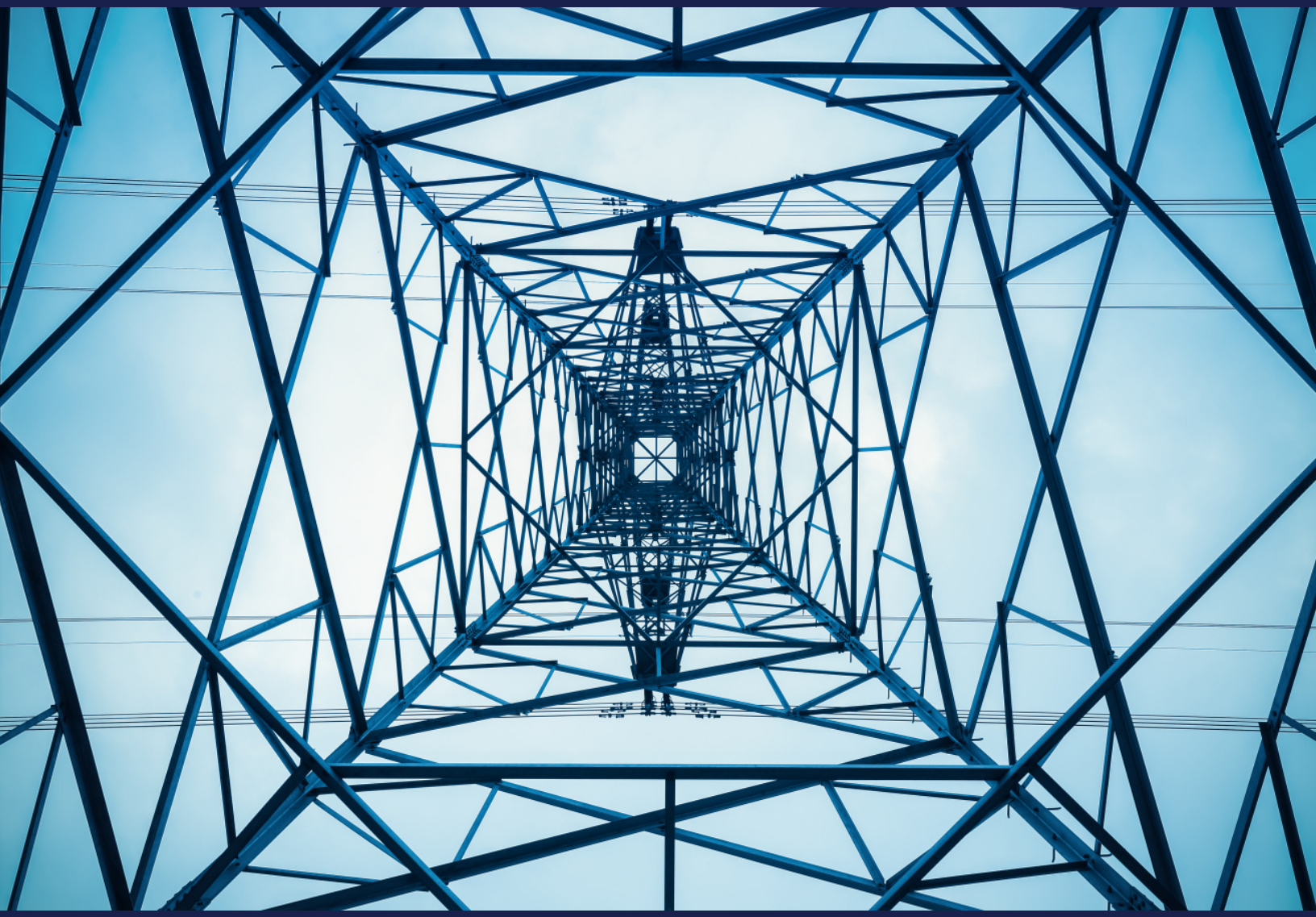
U.S. DEPARTMENT of ENERGY



AGENCY FINANCIAL REPORT

FISCAL YEAR 2025

DOE/CF-0221

About This Report

The mission of the Department of Energy, also referred to as DOE or the Department, is to ensure America's security and prosperity by addressing its energy, environmental, and nuclear challenges through transformative science and technology solutions. DOE's Fiscal Year (FY) 2025 Agency Financial Report (AFR) presents key financial and performance information in support of DOE's mission and demonstrates accountability to the American people.

DOE's AFR: https://www.energy.gov/cfo/listings/agency-financial-reports

- DOE's AFR is prepared by the Office of the Chief Financial Officer (CFO). For more information, please email afrproject@hq.doe.gov.
- DOE's AFR is presented in three major sections:
    - Management's Discussion & Analysis provides executive-level information on DOE's history, mission, organization, Secretarial priorities, analysis of financial statements, systems, controls and legal compliance, and other management priorities facing DOE.
    - Financial Results provides DOE's consolidated and combined financial statements and the Auditors' Report.
    - Other Information provides the Inspector General's Statement of Management Challenges and other statutory reporting.
- DOE's audit, inspection, and other reports are available on DOE's Office of Inspector General (OIG) website: https://www.energy.gov/ig/office-inspector-general.
- DOE's financial results are included in the annual Financial Report of the United States (U.S.) Government (Financial Report): https://www.fiscal.treasury.gov/reports-statements/financial-report/.

DOE's AFR provides reporting consistent with requirements prescribed by::

- Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements
- Payment Integrity Information Act of 2019 (PIIA)
- Foundations for Evidence-Based Policymaking Act of 2018 (Evidence Act)
- Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015
- Digital Accountability and Transparency Act of 2014 (DATA Act)
- Federal Information Security Modernization Act of 2014 (FISMA)
- Government Performance and Results Act Modernization Act of 2010 (GPRAMA)
- Reports Consolidation Act of 2000
- Federal Financial Management Improvement Act of 1996 (FFMIA)
- Government Management Reform Act of 1994 (GMRA)
- Government Performance and Results Act of 1993 (GPRA)
- Federal Managers' Financial Integrity Act of 1982 (FMFIA)
- Prompt Payment Act of 1982

DOE's Annual Performance Report/Annual Performance Plan (APPR) can be viewed here: https://www.energy.gov/budget-performance. The APPR provides detailed performance information and descriptions of results for each performance measure and performance targets for the current and upcoming fiscal years, including performance measures related to DOE Management Priorities as required by the GPRAMA.

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Message from the Secretary of Energy (Unaudited)

Department of Energy Mission

Ensure America's security and prosperity by addressing its energy, environmental and nuclear challenges through transformative science and technology solutions.

I am pleased to present the United States Department of Energy's (DOE) Fiscal Year (FY) 2025 Agency Financial Report. This report provides DOE's key performance and financial information and demonstrates DOE's unwavering commitment to advancing America's energy security, economic prosperity, and national defense.

FY 2025 was a period of profound achievement, driven by the dedication of the incredible men and women throughout this Department. Together, we vigorously asserted American energy dominance - pursuing six overarching strategic goals, guided by the principle that abundant, affordable, and reliable energy is the backbone of human progress and liberty:

Asserting American Energy Dominance

We purposely worked to unleash America's full energy potential, recognizing that energy is not political but the basic infrastructure that enables humanity to flourish. This year, DOE approved 13.8 Bcf/d of U.S. LNG export permits, sending a clear signal that the U.S. was back in business and committed to global energy security, restoring American leadership in energy exports. We proudly supported the Alaska Gas Pipeline and Alaska LNG Project. We reinstated the National Coal Council to strengthen collaboration with this critical industry and ensure we fully utilize the abundant coal resources across America. We protected American manufacturing jobs, reinvigorated domestic industry, expanded consumer choice, and lowered costs by advancing regulatory reforms and withdrawing appliance standards for gas instantaneous water heaters, walk-in coolers and freezers, and commercial refrigeration equipment, and postponing test requirements for central air conditioners, and heat pumps. Additionally, our proactive management and efforts to refill the Strategic Petroleum Reserve have put us on the path to restoring our emergency fuel supplies, preparing us for possible future significant supply disruptions.

Winning the AI Race

Recognizing artificial intelligence as a transformative force that will reshape our world, DOE prioritized integrating AI into our scientific endeavors, national defense, and energy dominance strategy. FY 2025 heralded the announcement of the planned Doudna supercomputer at Lawrence Berkeley National Laboratory and the deployment of El Capitan - NNSA's first exascale machine and the world's fastest and most powerful supercomputer. We also saw the first-ever on-premises deployment of OpenAI's reasoning models on Venado at Los Alamos National Laboratory to accelerate national security research. We co-hosted the first ever "1,000 Scientist AI Jam Session" across nine National Labs, bringing together the best minds to accelerate discovery. We convened top AI industry leaders and research institutions to advance partnerships to accelerate American AI innovation. We issued four solicitations to co-locate data centers and energy infrastructure on DOE sites, powering America's AI revolution with abundant, reliable U.S. energy. Additionally, the Department released a comprehensive AI strategy and expanded upon our internal suite of enterprise AI applications. This isn't just about technology; DOE is securing the future for continued American leadership to win the AI race.

Securing American Critical Minerals Supply Chains

The Department worked to bolster all aspects of the domestic critical mineral supply chain to safeguard our country's autonomy from the actions of malign foreign entities and ensure we will not be dependent on our adversaries for the building blocks of our advanced economy. These efforts remain crucial for accelerating American industry, advancing AI, strengthening our electrical grid, and ensuring U.S. economic prosperity and national security. We continued to develop actionable strategies that will contribute directly to American energy dominance and global competitiveness including research, development, and demonstration through our world-class national labs and commercialization of alternative technologies.

Catalyzing the Nuclear Renaissance

DOE led a resurgence in commercial nuclear power, recognizing its immense potential not just for electricity, but also for high-temperature process heat in manufacturing. We reissued a $900 million solicitation to accelerate the deployment of small modular reactors and allocated high-assay low-enriched uranium material to five U.S. advanced nuclear reactor developers. We made regular advances on our $1.5 billion loan disbursement to Holtec to fund the restart of the 800 MW Palisades Nuclear Plant, further demonstrating our commitment to this vital energy source. In addition to reinvigorating the existing fleet, we made breakthroughs in advanced, next-generation nuclear reactors when Oak Ridge National Laboratory researchers demonstrated a new method to track chemical changes in molten salt reactors. We also supported the first U.S.-Japan fast reactor fuel safety test of the 21st century. We're off to a great start in our commitment to getting nuclear energy going again, not just in the lab, but across our nation.

Returning to Gold Standard Science and Advancing Critical and Emerging Technologies

By focusing on a return to Gold Standard Science, DOE programs and National Labs continued to drive innovation in science and technology from use-inspired basic, fundamental, and applied research and development to advanced projects and technology commercialization. We pushed the boundaries in high energy physics, the basic essence of nature, and focused on accelerating our work in quantum computing algorithms and related fields, uniquely positioning DOE to catalyze commercial innovations. While the path to scalable quantum and fusion energy is challenging, America's foundational science and technological breakthroughs were unparalleled. We will continue to ensure our nation maintains its global competitive edge across all critical and emerging fields, including applications of dual-use technologies, to drive innovation. We will tackle the hard problems and make the impossible possible.

