UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

ENERGY AND MINERALS
DIVISION

B-178726

OCT 28 1977

The Honorable Henry M. Jackson
United States Senate

Dear Senator Jackson:

In a letter dated October 4, 1977, you requested that we examine the circumstances surrounding a grant awarded by the San Francisco Operations Office of the U.S. Energy Research and Development Administration 1/ (ERDA). The stated purpose of the grant was to increase awareness of the national and local energy situation--needs, issues, problems, and opportunities--among various groups throughout California. The grant is referred to as the Energy Awareness Project.

The grant was funded by ERDA and the Federal Energy Administration in the amount of $103,250 and was awarded to the California Council for Environmental and Economic Balance (CCEEB) in February 1977. CCEEB subcontracted the main aspects of the project to Solem and Associates, which was responsible for setting up the seminars and obtaining the necessary speakers. CCEEB also subcontracted with Binnger Associates Ltd., to coordinate project activities in southern California.

Between May 19 and September 20, 1977, 10 seminars were held with various groups in northern and southern California. These sessions were intended to provide (1) an overview of the energy situation nationally and in California, and (2) resource materials to seminar attendees so that they could continue energy education in their own communities. These seminars were attended by public officials; community leaders; and education, agriculture, media, and public

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1/The Energy Research and Development Administration is now part of the new Department of Energy (DOE). Since most of the activities discussed in this report occurred when ERDA was a separate agency, we will continue to refer to ERDA, rather than DOE.

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interest groups. While all seminars planned under the project have been held, evaluation and analysis of the project as initially planned by the Energy Awareness Project Steering Committee is still continuing with no specified date for completion.

In your letter you were concerned that the grant may have been awarded for improper purposes, including possible use of appropriated funds to lobby the Congress on legislative matters.

We found no evidence that Federal funds were used improperly or to perform lobbying activities. We arrived at this conclusion after

--evaluating and reviewing the proposal, final grant documents, and other related correspondence;

--interviewing attendees from 9 of the 10 seminars and reviewing seminar agenda and evaluations; and

--interviewing responsible officials from ERDA, CCEEB, Solem and Associates, and members of the Energy Awareness Project Steering Committee.

We consider our interviews with seminar attendees as "the bottom line"--the most critical and important factor in determining whether lobbying was attempted. From these and other interviews and review of seminar handout materials, we found no evidence that the seminars were presented in a biased manner or that attendees were encouraged to contact their elected representatives in order to support the Administration's energy proposals.

However, we did note certain areas that we did not follow up on during our review because of time constraints which you may want to pursue with ERDA officials. These include ERDA's (1) logic for approving the grant to CCEEB in light of CCEEB's prior pronuclear stance and (2) internal procedures and justification used for funding the grant. While CCEEB originated the idea for the grant and submitted an unsolicited proposal for the project to ERDA, CCEEB's stance in previous energy matters has clearly established it as pronuclear.

Since the purpose of this project was to present an unbiased, balanced presentation on the energy situation, the selection of CCEEB for the project can be questioned

from a public relations aspect. Also, while we were able to identify the project funding sources within ERDA, we were not totally satisfied that the justifications used for transferring project funds adequately or fairly revealed the real purpose for which these funds were to be used. Specifically, $28,250 was transferred for the project from the Assistant Administrator for Nuclear Energy (ANE) in June 1977, but ERDA did not cite the project as the reason for the transfer. Rather, ERDA reported that the funds were to be used for securing consultant work in the program support area. Because of ERDA's limited documentation and inability to adequately explain its actions, we were unable to resolve this issue in the time available. Also, the Management Coordinator, ANE, who located and transferred the funds did not know that they were to be used for the Energy Awareness Project.

In the enclosures to this letter, we present more detailed information on certain aspects of our review in which you expressed interest. They include (1) a detailed chronology of data leading up to the award and implementation of the grant in enclosure I, (2) funding sources for the project in enclosure II, (3) a listing of sessions held, in enclosure III, and (4) a listing of Board of Directors, CCEEB, in enclosure IV.

At your request, we did not take the additional time needed to obtain written agency comments on the matters discussed in this report. We are also sending this report today to Senator Durkin and Congressman Jeffords.

Sincerely yours,

Monte Canfield, Jr.
Director

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