



United States
General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

B-227295

April 22, 1994

The Honorable John D. Dingell
Chairman, Subcommittee on Oversight
and Investigations
Committee on Energy and Commerce
House of Representatives

Dear Mr. Chairman:

Your office recently requested clarification on the extent to which the conclusions reached in our report Federal Research: Additional Funds for Terminating the Super Collider Are Not Justified (GAO/RCED-94-153, Apr. 8, 1994) applied to the cost of settling a claim by the state of Texas for its investment in the collider project. With \$735 million available for termination activities, the Department of Energy (DOE) had estimated it would cost \$568 million to terminate the Superconducting Super Collider project, but that estimate did not include the cost of settling Texas's claim. We concluded that DOE's request for an additional \$180 million of fiscal year 1995 funds for terminating the collider project was not justified. Your office asked us the following two questions:

- Has DOE estimated the cost of settling with Texas?
- Does DOE's cost of settling with Texas justify appropriating an additional \$180 million in fiscal year 1995?

DOE has not estimated the cost of settling Texas's claim for the state's investment in the project. As we disclosed in our report, Texas has claimed that DOE owes the state a refund of \$539 million. Although DOE has agreed that the state invested about \$500 million, the Department has not yet determined how much is owed to Texas and is currently negotiating with the state to reach a settlement. Therefore, the cost of a possible settlement is not yet known. Nor could DOE predict when a settlement will be reached.

GAO/RCED-94-199R, Texas's Collider Claim

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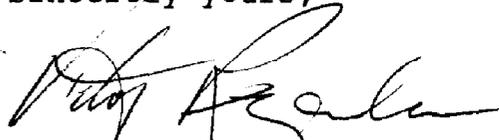
Our report pointed out that DOE does not need additional funds to cover its currently estimated costs for termination activities. Since not enough is known about the cost of settling with Texas to make an estimate, the additional moneys are not yet needed for a settlement. As of mid-March 1994, DOE estimated that the \$735 million available to terminate the project was about \$200 million more than it needed through the end of fiscal year 1995 and \$167 million more than it needed through fiscal year 1997. If the costs of settling with Texas ultimately amount to more than the funds available, DOE could ask the Congress for additional moneys at that time. As we concluded in our report, it would be premature to provide additional funds in fiscal year 1995 for yet-to-be-estimated costs, and the need for the additional funds has not yet been justified.

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As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this correspondence until 30 days after its date. At that time, we will send a copy to the Secretary of Energy. We will also make copies available to others on request.

If you have any further questions concerning our report or this letter, please contact me at (202) 512-3841.

Sincerely yours,



Victor S. Rezendes
Director, Energy and
Science Issues

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