Accelerating Nuclear Security Programs

We accelerated our core missions through strategic initiatives and unwavering dedication to advancing statutory missions that benefited every American. For the 28th consecutive year, the National Nuclear Security Administration's science-based Stockpile Stewardship Program certified the safety, security, and effectiveness of the U.S. nuclear weapons stockpile, the ultimate guarantor of our nation's sovereignty and a vital deterrent against major conflicts. We completed the assembly of the first B61-13 nuclear gravity bomb ahead of schedule. We prioritized effective program and project management to continue to meet Cold War legacy waste commitments through demolition, such as beginning significant demolition of Manhattan project era facilities at the Y-12 National Security Complex at Oak Ridge, Tennessee. We commissioned the Safety Significant Confinement Ventilation System at the Waste Isolation Pilot Plant, advanced the Idaho Cleanup Project, and successfully converted depleted uranium hexafluoride – turning liabilities into assets for future energy production.

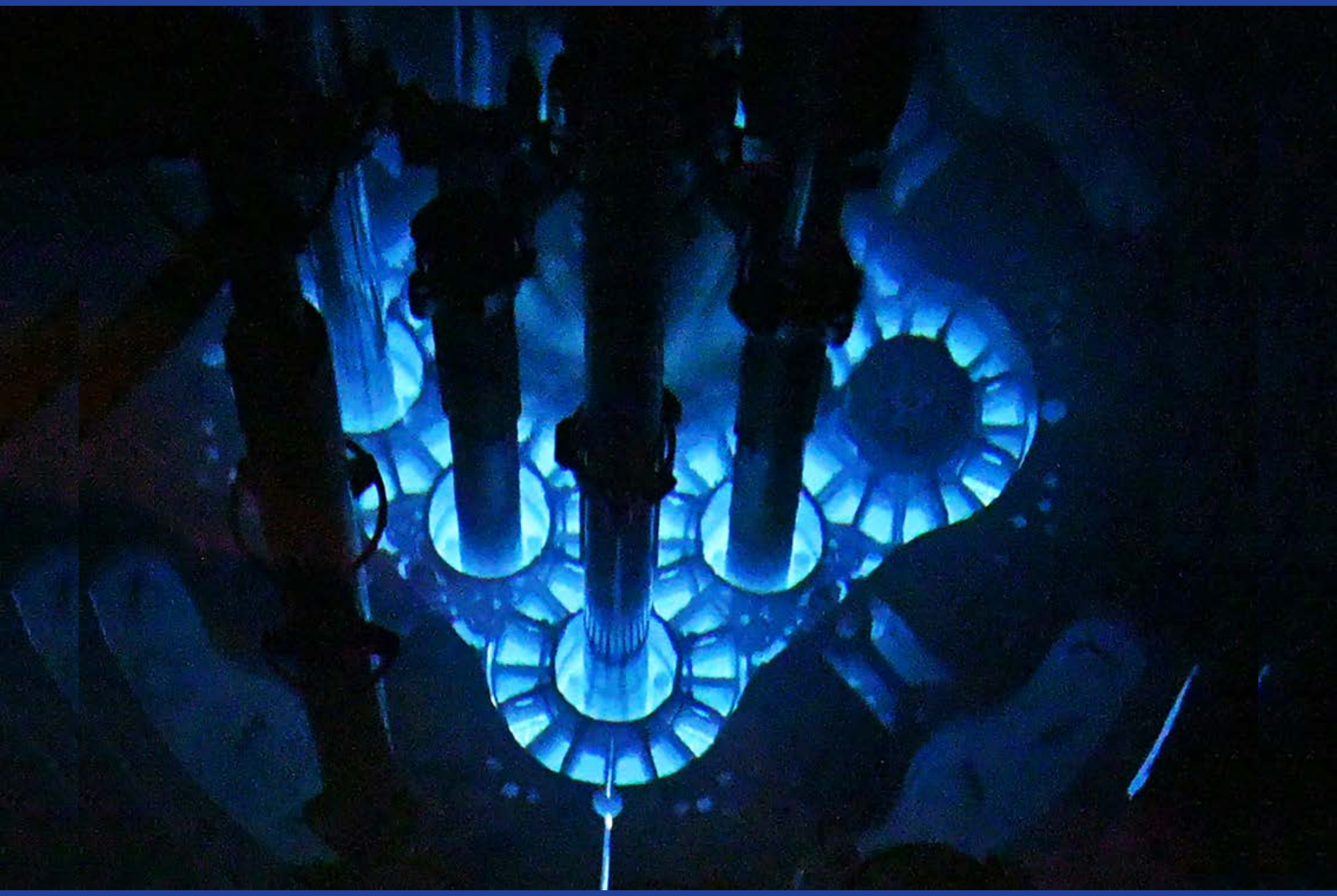
In FY 2025, the financial statement audit by the independent accounting firm, KPMG LLP, found that the Department's financial information is reliably and accurately presented with the exception of an opinion qualification related to components of the environmental liability estimate at the Portsmouth Paducah Project Office, Savannah River Site, Waste Isolation Pilot Plant, and Hanford Site. KPMG also reported one material weakness in internal controls in the Office of Environmental Management related to the financial reporting of environmental liability estimates. The audit identified no instances of noncompliance with laws and regulations, nor instances in which DOE's financial management stewardship and systems did not comply with governmental financial requirements. In FY 2026, DOE will address the material weakness conditions and implement corrective actions. DOE continues to focus appropriate resources to deliver timely, accurate, and reliable financial information to support the Department's mission.

The Department strove towards organizational optimization and fiscal responsibility by returning savings to American taxpayers through the cancellation of over $700 million in wasteful and unnecessary contracts. The Department's excellence in operations throughout the enterprise is due to the hard work, resilience, and passion of its dedicated federal and contractor workforce. The successes in this report would not have been possible without these unbelievable colleagues, who truly make this the gem of the American government. As one measure of the quality of this team, we recently learned that four more people with ties to our National Labs were just added to the long list of DOE-affiliated Nobel Laureates. I was honored to partner with you all, and together, we continue to unleash American energy and make our country great again.

/Chris Wright/

Chris Wright
Secretary of Energy
December 11, 2025

MANAGEMENT'S DISCUSSION & ANALYSIS



About The U.S. Department of Energy

The mission of the Department of Energy is to ensure America's security and prosperity by addressing its energy, environmental and nuclear challenges through transformative science and technology solutions.

The Department of Energy is a cabinet level agency, led by the Secretary of Energy, with purview over the country's major energy, science and nuclear security initiatives. DOE is headquartered in the Washington, D.C. region, and operates field, project, site, laboratory, plant locations, and power administrations across the country. Department of Energy FY 2025 Organizational Chart

DOE has its roots in the Manhattan Project and the race to develop the atomic bomb during World War II. Following the war, Congress created the Atomic Energy Commission in 1946 and then passed the Department of Energy Organization Act in 1977, creating one of the most programmatically diverse agencies in the federal government. That legislation brought together for the first time not only most of the government's energy programs but also science and technology programs and defense responsibilities including the design, construction, and testing of nuclear weapons.

The Department's workforce is made up of a mix of federal employees and contractors. DOE's major contractors operate, maintain, and support many of the Department's government-owned facilities and carry out the majority of the Department's environmental cleanup, energy research and development (R&D), and testing and production activities.

The Department of Energy is committed to meeting America's energy, nuclear security, and environmental challenges through science and technology innovation.

DOE'S POWER MARKETING ADMINISTRATIONS (PMA)

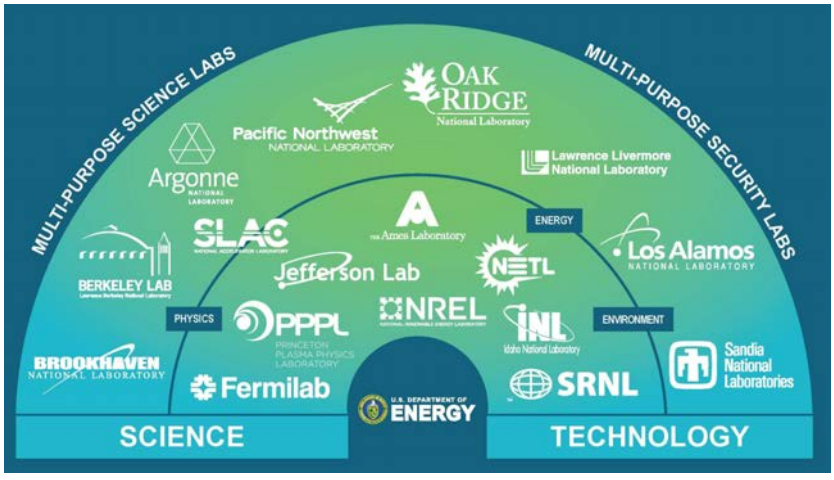
DOE's four PMAs, Bonneville Power Administration (BPA), Southeastern Power Administration (SEPA), Southwestern Power Administration (SWPA), and Western Area Power Administration (WAPA), are responsible for selling the electrical output from federally owned and operated hydroelectric dams. Together, the reach of DOE's PMAs spans 34 states to supply power to numerous regions throughout the country.

THE FEDERAL ENERGY REGULATORY COMMISSION (FERC)

FERC is an independent agency within DOE that regulates the interstate transmission of natural gas, oil, and electricity. FERC also regulates natural gas and hydropower projects.

NATIONAL LABORATORY SYSTEM

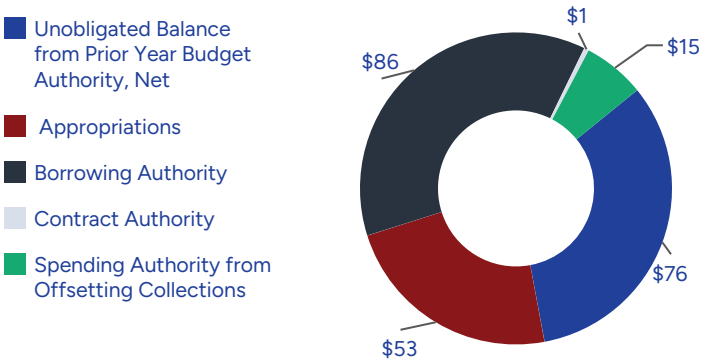
DOE oversees the National Laboratory System, a complex of 17 National Labs. DOE's labs tackle the critical scientific challenges of our time and possess unique instruments and facilities, many of which are found nowhere else in the world. The National Laboratory System addresses large scale, complex R&D challenges with a multidisciplinary approach that places an emphasis on translating basic science to innovation. National Laboratory research addresses national priorities including energy, national security, environmental management and health.



Departmental Financial Analysis

The financial statements are prepared to report the financial position, financial condition, and results of operations, consistent with the requirements of 31 U.S.C. § 3515(b). The statements are prepared from records of federal entities in accordance with federal generally accepted accounting principles (GAAP) and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. government.

Sources of Funding (in billions)



DOE's Budgetary Resources in FY 2025 totaled $231 billion.

DOE receives the majority of its funding from general government funds administered by the U.S.Department of the Treasury (Treasury) and appropriated for DOE's use by Congress. Appropriated funding is comprised of both the current year appropriations and any available unobligated balance from prior years.

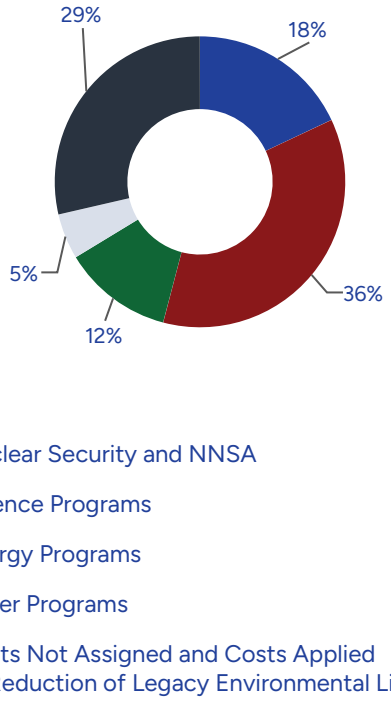
Other than appropriated funding, Borrowing Authority is available to DOE's loan programs, WAPA, BPA, and the Transmission Facilitation Program. This authority permits obligations and outlays to be financed by borrowing from the Treasury or the public. DOE also has spending authority from offsetting collections that allows for the use of funds collected for commodities sold or services furnished to the public or other federal agencies. For additional information, please see Note 24 and the Required Supplementary Information section of this report.

