

-----Original Message-----

From: Murphy, Charles (Grassley)  
Sent: Thursday, January 19, 2012 8:33 AM  
To: 'Coleman, Andre L CDR OLA, LA-60'  
Subject: Another Question on OIG Audit Report 2011-106

Andre, one quick question: you memo states: " there is no absolute requirement on federal agencies that renewable energy projects be cost-effective in order to be executed." That assertion blows me away. It's sounds like renewable energy projects give federal agencies a license to waste the taxpayers' money. Long ago, I worked in PA&E in OSD. We did cost effectiveness studies on everything, including weapons. I can understand how cost effectiveness standards could be set aside in order to meet pressing national security objectives, but renewable energy projects are designed to reduce energy costs and consumption. By their very nature, they should be inherently cost effective. So tell me, if cost effectiveness is not the standard for those projects, what is the standard?  
Charlie

-----Original Message-----

From: Murphy, Charles (Grassley)  
Sent: Thursday, January 19, 2012 7:58 AM  
To: 'Coleman, Andre L CDR OLA, LA-60'  
Subject: RE: Question on OIG Audit Report 2011-106

Andre, if I have any follow-up questions, I will get back to you, Charlie murphy

-----Original Message-----

From: Coleman, Andre L CDR OLA, LA-60 [mailto:andre.coleman@navy.mil]  
Sent: Tuesday, January 17, 2012 1:56 PM  
To: Murphy, Charles (Grassley)  
Subject: RE: Question on OIG Audit Report 2011-106

Charlie,

This is in response to your question regarding the final outcome on recommendation #7 of the DoD IG Report (Report No. D-2011-106). Recommendation #7 provided that OSD, the Navy and the Marine Corps should "review the actions of officials responsible for planning and selecting PV projects that were not cost-effective...and...based on that review, determine whether any administrative actions are necessary." It is the view of both OSD and the Department of the Navy that the officials responsible for planning and selecting the projects reviewed in the DoD IG Report acted responsibly and complied with statute, regulation, and policy, including guidance issued by OMB. OSD and the Navy non-concur with Recommendation #7, and each has determined that it is not necessary to take administrative action against officials responsible for selecting the projects and considers the recommendation closed.

The objectives of the Recovery Act were to: preserve and create jobs; promote economic recovery; assist those most impacted by recession; increase economic efficiency by investing in S&T; invest in transportation, environmental protection & other infrastructure; and manage and expend the funds as quickly as possible, consistent with prudent management. The projects reviewed by the DOD IG

Report met these objectives. DON acknowledges that several projects reviewed in the DOD IG Report had lower savings-to-investment ratios (SIRs) than would be targeted under typical circumstances. However, the projects were executed quickly, created work for design and construction industries, contributed to energy reduction goals, met rapidly evolving Congressional guidance, and ultimately met the objectives of the Recovery Act.

In November 2008, months before the Recovery Act was signed, Appropriator and Authorizer staffs began working closely with Navy and Marine Corps staffs, providing guidance and time constraints. Working with continually evolving guidance, the Navy and Marine Corps staffs submitted multiple, revised project lists with very short turnaround times. Over the course of this process, the Department of the Navy reviewed thousands of projects worth \$20B in support of the evolving requests. Based on the enormous volume and short turnaround times, the normally lengthy process for capital improvement project review had to be greatly compressed. All of the projects DoN selected met Congressional requirements, were submitted through the DoN and DoD leadership, and were given final approval by the Office of the Secretary of Defense.

On the issue of cost effectiveness, there is no absolute requirement on Federal agencies that renewable energy projects be cost-effective in order to be executed. While the SIR is an important tool for comparing similar projects, it is one of many factors used to rank and select projects. In some instances, financial payback was not be the determining factor for projects recommended and ultimately approved by Congressional, DoD and DoN leadership at the time.

Thank you for the opportunity to respond to your questions on the subject report.

André L. Coleman, PE  
CDR, Civil Engineer Corps, USN  
Legislative Liaison  
Navy Office of Legislative Affairs

[REDACTED]  
[REDACTED]  
[REDACTED]

"Non sibi sed patriae"

-----Original Message-----

From: Murphy, Charles (Grassley) [mailto:Charles\_Murphy@grassley.senate.gov]  
Sent: Monday, December 19, 2011 10:02  
To: Coleman, Andre L CDR OLA, LA-60  
Subject: RE: Question on OIG Audit Report 2011-106

Andre, I need an answer to the question below. I just checked my files and have yet to receive an answer to that question. Thanks Charlie Murphy

-----Original Message-----

From: Coleman, Andre L CDR OLA, LA-60 [mailto:andre.coleman@navy.mil]  
Sent: Thursday, December 15, 2011 3:31 PM

To: Murphy, Charles (Grassley)  
Subject: FW: Question on OIG Audit Report 2011-106

Charlie,

If you have any follow-up questions on this issue please give me a call to discuss.

Regards,

André L. Coleman, PE  
CDR, Civil Engineer Corps, USN  
Legislative Liaison  
Navy Office of Legislative Affairs

[REDACTED]  
[REDACTED]  
[REDACTED]

"Non sibi sed patriae"

---

From: Murphy, Charles (Grassley) <Charles\_Murphy@grassley.senate.gov>  
To: Vitale, Louise CIV OLA, LA-6  
Cc: 'Gilliland, John CDR OSD LA' <John.Gilliland@osd.mil>; 'Carlson, Lynn S., OIG DoD' <Lynn.Carlson@dodig.mil>  
Sent: Wed Nov 30 12:35:23 2011  
Subject: Question on OIG Audit Report 2011-106

Louise, I have a follow-up question on the above audit report.

One of the recommendations in this report called for a review of the actions of officials, who were responsible for planning and approving photovoltaic projects that "were not cost-effective," that is wasteful , and to take administrative action as deemed appropriate. The DON disagreed with the need for an administrative review, and the OIG auditors continued to disagree with this response. As I read the audit, this matter is still pending, awaiting further DON comment. What was the final outcome on this recommendation - Recommendation #7?  
Thanks, Charlie