropriateness of providing taxpayer dollars to private companies to purchase and deploy vehicles.

Accordingly, please answer the following questions regarding the Clean Cities AFV Grant Program:

1. What is the total amount of stimulus funds spent on CNG vehicles and infrastructure?
2. How many natural gas vehicle purchases or modifications have been supported through AFV program Recovery Act funding, how much Federal funding went toward this effort, and what is the approximate breakdown of support from DOE, other Federal agencies, State, local, and private sector partners?
3. How many of the vehicles and how much of the spending referenced in question two went to for-profit companies? Please include both awardees and sub-awardees.
4. For each of the primary vehicle types purchased through this program (cars, trucks, buses, commercial vehicles, etc.) what is the approximate average cost premium relative to conventional gas or diesel powered vehicles?
5. Please provide a list of all awardees and sub-awardees that received funding under this program, as well as a description of how much went to each recipient and what award funds were spent on.
6. Describe and provide any criteria used to guide awardees' disbursement of sub-awards.
7. The DOE announcement of funding for Manhattan Beer Distributors notes that the company started out in 2002 "with 15 CNG trucks and a fueling station in its Bronx location. Since then, the company has increased the number of CNG trucks on the road at both its Brooklyn and Long Island facilities." Why should tax dollars be used to subsidize activities that the private sector has demonstrated a clear willingness to undertake in the absence of government funding?

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<sup>2</sup> <http://www.worldcng.com/2010/04/20/worldcng-is-awarded-psccc-grant-for-more-than-200-natural-gas-vehicles/>

### Enabling Fuel Cell Market Transformation

DOE's Office of Energy Efficiency and Renewable Energy (EERE) received \$30 million in the Recovery Act for its "Enabling Fuel Cell Market Transformation" program. Like the Clean Cities AFV Program, much of this funding appears to have gone to corporations for the purchase of vehicles and equipment. For example, DOE spent over \$1.2 million to purchase 98 fuel cell forklifts for Sysco Food Services, a corporation with a market capitalization of \$16.7 billion.<sup>3</sup> A small sampling of other recipients of this program's Stimulus funding reveals similar awards to Fortune 500 companies such as FedEx and Sprint Communications.

Please answer the following questions regarding this program:

1. How many forklift purchases or modifications have been supported through the Fuel Cell program's Recovery Act funding, how much Federal funding went toward this effort, and what is the approximate breakdown of support from DOE, other Federal agencies, State, local, and private sector partners?
2. How many of the forklifts and how much of the spending referenced in question one above went to for-profit companies? Please include both awardees and sub-awardees.
3. What is the approximate cost premium of forklifts purchased under this program relative to comparable gas, diesel, or electric powered forklifts?
4. Please provide a complete list of all awardees and sub-awardees that received funding under this program, as well as a description of how much went to each recipient and what award funds were spent on.
5. Describe and provide any criteria used to guide awardees' disbursement of sub-awards.

### State Energy Program

A third Stimulus program of concern is the State Energy Program. This program has outlaid \$1.15 billion (37%) of the total \$3.1 billion obligation to states and territories to adopt energy efficiency and renewable energy products. For example, the State Energy Program provided \$40.5 million to the Iowa Office of Energy Independence. Of the \$40 million, about half appears to have been sent to 66 sub-award organizations. While details are lacking with regards to what this funding was actually spent on, multiple public examples suggest a lack of accountability and project worthiness. The Iowa Office of Energy Independence spent \$160,000 of taxpayer funds to "plant 2,500 trees to encourage energy efficiency."<sup>4</sup> Again, this spending only came to my

<sup>3</sup><http://www.recovery.gov/Transparency/RecipientReportedData/pages/RecipientProjectSummary508.aspx?AwardIdSur=19356&AwardType=Grants>

<sup>4</sup><http://blog.energy.gov/blog/2010/11/10/iowa-shade-trees-bring-energy-bills-down-beauty>

attention because it was highlighted in DOE communications materials; it is not disclosed in DOE's online Recovery Act database,<sup>5</sup> increasing concerns of waste within other project sub-awards. Further, according to the government's recovery website, the Iowa Office of Energy Independence also doled out \$110,000 to the National Czech and Slovak Museum and Library.<sup>6</sup> However, no available information exists as to what that \$110,000 was spent on.

The lack of transparency in the State Energy Program appears to extend to numerous states. The Energy Commission of California received \$226 million, the largest State Energy Program award from DOE. To date, the Energy Commission has handed out sub-awards of \$177 million to 84 different organizations, the majority of which are city or county governments.<sup>7</sup> In spite of the massive amount of funding, it is difficult if not impossible to determine through the DOE and Recovery Act databases what the local governments spent the money on.

Accordingly, please provide the following additional information:

1. Detail the recipients, amount, and description of all DOE Recovery Act awards and sub-awards made under the State Energy Program, as well as the specific purpose of each project.
2. Describe and provide any criteria used to guide awardees' disbursement of sub-awards.

Last, I request that you work to improve disclosure and transparency of Recovery Act spending. While the Department has done a commendable job of publishing basic information on the more than 5,000 Recovery Act awards it has funded, its online database does not include information on the thousands of entities that have received sub-awards through the Stimulus and how they used taxpayer funds. While this information appears to typically be included in the government-wide recovery.gov database, awardee and sub-awardee information can only be retrieved if one knows, and manually enters into a search engine, the name of individual recipients. The ability of Americans to understand where their tax dollars are going, and how they are being spent are critical to public confidence in the Federal government and its activities, but also necessary for proper Congressional oversight of these programs. Accordingly, and in light of recent criticisms by the DOE Inspector General regarding the oversight of Stimulus funding,<sup>8</sup> I request you to review and include in your response to this letter what steps would be necessary to ensure basic disclosure of the basic Federal spending information referenced above.

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<sup>5</sup> Note: the award information is available at [www.recovery.gov](http://www.recovery.gov), but can only be found by manually searching for each individual awardee or sub-awardee by name.

<sup>6</sup> <http://www.recovery.gov/Transparency/RecipientReportedData/pages/RecipientProjectSummary508.aspx?AwardIdSUR=34343&substart=3#subawards>

<sup>7</sup> <http://www.recovery.gov/Transparency/RecipientReportedData/pages/RecipientProjectSummary508.aspx?AwardIdSUR=34347&AwardType=Grants>

<sup>8</sup> DOE IG Audit Report, "The Department of Energy's Geothermal Technologies Program under the American Recovery and Reinvestment Act." This report found that ARRA funds were spent on alcohol, excessive travel, and working lunches categorized as "business entertainment." These examples were either explicitly impermissible by law or questionable at best.

The Honorable Chu

May 4, 2011

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Please provide answers to these questions by May 18, 2011. Should you have any further questions, please contact Andy Zach, Energy and Environment Professional Staff, at (202) 225-6371.

Sincerely,

A handwritten signature in black ink, appearing to read "Andy Harris", written over a horizontal line.

Rep. Andy Harris

Chairman

Subcommittee on Energy and Environment

Committee on Science, Space, and Technology

Cc: Rep. Brad Miller

Ranking Member, Subcommittee on Energy and Environment