Total net costs by program for FY 2025 were $66 billion. Program costs are summarized by the Department's major programs and are reduced by exchange (earned) revenues to arrive at net operating cost.

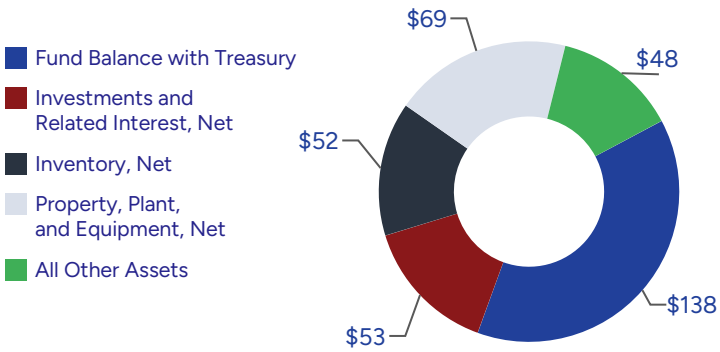
DOE's major programs are Nuclear Security and NNSA, Science Programs, Energy Programs, and Other Programs. These programs support the maintenance of safe, secure, and effective nuclear weapons, lead the world in R&D, contribute to fundamental scientific discoveries, provide cutting edge energy technologies, and improve the efficiency and effectiveness of the nation's electric grid. Costs related to Other Programs allow the agency to effectively manage and support DOE's key mission. For additional information, see Note 21.

The summation of Costs Not Assigned to Programs, include changes in estimates for contractor pension and PRB plans, changes in the liability for compensation of certain employee illnesses (see Note 22), and Costs Applied to the Reduction of Legacy Environmental Liabilities (see Note 21).

Major Programs as a Percentage of Net Cost



Assets (in billions)



Total Departmental assets for FY 2025 totaled $360 billion. Fund Balance with Treasury (FBWT) is the Department's largest asset and represents general and revolving funds that are available to the Department for expenditure, see Note 3.

DOE also has significant asset balances related to Investments and Related Interest. DOE has authority to invest funds in U.S. Treasury securities in support of nuclear waste clean up and the disposition and disposal of uranium. For additional information, please see Note 4.

DOE's inventory balance at the end of FY 2025 was primarily comprised of stockpile materials, including crude oil and gasoline, and nuclear materials. For information on inventory balances, see Note 7.

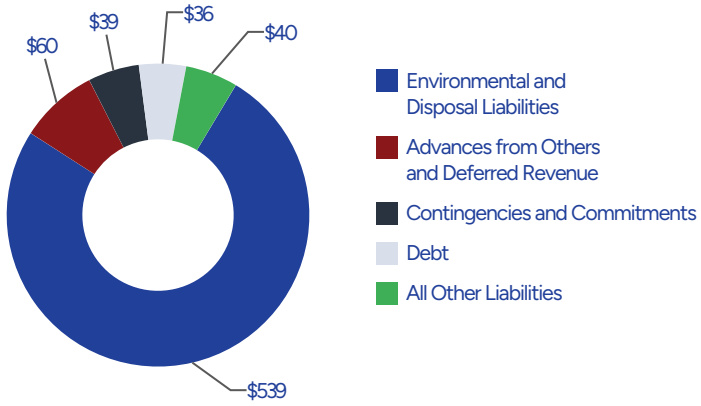
Property, Plant and Equipment information can be found in Note 8. Information on other assets can be found in Note 5, Note 6, Note 9 and Note 10.

Liabilities represent amounts of monies or other resources likely to be paid by the Department as a result of a transaction or event that has already occurred. In FY 2025, DOE's liabilities totaled $714 billion.

The Department's Environmental Cleanup and Disposal Liability makes up the majority of the liability balance. Environmental liabilities primarily include the estimated costs for remediating environmental effects of the nuclear weapons complex. The environmental liability is an estimate and the majority of the overall balance is not covered by current budgetary resources. For additional information, see Note 11 and Note 14.

Deferred Revenue is a liability recognized for revenues received in advance of being earned by the Department. DOE's deferred revenue liability is composed of revenues at the PMAs, primarily BPA, and accrued interest in the Nuclear Waste Fund (NWF). For additional information, see Note 11 and Note 16. DOE accrues liabilities for contingencies and commitments when future legal settlement losses are determined to be probable and the amount can be estimated. Additional information can be found in Note 19. For information on DOE's debt, see Note 12. For other liability information, see Note 15.

Liabilities (in billions)



Departmental Performance

FY 2025 results and outcomes for DOE programs are summarized within this report. A detailed discussion of results for the Department's performance goals, assessment methodologies, metrics, external reviews, and documentation of performance data are presented in the DOE Annual Performance Report. Additional performance information is available at http://energy.gov/about-us/budget-performance.

The administration's inaugural year at the Department of Energy was marked by a resolute focus on securing America's energy future and global leadership, guided by a comprehensive strategic plan. A cornerstone of this vision is to Assert American Energy Dominance, which entails meeting domestic demand for abundant, affordable, reliable, and secure energy while enabling robust energy exports. This will be achieved by expanding total domestic energy output across primary energy production, electricity grid capacity, and energy exports, all while maximizing the domestic supply chain and reducing regulatory burdens, to decrease energy costs for Americans.

Simultaneously, DOE is committed to Winning the Artificial Intelligence (AI) Race by delivering broad innovation overmatch through advancing AI-enabled science, national security, and energy. DOE's R&D programs play a key role in unlocking energy availability for the American AI innovation ecosystem and accelerating DOE's responsible adoption of AI within its operations.

The Department is also focused on Securing Critical Mineral Supply Chains, which is essential to American Energy Dominance and national security. In support of this policy, DOE is eliminating supply chain disruptions for essential minerals, supporting industry development, and focusing R&D expenditures on commercializing critical mineral alternatives.

Another strategic pillar is to Catalyze the New Nuclear Renaissance by adding significant new nuclear capacity through strategic investments in advanced reactor demonstration, accelerating Small Modular Reactor (SMR) deployments, and securing the High-Assay Low Enriched Uranium (HALEU) fuel supply chain.

DOE will also Advance Critical and Emerging Technologies to promote American leadership in areas such as Quantum Information Science and Fusion energy. This involves leading revolutionary advancements in quantum computing and sensing, and achieving fusion as a commercial energy source within a decade through targeted science, materials, and technology gap closures.

> *"Energy is the enabler of everything that we do. Everything. Energy is not A sector of the economy, it is THE sector that enables every other sector. Energy is life."*
>
> ~DOE Secretary
> Chris Wright
>
> *DOE Secretary of Energy Keynote Remarks at CERAWeek 2025*

Finally, the Department is poised to Accelerate DOE Missions, realigning DOE's science and technology enterprise to drive bold, mission-driven R&D. This objective seeks to sustain U.S. global leadership in science and technology, improve national nuclear security stewardship, and effectively manage all DOE programs and projects to ensure efficient use of resources and meaningful outcomes aligned with agency missions.

Nuclear Security and the National Nuclear Security Administration

Established by Congress in 2000, the National Nuclear Security Administration (NNSA) is a semi-autonomous agency within DOE that protects our nation by designing and delivering a safe, secure, reliable, and effective U.S. nuclear stockpile; forging solutions that enable global security and stability through nonproliferation, counterproliferation, and emergency response; providing nuclear propulsion to power a global U.S. Navy; and leveraging transformative technologies to address emerging challenges.

The Office of Defense Programs is responsible for maintaining and modernizing the nuclear stockpile. NNSA's Weapons Modernization Program spent over $3 billion designing, certifying and producing warheads for the stockpile. This includes extending the service life of existing weapons and delivering new capabilities for the U.S. nuclear deterrent in order to provide flexible and tailored capabilities that meet emerging requirements driven by the evolving threat landscape. Successes in FY 2025 included achieving the Last Production Unit of the B61-12 Life Extension Program in December 2024, the First Production Unit of the B61-13 in May 2025, continued war reserve production of the W88 Alt 370, component production and flight testing for the W80-4, advancing development of the SLCM-N warhead, continued development engineering for the W87-1, and further design maturation for the W93. In FY 2025, pit production modernization activities, including upgrades to TA-55 Post 118 at Los Alamos National Lab (LANL), enhanced security and efficiency - increasing throughput by over 200%. Further accomplishments included meeting metal production goals ahead of schedule. Strategic Materials Production Modernization finalized a high-purity depleted uranium production contract, addressing previous capability gaps. Strategic Materials Production programs yielded advances in tritium production and the modernization of processes, enhancing operational capacities significantly.

The official star stamp on the first B61-13 unit.

NNSA completes assembly of the first B61-13 nuclear gravity bomb ahead of schedule.

In FY 2025, Secure Transportation Asset provided 100% safe and secure shipments of the Nation's nuclear weapons and special nuclear material. Key accomplishments include the procurement of 32 escort vehicles, completion of modifications to the newly acquired 737-700 aircraft, and completion of the Agent Operations Western Command Federal Agent Facility and Vehicle Maintenance Facility construction.

Deterrence of America's adversaries hinges on the credibility of our nuclear capabilities and the scientific knowledge generated by the Nuclear Security Enterprise. In FY 2025, NNSA's Research, Development, Test & Evaluation (RDT&E) programs invested millions in fusion, achieving the most successful ignition shot to date with a fusion yield of 8.6±0.45 megajoules (MJ) at the National Ignition Facility (NIF) at Lawrence Livermore National Laboratory (LLNL). NIF remains the only facility in the world that can achieve ignition. RDT&E also spent $78 million to deploy key classified weapon codes and libraries on El Capitan addressing exemplar design, safety, and modernization concerns with ensembles of simulations, including identifying and addressing computational performance and scaling concerns for the weapon codes. NNSA continued advances in AI R&D by executing three pilot projects to develop domain-specific AI foundation models and federated learning framework, AI task-based agentic framework for physics and engineering simulation codes, and a machine-learned f-electrons data generation methodology.

NNSA's Office of Defense Nuclear Nonproliferation works globally to prevent state and non-state actors from developing nuclear weapons or acquiring weapons-usable nuclear or radiological materials, equipment, technology, and expertise. In FY 2025, NNSA eliminated 90 high-risk radiological devices in the United States and abroad. NNSA also met the FY 2025 target of 80% of international partner agencies demonstrating operational capability of counter-nuclear smuggling systems, which are used to stop radiological/nuclear threats far from U.S. borders and protect U.S. interests abroad. In FY 2025, NNSA supported the 30 May launch of the final IIIA series Global Burst Detector (GBD) payload and qualified the new IIIF series GBD payload, culminating a decade-long effort to improve the U.S. Nuclear Detonation Detection System's ability to determine the location, time, and yield of a nuclear detonation. Two Nonproliferation Stewardship Program facilities became operational in FY 2025 that will give National Laboratory researchers hands-on experiences working with uranium and plutonium: Phase 1 of the Uranium Science and Technology Center (USTC) at Oak Ridge National Laboratory (ORNL) and the Plutonium Science Lab (PluS Lab) at LANL. NNSA also executed six campaigns at nonproliferation test beds focused on understanding signatures of nuclear weapons development and nuclear weapons stockpiles and demonstrating capabilities to improve U.S. capacity to detect such signatures.

