

August 14, 2000

The Honorable Joseph I. Lieberman
United States Senate
Washington, D.C. 20510

Dear Senator Lieberman:

I am responding to your letter dated July 13, 2000, concerning the use by the Nuclear Regulatory Commission (NRC) of Energy Savings Performance Contracts (ESPC) and "share-in-savings" contracting. The NRC has taken several actions to explore participation in these programs. These actions are detailed in the enclosed Summary of Participation in Energy Savings Performance Contracting and Share-In-Savings Pilot Program for IT Management Initiatives.

The Commission appreciates the interest you have expressed in the NRC's participation in these initiatives. Please contact me if I can be of any further assistance.

Sincerely,

/RA/

Richard A. Meserve

Enclosure: As stated

cc: Senator Fred Thompson

U.S. NUCLEAR REGULATORY COMMISSION

Summary of Participation in
Energy Savings Performance Contracting and
Share-In-Savings Pilot Program for IT Management

1. Has your agency used ESPCs? If so, please describe your experience under those contracts, including contractor investment and financial benefit, and any savings realized by your agency. If your agency has not entered into any ESPCs, please explain why.

On September 28, 1999, the NRC entered into an agreement with the Department of Energy (DOE) to obtain the services of a DOE Super ESPC contractor, Equitable Resources, Inc., to evaluate the suitability of an ESPC for the NRC's One White Flint North (OWFN) building.

The NRC headquarters occupies two high-rise buildings located in Rockville, Maryland. The OWFN building, occupied in Fiscal Year 1988, is Federally-owned and is therefore eligible to participate in DOE's Super ESPC. The Two White Flint North (TWFN) building, occupied in Fiscal Year 1994, is privately owned and leased by the General Services Administration (GSA) under a long-term lease. Because the TWFN building is a leased building, it is not eligible for participation in the ESPC program.

The DOE Super ESPC contractor has concluded the preliminary energy audit of our OWFN building. The DOE Contracting Officer and NRC technical staff are now in the process of reviewing the results of the audit to determine if NRC's participation in the Super ESPC would result in long-term energy conservation cost saving measures.

2. Has your agency considered participation in the information technology share-in-savings pilot program authorized in the Clinger-Cohen Act? If your agency has decided against being involved in the pilot program, why?

Major NRC operations and maintenance contracts for Information Technology (IT) were awarded for five-year periods in 1996. During the ongoing review and market research phase for new contracts in these areas, the NRC will consider the potential for using share-in-savings contracts.

3. Has your agency been involved in any other share-in savings contracts? If so, please describe your agency's experience under those contracts, including contractor investment and financial benefit, and any savings realized by your agency.

NRC is presently exploring options for share-in-savings opportunities under GSA's area-wide Utility Energy Service Contract (UESC). PEPCO, GSA's contractor, conducted a preliminary audit of the NRC's leased building (Two White Flint North) this spring and proposed several energy conservation measures. Following evaluation of these proposed conservation measures, NRC will work with GSA and DOE to determine the appropriate contract vehicle for implementation of selected cost saving measures.

4. Please explain why your agency is not making greater use of share-in-savings contracting, including a description of any internal or external, legal, budgetary, or cultural obstacles.

The NRC is making use of the share-in-savings contracting opportunities that are currently available to us. The NRC will continue to consider share-in-savings contracting methods in the future.

5. Please provide the names and telephone numbers of senior personnel with primary responsibility for your agency's involvement in share-in-savings contracting, whether in the energy efficiency, information technology, or any other context.

Mr. Thomas O. Martin, Director, Division of Facilities and Security, Office of Administration, is responsible for the NRC's involvement in energy efficiency share-in-savings contracting. Mr. Martin can be reached at (301) 415-8080. Mr. Myron Kemerer, Administration and Resource Management Branch, Planning and Resource Management Division, Office of the Chief Information Officer, is responsible for the NRC's involvement in information technology share-in-savings programs. Mr. Kemerer can be reached at (301) 415-8735. Mr. Timothy F. Hagan, Director of NRC's Division of Contracts and Property Management, is the Head of the Contracting Activity as defined in the NRC Acquisition Regulation. Mr. Hagan can be reached at (301) 415-7305.