NNSA continued work to minimize the use of excess nuclear material in civilian applications by removing highly enriched uranium (HEU) and plutonium from civilian sites around the world, converting research reactors from HEU to HALEU,

and disposing of surplus plutonium from the state of South Carolina in a safe and secure manner consistent with Executive Order (EO) 14302. During 2025, NNSA completed approximately 7 thousand technical reviews of U.S. export licenses for nuclear and dual-use commodities and more than 2 thousand technical analyses for interdiction cases and unique analytical products regarding proliferation trends. NNSA also expanded its technical support to U.S. government efforts to protect key critical and emerging technologies through the development of new export controls, particularly those related to advanced microelectronics, quantum computing, and artificial intelligence. In addition, NNSA prepared and executed test-plan activities at a first-of-a-kind multilateral nonproliferation enrichment testing and training center in the United Kingdom, Project Carousel, dedicated to strengthening the International Atomic Energy Agency (IAEA) safeguards system by developing, testing, and validating next-generation safeguards technologies as well as training IAEA inspectors and analysts to detect and deter nuclear proliferation occurring through undeclared enrichment and enrichment-related activities.

NNSA's Office of Counterterrorism and Counterproliferation (CTCP) is integral to the U.S. Government's layered defense against nuclear terrorism and nuclear proliferation. CTCP's scientific capabilities help provide early threat indications and inform the security of nuclear materials worldwide. CTCP operational assets are used to locate and defeat terrorist nuclear devices and mitigate the effects of radiological incidents around the globe. The CTCP Nuclear Incident Response program executed nearly 1 thousand operations, exercises, training events, tests, interagency coordination meetings, and administrative activities in FY 2025. Of these, 87 were Nuclear Emergency Support Team (NEST) operations, including 29 unplanned real-world operations such as the Mystic Raven response effort to radioactive cargo from Indonesia arriving in U.S. ports. Through these activities and 40 engagements to enhance state and local communities' preparedness, U.S. domestic weapons of mass destruction response capabilities were strengthened and Americans and American cities protected.

For more than 75 years, the U.S. Naval Nuclear Propulsion Program has powered maritime dominance - harnessing the atom to safely, reliably, and affordably power a global fleet that enables unrivaled responsiveness, endurance, stealth, and warfighting capability. The U.S.S. District of Columbia (SSBN 826), the lead ship of the COLUMBIA class, is under construction with the reactor plant design 96.5% complete. In FY 2025, the Office of Naval Reactors (NR) also made progress on efforts to manage naval spent nuclear fuel. NR awarded the final, major construction contract for outfitting the Naval Spent Fuel Handling Facility and continued construction of the main process building superstructure, spent fuel pools, large equipment pits, and other concrete features.

Science Cost Category - A Wide Array of Initiatives & Programs

Science is a major cost category encompassing a wide array of initiatives crucial to national security, energy independence, scientific advancement, and environmental stewardship. This category is comprised of many different program offices including, but not limited to, the Office of Science (SC) the Office of Environmental Management (EM), and the Office of Legacy Management (LM).

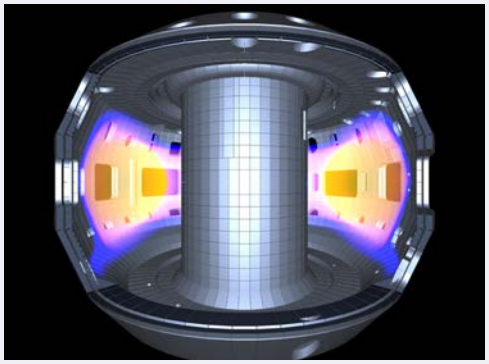
SC has a mission to deliver scientific discoveries and major scientific tools to transform our understanding of nature and advance America's energy, economic, and national security. SC is the nation's largest federal sponsor of basic research in the physical sciences and a major supporter of research in such key scientific fields as physics, materials science, computing, and chemistry at the national laboratories as well as hundreds of universities and other institutions across the country. The large-scale scientific facilities SC builds and maintains are used by thousands of researchers every year, keeping America in the forefront of scientific discovery and innovation, in accordance with EO 14303: Restoring Gold Standard Science.

The Argonne Leadership Computing Facility debuted Aurora, the world's #1 AI supercomputer for the scientific community, in January 2025. Aurora runs at exascale speeds (over a billion billion calculations per second) using 63,777 high-end graphics processing units (GPUs). Scientists are using its world-leading capabilities to address AI-enabled challenges including to discover new battery materials, design new drugs, and accelerate fusion energy research. Aurora has already contributed to accelerating fusion energy design studies, understanding novel quantum materials, and simulating dark matter across the entire universe. The Advanced Scientific Computing Research (ASCR) program spent approximately $240 million on Aurora in FY 2025. The ASCR program also enabled the Advanced Quantum Testbed team at Lawrence Berkeley National Lab (LBNL), in collaboration with 2025 Nobel Laureate John Martinis, and Qolab, to develop advanced superconducting qubit devices. The resulting noise-resistant qubits allow researchers to advance more efficient quantum computers.

In March 2025, the Legacy Survey of Space and Time (LSST) Camera was installed on the 8.4-meter Simonyi Survey Telescope at the National Science Foundation (NSF)–DOE Vera C. Rubin Observatory. Weighing over 3 thousand kilograms, the 3.2-billion-pixel camera is the largest digital camera in the world. The camera, designed and built by SLAC National Accelerator Laboratory, is at the center of Rubin Observatory's optical system. The Observatory released first images in June to kick off the upcoming 10-year scientific mission to explore and understand some of the Universe's biggest mysteries.

SC's Basic Energy programs spent $24.4 million continuing upgrades for the Advanced Photon Source (APS). Following the FY 2024 milestone of achieving first light, APS resumed its user program activities, making more than three dozen beamlines available to the scientific community.

A team of international researchers at the DIII-D National Fusion Facility developed an innovative tokamak operation method by inverting the plasma boundary shape. Addressing the challenge of plasma-material interactions significantly informs fusion power plant design and may become a preferred strategy for managing the extreme heat and particle exhaust from tokamaks, which can reach levels approximately 10 thousand times higher than sunlight on Earth.



Negative triangularity plasma produced in the DIII-D tokamak during an experimental campaign dedicated to exploring this innovative scenario.

Image courtesy of Lawrence Livermore National Laboratory

Tokamak devices magnetically bottle plasma for fusion, which scientists are working to harness as a new energy source. To maximize a tokamak's power output, plasma pressure, current, and density must all be high at the same time. Tokamaks must be able to confine the plasma while limiting how much heat reaches the interior walls of the device. Scientists at the DIII-D National Fusion Facility are exploring a new approach to tokamak operation called negative triangularity. In this method, the plasma is in an inverted "D" shape with the curve pointing to the inner wall. Recent results show that negative triangularity can produce stable plasmas that exceed the conditions required for future fusion power plants. These findings indicate that this approach has promise for the design of future fusion power plants that could produce electricity and/or heat.

For more information:

Inverted Plasma Shame Shows Promise for Future Fusion Power Plant Design

The Relativistic Heavy Ion Collider research team at Brookhaven National Laboratory (BNL) successfully and precisely measured net-proton-number fluctuations in gold-gold collisions. This research informs the search for a "critical point" in the quantum chromodynamics phase diagram. This critical point describes the sudden shift between different states of matter and their interactions via the strong nuclear force. The experimental conditions are similar to the extremely hot and dense nuclear matter present shortly after the Big Bang. The new data showed a distinct pattern in net-proton-number fluctuations at a specific collision energy, a possible indication of this elusive critical point. These findings guide theoretical models and future experiments in understanding the fundamental nature of matter and the universe.

The mission of EM is to complete the safe cleanup of environmental legacy resulting from decades of nuclear weapons development and government-sponsored nuclear energy research. EM is responsible for managing and directing the cleanup of contaminated nuclear weapons manufacturing and testing sites across the country. In FY 2025, EM spent $3.3 billion progressing the radioactive liquid tank waste cleanup efforts at Hanford, the Savannah River Site (SRS), and the Idaho Cleanup Site. At Hanford, EM advanced the initiation of vitrification operations at the Waste Treatment and Immobilization Plant for low-activity waste (LAW) by proving the Direct-Feed LAW Facility can effectively treat tank waste. At SRS, EM completed the bulk removal of highly radioactive and hazardous waste from four aging tanks (Tanks 3, 8, 11, and 15) ahead of schedule and treated more than 1.9 million gallons of radioactive liquid tank waste. SRS also expanded capacity to store vitrified high-level waste by completing modifications for double-stacking canisters inside Glass Waste Storage Building 2, resulting in a projected savings of $100 million by avoiding the construction of a third storage building. EM processed approximately 156 thousand gallons of tank waste through the Integrated Waste Treatment Unit (IWTU) in FY 2025 for the Idaho Cleanup Project. Since starting operations, IWTU has treated approximately 279 thousand gallons of tank waste, which is over 32% of the total tank waste volume at the Idaho National Laboratory site.

EM also funded deactivation and decommissioning across the DOE-EM complex in FY 2025. Significant accomplishments include commencing demolition of the Alpha-2 building at the Y-12 National Security Complex (Y-12), which remains an active site with ongoing national security missions. Alpha-2 is the largest demolition project to date at Y-12. EM also converted 6,533 metric tons of depleted uranium hexafluoride (UF6) to uranium oxide at the Portsmouth site. Furthermore, EM completed demolition of the above-grade portion of West Valley's Main Plant Processing Building, a five-story, 35,100 square foot facility, removing over 70 sections of the building and facility areas.

LM fulfills DOE’s post-closure responsibilities and ensures the future protection of human health and the environment. In FY 2025, LM conducted long-term surveillance and maintenance (LTS&M) activities at 103 sites to monitor the environmental remedies in accordance with legal and regulatory agreements. LM completed LTS&M activities by employing sound program and project management, engineering, and science-based solutions. In addition, LM’s Defense-Related Uranium Mines Program continued inventorying, sampling, and safeguarding hazardous mining-related features. LM conducted 199 inventories, including 48 on public lands, 52 on Tribal lands, and 99 on private lands. LM completed 100% of inventory and sampling efforts for the abandoned mines on public land. In September 2025, LM completed the final government-owned land transfer at the Mound Plant in Miamisburg, Ohio. This historic transfer was at no cost and with indemnification to the Mound Development Corporation and the City of Miamisburg. This accomplishment for beneficial reuse aligns with DOE’s mission and strategic goals and allows for regional economic redevelopment and reduces the government’s liabilities through significant cost avoidance.

Energy Cost Category - A Wide Array of Initiatives & Programs

Energy Programs are a major cost category to enable the Department to lead the nation in cutting-edge R&D of an extensive range of energy technologies and identify and promote transformational technological advances to increase energy affordability and efficiency. This category is comprised of many different program offices including, but not limited to, the Office of Fossil Energy (FE), the Office of Nuclear Energy (NE), the Office of Energy Efficiency and Renewable Energy (EERE), the Loan Programs Office (LPO), the Office of Cybersecurity, Energy Security, and Emergency Response (CESER), and the Office of Electricity (OE). The Energy programs enable DOE to lead national efforts to develop technologies to modernize the electric grid to improve its reliability and resilience; enhance the security, reliability, and resilience of energy infrastructure; increase domestic energy production and use; and expedite recovery from energy supply disruptions.

In accordance with EO 14154: Unleashing American Energy, DOE resumed consideration of pending applications to export American liquified natural gas (LNG) to countries without a free trade agreement with the United States pursuant to DOE's authority in the Natural Gas Act (NGA). DOE issued export authorizations to Sempra Energy's Port Arthur LNG Phase II on May 29 and to Commonwealth LNG on August 29. DOE has also granted extension requests to the Golden Pass project in Texas, the Delfin project in offshore Louisiana, and the Lake Charles LNG project in Louisiana. Finally, DOE issued a conditional authorization to the Venture Global CP2 project in Louisiana on March 19.

NE works to advance nuclear energy science and technology and support the Administration's priority to jumpstart a nuclear energy renaissance, in accordance with the president's four EOs to reinvigorate America's nuclear energy industry. Working towards reforming nuclear reactor testing (EO 14301) in FY 2025, NE spent $174 million ensuring exceptional performance of the Advanced Test Reactor (ATR) at Idaho National Laboratory (INL), the world's premier nuclear test reactor. INL's ability to correct issues and maintain the 60 year old ATR allowed the department to meet mission requirements with 208 irradiation days - the most achieved in a single year for over a decade. NE also spent $33 million continuing the Microreactor Application Research Validation and Evaluation (MARVEL) project, a sodium-potassium-cooled microreactor designed to generate 85 kilowatts of power at INL. The MARVEL team completed testing of a non-nuclear mockup to confirm thermal hydraulic behavior for models, initiated fabrication of key MARVEL components (primary coolant system and reactor structure frame), and completed fabrication and quality checks of the guard vessel. Also supporting the Administration's priority to reinvigorate the nuclear industrial base (EO 14302), NE's Advanced Reactor Demonstration Program provided funding for the construction of advanced reactors in Oak Ridge, TN, including completion of the installation of the reactor vessel for Kairos Power's third Engineering Test Unit. The low-power reactor is one of the nation's first advanced reactors and the first non-light water design permitted for construction in the United States in more than 50 years. NE's HALEU Demonstration project met a key milestone when Centrus Energy Corp announced the production of 900 kilograms of HALEU, a first of its kind production in the US.

> *"Restoring a secure domestic fuel supply will ensure that advanced reactors can move quickly from design to deployment and into operation. The ability to produce these fuels is essential to ensuring American leadership in nuclear energy and to meeting the nation's growing demand for reliable power."*
>
> ~James P. Danly
> Deputy Secretary of Energy
>
> *Regarding DOE's new pilot program to build advanced nuclear fuel lines.*

EERE works to ensure that all Americans benefit from energy innovation by supporting the advancement of energy technologies and processes through world-class R&D. In FY 2025, EERE spent over $36 million enhancing geothermal demonstrations and advancing geothermal drilling. Two projects funded through EERE's Geothermal Technology Office (GTO) focused on increasing drilling rates and lowering drilling costs, and achieved dramatic improvements in rates of penetration while drilling in hot basement rock. The Geothermal Limitless Approach to Drilling Efficiencies project located in the Denver-Julesberg Basin, Colorado drilled two high-temperature geothermal wells reaching depths of 20 thousand ft using existing and novel drilling. These are the deepest geothermal wells drilled in the United States to date, and the first geothermal wells for Occidental Petroleum USA Inc. In March 2025, Fervo Energy completed the third well funded under GTO's Enhanced Geothermal Systems pilot demonstrations portfolio. These three wells are part of Fervo's larger 400 megawatt (MW) commercial project under development at Cape Station in central Utah, the first large-scale commercial Enhanced Geothermal System (EGS) development in the U.S. The three wells were drilled to a true vertical depth of more than 9 thousand ft. The successfully

executed wells targeted an EGS reservoir temperature of approximately 200 degrees Celsius and included the deployment of state-of-the-art fiberoptic monitoring technology to provide unprecedented insights into the development of an EGS reservoir. EERE's Lab Embedded Entrepreneurship Program (LEEP) connects new entrepreneurs and their early-stage manufacturing startup firms with national lab resources to validate technologies and accelerate them to market. In FY 2025, three program participants opened their first new domestic manufacturing plants. The program also welcomed 23 new startups working on a range of game-changing technologies for the domestic critical materials supply chain, high temperature materials for energy systems, and domestic manufacturing of advanced AI/computing technologies.

Through FY 2025, LPO has dispersed $491 million of the up to $1.52 billion DOE-guaranteed loan funds to Holtec to help fund the restart of the Palisades Nuclear Plant. The project represents America's first restart of a commercial nuclear reactor in decommissioning and reinforces the Department's leading role in advancing EO 14302: Reinvigorating the Nuclear Industrial Base.

Palisades Nuclear Plant, Covert Township, Michigan

Image courtesy of DOE Loans Program Office

The Palisades Nuclear Plant, which ceased operations in May 2022, will be brought back online and upgraded to produce clean baseload power until at least 2051, subject to U.S. Nuclear Regulatory Commission (NRC) licensing approvals. Once complete, this project will be the first recommissioning of a retired nuclear power plant in the U.S. history.

CESER leads the Department's efforts to strengthen the security and resilience of the U.S. energy infrastructure against all threats and hazards. In FY 2025, CESER allocated $42 million to bolster national cybersecurity and critical infrastructure, supporting EO 14306: Sustaining Select Efforts to Strengthen the Nation's Cybersecurity. The Artificial Intelligence for Operationally Resilient Technologies and Systems initiative, launched in 2025, utilized AI to enhance energy sector safety, protecting critical infrastructure from AI-related threats and leveraging AI for robust defenses. The Cyber Testing for Resilient Industrial Control Systems™ program tested 134 systems, identifying and patching 19 zero-day vulnerabilities, significantly strengthening infrastructure resilience. CESER also serves as the federal government's Sector Risk Management Agency for the energy sector. CESER invested $22 million in FY 2025 to improve energy emergency preparedness and response. Under Section 202(c) of the Federal Power Act and in accordance with EO 14156, Declaring a National Energy Emergency, CESER issued 10 emergency orders to prevent outages and ensure grid

reliability. DOE's Environment for the Analysis of Geo Located Energy Information (EAGLE-I) provides operational and scalable data and information for real-time wide-area situational awareness of the energy sector on a centralized platform for over 146 million customers. Hosted at Oak Ridge National Laboratory (ORNL), EAGLE-I gave near-real-time outage data for 93% of U.S. electricity customers, serving an increasingly important role for first responders during natural disasters for resource optimization and recovery.

Within CESER, the Office of Petroleum Reserves (OPR) protects the U.S. from severe petroleum supply interruptions through the acquisition, storage, distribution, and management of emergency petroleum stocks. Over the course of FY 2025, OPR spent $2.6 billion maintaining a crude oil inventory of 406.7 million barrels in the Strategic Petroleum Reserve (SPR). In support of the administration's goal to fill the SPR to the top, a total of 23.78 million barrels of crude oil were delivered to the SPR with an outstanding 27.05 million additional barrels in purchase deliveries and exchange returns expected. On July 17, the SPR delivered 500 thousand barrels to the oil refinery in Baton Rouge, Louisiana as part of a successful emergency exchange with the ExxonMobil Corporation to prevent an oil supply disruption. In return, the SPR expects to receive oil, along with a premium, by April 2026.

OE strengthens and modernizes our nation’s power grid to maintain a reliable, affordable and secure electricity delivery infrastructure. In FY 2025, OE constructed publicly open models and data sets of power systems that are coherent across multiple time scales and modeling resolutions, with accompanying solution data and relevant qualitative labels, to facilitate the application of AI methodologies for coherent power grid studies. In addition, OE licensed technology address Lithium-Ion Supply Chain issues using a widely available, earth-abundant elements.

The U.S. Department of Energy’s four PMAs are responsible for selling the electrical output from federally owned and operated hydroelectric dams. All PMAs performed successfully each quarter of FY 2025. BPA achieved its goal of maintaining a rolling 10-year access to $1.5 billion of U.S. Treasury borrowing authority, and a long-term target to achieve business unit debt-to-asset ratios of 60-70%.

Other Cost Category - A Wide Array of Initiatives & Programs

The Other Programs cost category includes a wide array of initiatives across the Department. This category is comprised many different program offices including, but not limited to, Advanced Research Projects Agency-Energy (ARPA-E), the Energy Information Administration (EIA), and Departmental Administrative offices such as the Chief Information Officer (OCIO) and Office of the Chief of Human Capital (HC).

DOE's ARPA-E advances high-potential, high-impact energy technologies that are too early for private-sector investment. In FY 2025, ARPA-E announced up to $100 million in funding opportunities between three programs to advance the administration's priority of securing a reliable domestic supply of critical minerals (CMs) and rare earth elements (REEs), aligning to EO 14241: Immediate Measures to Increase American Mineral Production. The Realize Energy-rich Compound Opportunities Valorizing Extraction from Refuse waters (RECOVER) program develops technologies to extract CMs/REEs from waste streams; the Reliable Ore Characterization with Keystone Sensing (ROCKS) program utilizes AI, machine learning, and sensors to produce maps of subsurface CM deposits; the Magnetic Acceleration Generating New Innovations and Tactical Outcomes (MAGNITO) program designs more efficient industrial magnets requiring fewer REEs and enabling U.S.-based manufacturing. ARPA-E also continued ongoing nuclear initiatives: Optimizing Nuclear Waste and Advanced Reactor Disposal Systems (ONWARDS) for waste processing and recycling for advanced reactors; Converting UNF Radioisotopes Into Energy (CURIE) for recycling light water reactor waste into advanced reactor fuel; and Nuclear Energy Waste Transmutation Optimized Now (NEWTON) for transmutation of used nuclear fuel.

EIA is a semi-independent agency serving as the nation’s premier source for impartial energy information. In FY 2025, EIA continued to deliver timely, relevant, policy-neutral information that increased public understanding of a dynamic energy landscape. Noteworthy accomplishments included: publishing the Annual Energy Outlook, releasing results from the 2022 Manufacturing Energy Consumption Survey, and new monthly estimates for consumption and expenditures of site electricity and natural gas for the Residential Energy Consumption Survey. These publications provided new insight into energy trends and their community-level impacts.

The OCIO enables DOE’s missions using information and technology in a manner that balances risk with outcomes. DOE’s Zero Trust (ZT) task force convened 100+ participants each month to share plans, best practices, improvement opportunities, and lessons learned from successful ZT modernization projects. The team led updates to the headquarters ZT plan and 30+ Site-level ZT plans and conducted current- and future-state maturity assessments for Federal Information Security Management High and High Value Assets systems. Following the release of EO 14306: Sustaining Select Efforts to Strengthen the Nation's Cybersecurity, the team engaged with stakeholders to evaluate compliance and identify gaps across DOE for meeting new ZT mandates. The DOE-specific Joulix AI Application Suite is engineered to enhance productivity and foster innovation, empowering employees to accelerate progress toward DOE's mission. The 9 thousand+ staff across 81 organizations utilizing Joulix save an aggregate average of 5,646 hours per week. OCIO launched Quanta, the Department's centralized data layer, which is designed to store, secure, and streamline data across all DOE Offices. This platform enables rapid, cost-effective data processing and analytics, exemplified by the Grid Deployment Office's (GDO) use of Quanta to load 1.4 billion records in 12 minutes, providing critical, data-backed insights into grid vulnerabilities and strengths.

DOE's HC enables DOE to achieve its critical missions by providing innovative solutions to effectively attract, develop, employ, and retain the best federal workforce. DOE became the first Cabinet-level agency to utilize Workday, a software as a service human capital management platform, when HC's administrative users began utilizing the system in FY 2025 as the first step to rolling out to DOE's full workforce of approximately 15 thousand federal employees and 100 thousand+ contractors. Once fully implemented, Workday will replace five legacy resources including DOE’s human resources (HR) information system, learning management system, performance management system, time and attendance system, and helpdesk with an integrated, single solution.

Analysis of Systems, Controls, and Legal Compliance

Secretary's Assurance Statement

The Department of Energy (Department) leadership and management is responsible for establishing and maintaining an effective system of internal controls to meet the objectives of sections 2 and 4 of the Federal Managers' Financial Integrity Act of 1982 (FMFIA). These objectives are satisfied by managing risks and maintaining effective internal controls in three categories: 1) effectiveness and efficiency of operations; 2) reliability of reporting for internal and external use; and 3) compliance with appliable laws and regulations.

The Department conducted an annual evaluation of management and financial system internal controls in accordance with the Office of Management and Budget (OMB) Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. The evaluation of internal controls for reporting included processes supporting the Digital Accountability and Transparency Act of 2014 (DATA Act) and overall data quality contained in agency reports, as required by Appendix A of OMB Circular No. A-123 and Departmental requirements. The annual assurances are made based on the results of these evaluations, which are reflected in reports and representations completed by senior accountable managers within the Department.

Based on the results of these evaluations, the Department provides reasonable assurance that internal controls over operations, reporting, and compliance were operating effectively as of September 30, 2025, except for a material weakness over the Office of Environmental Management (EM) environmental liability estimate. The Department is taking corrective action to address the identified material weakness and remediation is in progress.

The Federal Financial Management Improvement Act of 1996 (FFMIA) requires agencies to implement and maintain financial management systems that substantially comply with federal financial management system requirements, federal accounting standards, and United States Standard General Ledger reporting at the transaction level. Evaluation results indicate the Department's financial systems substantially comply with the requirements of FFMIA.

As a result of the evaluations conducted, the Department continues to enhance its internal controls and financial management systems. The Department also continues its work to address Management Priorities, which represent important strategic management issues the Department has in fulfilling responsibilities and initiatives, to support the Administration in unleashing American energy dominance.

/Chris Wright/

Chris Wright
Secretary of Energy
December 11, 2025

Management Assurances

COMPLIANT	REQUIREMENT OR INITIATIVE	SUPPORTING INDICATORS (see page references for more detail)
✓	Federal Managers' Financial Integrity Act of 1982 (FMFIA) – Internal Controls (Section II) – Financial Systems (Section IV)	One Material Weakness on Internal Controls (Section II) (see pages 20-22 and page 102) Financial systems substantially generally conform with (Section IV) requirements (see pages 20-22 and page 102)
✓	Appendix A to OMB Circular No. A-123, Management of Reporting and Data Integrity Risk (2018)	One Material Weaknesses in Internal Control identified by the Department during its internal control and risk assessment cycle. (see pages 20-22 and page 102)
✓	Federal Financial Management Improvement Act of 1996 (FFMIA)	Substantially comply with federal financial management system requirements (see pages 20-22 and page 102)
✓	Federal Information Security Modernization Act of 2014 (FISMA)	Substantially comply with FISMA requirements as evidenced by annual FISMA reporting data (see pages 20-22 and page 102)
✓	Payment Integrity Information Act of 2019 (PIIA)	<1% overall Erroneous Payment Rate and not susceptible to significant improper payments (see pages 114-116)
✓	Government Management Reform Act of 1994 (GMRA) – Financial Statement Audit	Audit Opinion (see pages 87-100)

FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT OF 1982 (FMFIA)

FMFIA requires agencies to establish and maintain effective internal controls, inclusive of financial management systems, to provide reasonable assurance that the integrity of federal programs and operations remains protected. FMFIA also mandates that the head of each agency annually provide an assurance statement detailing if the agency met this requirement and if any material weaknesses exist.

To meet the requirements of FMFIA, and to obtain reasonable assurance that the objectives of the Department will be achieved, DOE has established a risk-based program that holds managers accountable for the performance, productivity, operations, and integrity of programs through the use of internal controls. Each year, DOE management evaluates the adequacy of its system of internal control in accordance with OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management (ERM) and Internal Control*, to determine whether controls conform to internal control standards established by the Government Accountability Office (GAO). The results of these evaluations and other senior management information determine if controls over operations, reporting, and compliance are effective and if there are any material weaknesses in the system of internal control. The Departmental Internal Control and Assessment Review Council provides senior-level monitoring and oversight of the internal control program and advises the Secretary on the annual Statement of Assurance.

The Secretary of Energy's 2025 Statement of Assurance, provided above, is the final report produced by DOE's annual assurance process. Based on the results of these evaluations, DOE provides reasonable assurance that internal controls over operations, reporting, and compliance were operating effectively as of September 30, 2025, except for a material weakness over the EM environmental liability estimate, as detailed below:

- EM Environmental Liability Estimate: The Department was unable to provide sufficient and appropriate audit evidence in FY 2025 to fully support components of the environmental liability estimate for the Portsmouth Paducah Project Office (PPPO), SRS, Waste Isolation Pilot Plant (WIPP), and Hanford Site. The internal control deficiencies at PPPO, SRS, WIPP, Hanford, as well as EM Headquarters, contributed to a material weakness over the EM environmental liability estimate. The Department will work to address the material weakness and audit recommendations.

OMB CIRCULAR NO. A-123, APPENDIX A

OMB Circular No. A-123, Appendix A, requires agencies to conduct management assessments and evaluations of internal controls over reporting, which includes processes supporting the DATA Act, and overall data quality contained in agency reports. The evaluation requires an annual assessment of entity and process controls. DOE's evaluation for FY 2025 provides reasonable assurance that processes are in place to identify risks and establish controls to manage these risks.

FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT (FFMIA)

FFMIA improves federal financial management and reporting by requiring financial management systems to comply substantially with three requirements:

1. Federal financial management system requirements;
2. Applicable federal accounting standards; and
3. The U.S. Standard General Ledger (USSGL) at the transaction level.

OMB Circular A-123 Appendix D, *Management of Financial Management Systems – Risk and Compliance*, provides agencies with guidance in determining their compliance with FFMIA. In alignment with the OMB Circular, DOE utilizes the FFMIA Compliance Determination Framework along with a risk-based approach to determine whether its financial management systems comply with FFMIA. DOE evaluated agency financial management systems and determined they substantially comply with the objectives of FMFIA section 4 and the three component requirements of the FFMIA in FY 2025.

Financial Management Systems

DOE's enterprise-wide Corporate Business Systems (CBS), i.e., IT systems, consist of financial, budgetary, procurement, and travel systems. Supported by a data warehouse linking common data elements from each of the Department's business systems, these systems assist with external and internal reporting. The major business systems include:

- Budget: Budget Formulation and Distribution System
- Financial: Standard Accounting and Reporting System
- Procurement: Strategic Integrated Procurement Enterprise System
- Data Linking: Integrated Data Warehouse/iPortal
- Travel Processing: Services outsourced through the U.S. General Services Administration's (GSA) eTravel Services contract using a system called Concur Government Edition

While previously part of CBS, the personnel (Corporate Human Resources Information System (CHRIS)) and payroll processing (Automated Time and Attendance System and other internal systems for collating internal data) systems were shifted under the responsibility of the OCIO in FY 2025.

DOE is continually working to improve its financial systems to enhance financial management efficiency and strengthen cybersecurity. Improvements include expanding the use of robotic process automation (RPA) technology throughout the systems to further optimize system functionality, enabling multi-factor authentication to strengthen cybersecurity posture, and optimizing infrastructure to prepare for future modernization. Further, systems' functionalities will be evaluated with the focus on operational efficiency, and RPA solutions will be proposed to stakeholders. DOE is also exploring consolidation a*nd modernization* of its core financial systems, as soon as practicable, in alignment with the Administration's priorities and EO 14249, *Protecting America's Bank Account Against Fraud, Waste, and Abuse.*

DOE is preparing for migration of its travel processing to Go.gov in August 2026. GSA's Go.gov program aims to streamline the acquisition and delivery of IT services for travel across the federal government by centralizing technology solutions, increasing efficiency, and driving cost savings. DOE is also preparing to do an Alternative of Analysis for the major financial applications in an effort to prepare for system modernizations in the forthcoming years as new technologies and functionalities become federalized. The Department is also transitioning its primary HR and personnel system from CHRIS to Workday in FY 2026. Workday is a modern cloud-based, integrated talent management system and implementation is part of a broader effort to modernize DOE's HR Information Technology platform and streamline operations. Future implementation of these modernized/new systems are in alignment with the Department's goals to continually improve the efficiency and effectiveness of its financial systems.

Management Priorities

DOE conducts multiple complex and highly diverse missions. Although DOE continually strives to improve the efficiency and effectiveness of programs and operations, specific risk areas merit a higher level of management focus and attention. These areas often require short and long-term strategies for stable operations and represent the most significant management priorities the Department faces in accomplishing the missions.

The Reports Consolidation Act of 2000 requires the OIG to prepare an annual statement summarizing the Department's most serious management and performance challenges. These challenges are included in the Other Information section of this report. In FY 2025, GAO issued the biennial High-Risk Series update, which includes DOE acquisition and program management for NNSA and EM as well as the U.S. government environmental liability, a responsibility DOE shares with other federal agencies.

After considering critical DOE activities and areas noted by GAO and the OIG, the Department identified eight management priorities representing the most important strategic management issues and areas of risk the Department has now and in the coming years. Tables 1a-c identify the GAO High-Risk List issues, DOE management priorities, and IG challenge areas. In accordance with the Government Performance and Results Act Modernization Act of 2010, DOE includes performance measures related to the Management Priorities in the Department's APPR.

Table 1a

GAO HIGH-RISK LIST –GAO-25-107743 AS OF FEBRUARY 2025 (UPDATED EVERY TWO YEARS)
▪ Acquisition and Program Management for DOE's National Nuclear Security Administration and Office of Environmental Management ▪ U.S. Government's Environmental Liability

Table 1b

DOE MANAGEMENT PRIORITIES
▪ Contract and Major Project Management ▪ Safety and Security ▪ Cybersecurity ▪ Environmental Cleanup ▪ Nuclear Waste Disposal ▪ Physical Infrastructure ▪ Human Capital Management ▪ Nuclear Stockpile Stewardship

Table 1c

IG CHALLENGE AREAS FY 2026
Enterprise-Wide Challenges: ▪ Program Management ▪ Human Capital National Security ▪ Restoring Plutonium Pit Production ▪ Intellectual Property Theft Domestic Challenges ▪ Environmental Clean-up and Waste Disposal ▪ Infrastructure and Grid Resilience Technology and Innovation ▪ Cybersecurity ▪ Artificial Intelligence Financial Assistance ▪ Contract Oversight ▪ Financial Assistance Program Oversight

FINANCIAL RESULTS

Message from the Deputy Chief Financial Officer (Unaudited)

DOE's senior leadership recognizes the importance of accurate and timely financial information for decision making. In fiscal year (FY) 2025, the financial statement audit by the independent accounting firm, KPMG LLP, found that the Department's financial information is reliably and accurately presented with the exception of an opinion qualification related to components of the environmental liability estimate at the Portsmouth Paducah Project Office, Savannah River Site, Waste Isolation Pilot Plant, and Hanford Site. KPMG also reported one material weakness in internal controls in the Office of Environmental Management related to the financial reporting of environmental liability estimates. The audit identified no instances of noncompliance with laws and regulations, nor instances in which DOE's financial management stewardship and systems did not comply with governmental financial requirements. In FY 2026, DOE will address the material weakness conditions and implement corrective actions. DOE continues to focus appropriate resources to deliver timely, accurate, and reliable financial information to support the Department's mission.

In FY 2025, the DOE Chief Financial Officer (CFO) community provided high-caliber financial management and fiscal stewardship, exemplified by many achievements:

- Migrated the Environmental Liability consolidation and Risk Profile functionality to a cloud-based system to streamline reporting.
- Expanded CFO robotic process automation (RPA), leading to 19 new production RPAs in FY 2025.
- Prepared and processed 920 allotment packages and prepared and submitted 323 apportionment requests for DOE mission activities.
- Automated functions to improve accounting which reduced processing time, facilitated reconciliation of complex data from multiple sources, and eliminated manual data entry by tracking and running statuses in real time. These automations enhanced data accuracy and operational efficiency.
- Transitioned the Loan Accounting database to an automated solution that streamlines six processes, reduces manual input, and increases the accuracy of accounting entries.
- Hosted a three-part Enterprise Risk Management (ERM) and Internal Controls Workshop Webinar series for fraud risk management and internal controls professionals from across the DOE enterprise.
- Aligned 826 Treasury Account Symbols (TAS) and/or 10,448 Business Event Type Codes (BETCs) for the Automated Standard Application for Payments (ASAP) recipient disbursements. This work will ensure future payments issued to recipients cite the correct payment information up-front, at the time payments are issued.
- Established a new platform to track and archive audit documentation requests.
- Created financial data interfaces from key systems to support the administration's implementation of IGNITE reporting.
- Implemented process and system changes to enact Executive Order priorities and requirements.

In FY 2026, the CFO community will:

- Further implement automated solutions to manage and report on the Department's performance measures and financial management initiatives.
- Continue to focus on workforce modernization and succession to ensure mission support activities are met through delivering exemplary financial management products and customer service.
- Mature data analytics usage across the DOE complex to enhance the detection of fraud, improper payments, and improve DOE's stewardship of financial resources.
- Continue to support the Human Resources (HR) Information Technology Modernization project in collaboration with HC and OCIO which will replace the current HR system by providing core HR, benefits, compensation, and reporting features.
- Continue to expand the application of Do Not Pay (DNP) to utilize full functionality at DOE's Power Marketing Administrations and integrated contractors.

DOE's CFO community continues to manage taxpayer dollars wisely, as demonstrated by these notable successes. In FY 2026, the Department is committed to building on these successes, continuing to deliver superior financial stewardship and management through a sustained focus on DOE's mission, and realizing results.

/Christopher S. Johns/

Christopher S. Johns
Deputy Chief Financial Officer
December 11, 2025

Financial Statements and Notes

INTRODUCTION TO PRINCIPAL STATEMENTS

The Department's financial statements have been prepared to report the financial position and results of operations of DOE pursuant to the requirements of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, and the OMB Circular A-136, *Financial Reporting Requirements*.

The responsibility for the integrity of the financial information included in these statements rests with the management of the Department. The audit of the Department's principal financial statements was performed by an independent certified public accounting firm selected by the Department's Inspector General. The auditors' report issued by the independent certified public accounting firm is included in this report.

The following provides a brief description of the nature of each required financial statement.

CONSOLIDATED BALANCE SHEET

The Consolidated Balance Sheet (BS) presents, as of a specific time, amounts of future economic benefits owned or managed by the Department (assets), amounts owed by the Department (liabilities), and residual amounts retained by the Department comprising the difference (net position).

CONSOLIDATED STATEMENT OF NET COST

The Consolidated Statement of Net Cost (SNC) summarizes the Department's costs by the major programs of the Department. All costs reported reflect full costs, except for certain indirect costs, which are reported within the Other Programs line of the statement. The costs for each line are reduced by earned revenues to arrive at net costs.

CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION

The Consolidated Statement of Changes in Net Position (SCNP) identifies appropriated funds used as a financing source for goods, services or capital acquisitions. This statement presents the accounting events that caused changes in the net position section of the Consolidated Balance Sheet from the beginning to the end of the reporting periods.

COMBINED STATEMENT OF BUDGETARY RESOURCES

The Combined Statement of Budgetary Resources (SBR) identifies the Department's budgetary authority. Federal law gives budgetary authority to agencies to incur financial obligations that will eventually result in outlays or expenditures. Budgetary authority that the Department receives includes appropriations, borrowing authority, contract authority and spending authority from offsetting collections. The Combined SBR provides information on budgetary resources available to the Department during the year and the status of those resources at the end of the year. Detail on the amounts shown in the Combined SBR is included in the Required Supplementary Information section on the Schedule of Budgetary Resources by Major Account.

NOTES TO THE CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

The Notes to the Consolidated and Combined Financial Statements provide a detailed explanation for activity that is included in the line items of each statement. The notes also provide information to support the valuation and computation of the financial statement activity.

CONSOLIDATING AND COMBINING SCHEDULES

The Consolidating and Combining Schedules separate the Department's financial activity by the independent organizations that are included in the financial statement line items. The independent organizations include PMAs and FERC. The consolidating schedules also identify intradepartmental activity that is eliminated during the financial statement preparation process. Intradepartmental activity is not eliminated from the combining schedules.

Principal Statements

U.S. Department of Energy Consolidated Balance Sheet

As of September 30, 2025 (Dollars in Millions)

ASSETS: (NOTE 2)		
Intragovernmental Assets:		
Fund Balance with Treasury (Note 3)	$	138,147
Investments, Net (Note 4)		52,455
Accounts Receivable, Net (Note 5)		647
Advances and Prepayments		129
Total Intragovernmental Assets	$	191,378
Other than Intragovernmental Assets:		
Accounts Receivable, Net (Note 5)		3,617
Loans Receivable, Net (Note 6)		29,243
Inventory, Net (Note 7)		51,841
Property, Plant, and Equipment, Net (Note 8)		68,789
Advances and Prepayments		1,748
Other Assets (Notes 9 and 10)		13,162
Total Other than Intragovernmental Assets	$	168,400
Total Assets	$	359,778
LIABILITIES: (NOTE 11)		
Intragovernmental Liabilities:		
Accounts Payable	$	88
Debt (Note 12)		36,008
Advances from Others and Deferred Revenue (Note 16)		1,634
Other Liabilities (Note 15)		5,323
Total Intragovernmental Liabilities	$	43,053
Other than Intragovernmental Liabilities:		
Accounts Payable	$	6,639
Federal Employee Salary, Leave, and Benefits Payable (Note 13)		2,400
Post Employment Benefits Payable		91
Environmental and Disposal Liabilities (Note 14)		538,604
Loan Guarantee Liabilities (Note 6)		71
Advances from Others and Deferred Revenue (Note 16)		57,981
Other Liabilities:		
Contingencies and Commitments (Note 19)		38,857
Other Liabilities (Notes 15, 17, 18)		26,058
Total Other than Intragovernmental Liabilities	$	670,701
Total Liabilities	$	713,754
NET POSITION: (NOTE 26)		
Unexpended Appropriations		
Funds from Dedicated Collections (Note 20)	$	874
Funds from Other than Dedicated Collections		106,445
Total Unexpended Appropriations (Consolidated)	$	107,319
Cumulative Results of Operations		
Funds from Dedicated Collections (Note 20)	$	(19,839)
Funds from Other than Dedicated Collections		(441,456)
Total Cumulative Results of Operations (Consolidated)	$	(461,295)
Total Net Position	$	(353,976)
Total Liabilities And Net Position	$	359,778

The accompanying notes are an integral part of these statements.

U.S. Department of Energy Consolidated Statement of Net Cost

For the Year Ended September 30, 2025 (Dollars in Millions)

MAJOR PROGRAMS: (NOTE 21)		
Nuclear Security and NNSA		
Program Cost	$	11,849
Less: Earned Revenues		(11)
Net Cost of Nuclear Security and NNSA	$	11,838
Science		
Program Cost	$	23,900
Less: Earned Revenues		(189)
Net Cost of Science	$	23,711
Energy		
Program Cost	$	14,742
Less: Earned Revenues		(6,699)
Net Cost of Energy	$	8,043
Net Cost of Major Programs	$	43,592
OTHER PROGRAMS: (NOTE 21)		
Reimbursable Programs		
Program Cost	$	6,787
Less: Earned Revenues		(6,730)
Net Cost of Reimbursable Programs	$	57
Other Programs		
Program Cost	$	3,831
Less: Earned Revenues		(559)
Net Cost of Other Programs	$	3,272
Costs Applied to Reduction of Legacy Environmental Liabilities (Notes 14 and 21)	$	(7,365)
Costs Not Assigned to Programs (Note 22)	$	26,169
Net Cost Of Operations	$	65,725

The accompanying notes are an integral part of these statements.

U.S. Department of Energy Consolidated Statement of Changes in Net Position
For the Year Ended September 30, 2025 (Dollars in Millions)

	FUNDS FROM DEDICATED COLLECTIONS (Note 20)	ALL OTHER FUNDS	ELIMINATIONS	CONSOLIDATED
UNEXPENDED APPROPRIATIONS: (NOTE 28)				
Beginning Balances	$ 36	$ 107,123	$ —	$ 107,159
Appropriations Received	862	65,630	—	66,492
Appropriations Transferred - In/Out	—	78	—	78
Other Adjustments	(1)	(13,471)	—	(13,472)
Appropriations Used	(23)	(52,915)	—	(52,938)
Net Change in Unexpended Appropriations	$ 838	$ (678)	$ —	$ 160
Total Unexpended Appropriations	$ 874	$ 106,445	$ —	$ 107,319
CUMULATIVE RESULTS OF OPERATIONS: (NOTE 28)				
Beginning Balances	$ (18,685)	$ (456,669)	$ —	$ (475,354)
Other Adjustments	$ —	$ 4	$ —	$ 4
Appropriations Used	23	52,915	—	52,938
Non-Exchange Revenue	—	1	—	1
Donations and Forfeitures of Cash	—	18	—	18
Transfers - In/Out Without Reimbursement	(503)	46	—	(457)
Donations and Forfeitures of Property	26	—	—	26
Imputed Financing (Notes 23 and 26)	28	27,677	—	27,705
Other	78	(529)	—	(451)
Net Cost of Operations	$ (806)	$ (64,919)	$ —	$ (65,725)
Net Change in Cumulative Results of Operations	$ (1,154)	$ 15,213	$ —	$ 14,059
Total Cumulative Results of Operations	$ (19,839)	$ (441,456)	$ —	$ (461,295)
Net Position	$ (18,965)	$ (335,011)	$ —	$ (353,976)

The accompanying notes are an integral part of these statements.

U.S. Department of Energy Combined Statement of Budgetary Resources
For the Year Ended September 30, 2025 (Dollars in Millions)

	BUDGETARY	NON-BUDGETARY CREDIT REFORM FINANCING ACCOUNT	TOTAL
BUDGETARY RESOURCES:			
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory) (Note 24)	$ 74,649	$ 1,419	**$ 76,068**
Appropriations (Discretionary and Mandatory) (Note 24)	53,297	—	**53,297**
Borrowing Authority (Discretionary and Mandatory)	1,740	84,021	**85,761**
Contract Authority (Discretionary and Mandatory)	1,142		**1,142**
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	13,056	1,864	**14,920**
Total Budgetary Resources	$ 143,884	$ 87,304	**$ 231,188**
STATUS OF BUDGETARY RESOURCES:			
New Obligations and Upward Adjustments (Total)	$ 99,035	$ 79,820	**$ 178,855**
Unobligated Balance, End of Year:			
Apportioned, Unexpired Accounts	$ 43,701	$ 759	**$ 44,460**
Exempt from Apportionment, Unexpired Accounts	20	—	**20**
Unapportioned, Unexpired Accounts	988	6,725	**7,713**
Unexpired, Unobligated Balance, End of Year	$ 44,709	$ 7,484	**$ 52,193**
Expired, Unobligated Balance, End of Year (Note 24)	140		**140**
Unobligated Balance, End of Year (Total)	$ 44,849	$ 7,484	**$ 52,333**
Total Status Of Budgetary Resources	$ 143,884	$ 87,304	**$ 231,188**
OUTLAYS, NET			
Outlays, Net (Total) (Discretionary and Mandatory) (Note 26)	$ 55,345		**$ 55,345**
Distributed Offsetting Receipts (-) (Note 26)	(3,054)		**(3,054)**
Agency Outlays, Net (Discretionary And Mandatory) (Note 26)	$ 52,291		**$ 52,291**
Disbursements, Net (Total) (Mandatory)		$ 11,953	**$ 11,953**

The accompanying notes are an integral part of these statements.

Notes to the Consolidated and Combined Financial Statements

Note 1. Summary of Significant Accounting Policies

A. BASIS OF PRESENTATION

These consolidated and combined financial statements have been prepared to report the financial position and results of operations of the Department. The statements are prepared from the books and records of the Department in accordance with U.S. GAAP issued by the Federal Accounting Standards Advisory Board (FASAB) and presentation guidelines in OMB Circular A-136, *Financial Reporting Requirements*. Certain records are presented in accordance with standards established by the Financial Accounting Standards Board (FASB).

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information per Statement of Federal Financial Accounting Standard (SFFAS) 56, *Classified Activities*.

B. DESCRIPTION OF REPORTING ENTITY

The accompanying financial statements include activities and operations of the U.S. Department of Energy. In accordance with SFFAS 47, *Reporting Entity,* DOE has included all consolidation entities for which it is accountable in the accompanying financial statements and DOE does not have relationships requiring reporting as a disclosure entity or related party.

DOE is a cabinet-level agency of the executive branch of the U.S. government. DOE is not subject to federal, state, or local income taxes. DOE's Headquarters are located in Washington, D.C., and Germantown, Maryland, and consist of an executive management structure that includes the Secretary; the Deputy Secretary; the Under Secretary for Science and Innovation; the Under Secretary for Infrastructure; the Under Secretary for Nuclear Security, NNSA; Secretarial staff organizations; program organizations that provide technical direction and support for DOE's principal programmatic missions; and the PMAs whose primary offices are located in the region served by each PMA. The Department also includes FERC, which is an independent organization responsible for regulating the transmission and sale of natural gas for resale in interstate commerce, for regulating the transmission and wholesale of electricity in interstate commerce, and the licensing of hydroelectric power projects.

DOE has a field structure comprised of operational offices, field offices, primary offices, and operations of the PMAs, laboratories, and other facilities. The majority of DOE's environmental cleanup, energy R&D, and testing and production activities are carried out by major contractors. These contractors operate, maintain, or support DOE's government-owned facilities. DOE indemnifies these contractors against financial responsibility from nuclear accidents under the provisions of the Price-Anderson Act.

These contractors have unique contractual relationships with the Department. In most cases, their charts of accounts and accounting systems are integrated with DOE's accounting system through a home office-branch office type of arrangement. Additionally, DOE is responsible for reimbursing the allowable costs of contractor contributions to certain defined benefit pension plans, as well as postretirement benefits such as medical care and life insurance, for the employees of these contractors. As a result, DOE's financial statements reflect not only the costs incurred by these contractors, but also include certain contractor assets, e.g., employee advances and prepaid pension costs, and liabilities, accounts payable, accrued expenses including payroll and benefits, and pension and other actuarial liabilities, that would not be reflected in the financial statements of other federal agencies that do not have these unique contractual relationships.

C. BASIS OF ACCOUNTING

Transactions are recorded on the accrual and budgetary bases of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recognized when liabilities are incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds. All material intradepartmental balances and transactions have been eliminated in the Consolidated Balance Sheet (BS), Consolidated Statement of Net Cost (SNC), and Consolidated Statement of Changes in Net Position (SCNP). The Combined SBR is prepared on a combined basis and does not include intradepartmental eliminations.

Throughout these financial statements, assets, liabilities, earned revenue, and costs have been classified according to the type of entity with which the transactions were made. Intragovernmental assets and liabilities are those from or to other federal entities. Intragovernmental earned revenue represents collections or accruals of revenue from other federal entities. Intragovernmental costs are payments or accruals for goods and services provided by other federal entities, and costs incurred by other federal entities as a result of the Department's programs.

D. FUND BALANCE WITH U.S. TREASURY

Funds with Treasury primarily represent general and revolving funds that are available to pay current liabilities and finance authorized purchases. Disbursements and receipts are processed by Treasury, and DOE's records are reconciled with those of Treasury (see Note 3).

E. INVESTMENTS AND RELATED INTEREST, NET

All investments are reported at cost net of amortized premiums and discounts as it is DOE's intent to hold the investments to maturity. Premiums and discounts are amortized using the effective interest yield method (see Note 4).

F. ACCOUNTS RECEIVABLE, NET

Accounts receivable are recognized when claims to cash or other assets against other entities or individuals can be established, either based on legal provisions, or goods or services provided. Accounts receivable are reduced to net realizable value by the allowance for loss on accounts receivable, when appropriate, for both intragovernmental receivables and other than intragovernmental receivables. The estimate of the allowance is based on past experience in the collection of receivables and an analysis of the outstanding balances (see Note 5).

G. DIRECT LOANS AND LOAN GUARANTEES, NET

DOE has one loan that was obligated and disbursed prior to FY 1992, and is presented net of an allowance for loss. All loans obligated after FY 1992 are presented on a present value basis in compliance with the Federal Credit Reform Act of 1990 (FCRA). The present value of the loans is revalued on an annual basis (see Note 6).

Interest expense on the U.S. Treasury Bureau of the Fiscal Service (BFS) and U.S. Treasury Federal Financing Bank (FFB) debt is calculated in accordance with OMB Circular A-11, Sections 185.32, 185.34 and 185.35 using the Credit Subsidy Calculator. Capitalized interest receivables on loans with FFB are reclassified to principal outstanding on the capitalization date.

H. INVENTORY, NET

Stockpile materials are recorded at historical cost in accordance with SFFAS 3, *Accounting for Inventory and Related Property*, except for certain nuclear materials identified as surplus or excess to DOE's needs. Nuclear materials are recorded at net realizable value (see Note 7).

I. GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET

Property, plant, and equipment (PP&E) that are purchased, constructed, or fabricated in-house, including major modifications or improvements, are capitalized at cost. DOE's PP&E capitalization threshold, except as noted below, is $500,000. The capitalization threshold for the NWF is $50,000. The capitalization thresholds for the PMAs and FERC range from $5,000 to $100,000 or may depend on whether particular equipment is considered a major unit of property, which is capitalized upon purchase, or a minor unit, which is generally expensed. The capitalization threshold for internal use software is $750,000, except for the PMAs and FERC, which use thresholds ranging from $5,000 to $500,000. The capitalization threshold for leasehold improvements is over $250,000 for FERC (see Note 8).

Right-to-use (RTU) lease assets includes leases other than short-term leases, contracts or agreements that transfer ownership, and intragovernmental leases. DOE's RTU lease capitalization threshold, except as noted below, is $5 million. The capitalization threshold for the PMAs and FERC range from $50,000 to $500,000 for their individual standalone financial statements.

Costs of construction are accumulated as construction work in process. Upon completion or beneficial occupancy or use, the cost is transferred to the appropriate property account. DOE does not capitalize PP&E related to environmental management facilities storage and processing of DOE's environmental legacy wastes.

Depreciation expense is generally computed using the straight-line method. The units of production method is used only in special cases where applicable, such as depreciating automotive equipment on a mileage basis and construction equipment on an hourly use basis. In accordance with SFFAS 6, *Accounting for Property, Plant, and Equipment*, land is a non-depreciable asset, whereas depreciation is calculated for land improvements. The ranges of service lives are generally as follows:

- Structures and Facilities: 25-50 years
- Automated Data Processing Software: 3-7 years
- Equipment: 5-40 years
- Land Rights: for a specified period or 50 years, whichever is less

J. LIABILITIES

Liabilities represent amounts of monies or other resources likely to be paid by the Department as a result of a transaction or event that has already occurred. However, no liability can be paid by the Department absent an authorized appropriation. Liabilities for which an appropriation has not been enacted are, therefore, classified as not covered by budgetary resources (see Note 11), and there is no certainty that the appropriations will be enacted. Also, liabilities of the Department that are not contract based can be abrogated by the government acting in its sovereign capacity.

K. FUNDS FROM DEDICATED COLLECTIONS

Funds from dedicated collections are financed by specifically identified revenues provided to the government by nonfederal sources, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits, or purposes, and must be accounted for separately from the government's general revenues (see Note 20).

L. POST EMPLOYMENT BENEFITS PAYABLE

The Federal Employees' Compensation Act (FECA) actuarial liability represents the liability for future workers' compensation benefits, which includes the expected liability for disability, survivors, and medical benefits to employees who are injured, or become ill, in the course of federal employment and to the survivors of employees killed on the job. This liability is calculated annually by the U.S. Department of Labor (DOL) for financial reporting purposes.

M. ACCRUED ANNUAL, SICK, AND OTHER LEAVE

Federal Employees: Federal employees' annual leave is accrued as it is earned, and the accrual is reduced annually for actual leave taken. Each year, the accrued annual leave balance is adjusted to reflect the latest pay rates. To the extent that current-year or prior-year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of non-vested leave are expensed as taken (see Note 13).

Contractor Employees: DOE accrues annual leave for contractor employees. Unlike leave for most of DOE's federal employees, this is a funded liability rather than an unfunded liability.

N. RETIREMENT PLANS

Federal Employees: There are two primary retirement systems for federal employees. Employees hired prior to January 1, 1984, may participate in the Civil Service Retirement System (CSRS). On January 1, 1984, the Federal Employees Retirement System (FERS) went into effect pursuant to Public Law 99-335. Most employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984, elected to either join FERS and Social Security or remain in CSRS. All employees are eligible to contribute to the Federal Thrift Savings Plan (TSP). For employees covered by FERS, a TSP account is automatically established to which the Department is required to contribute 1% of gross pay and match employee contributions up to an additional 4%. For most employees hired since December 31, 1983, the Department also contributes the employer's matching share for Social Security. The Department does not report CSRS or FERS assets, accumulated plan benefits, or unfunded liabilities, if any, applicable to its employees. Reporting such amounts is the responsibility of the U.S. Office of Personnel Management (OPM). The Department does report, as an imputed financing source and a program expense, the difference between its contributions to federal employee pension and other retirement benefits and the estimated actuarial costs as computed by OPM. The PMAs make additional annual contributions to Treasury to ensure that all postretirement benefit programs provided to employees are fully funded and such costs are both recovered through rates and properly expensed.

Contractor Employees: The Department is contractually responsible for reimbursing its major contractors who sponsor employee defined benefit pension plans for the costs of contractor employee retiree benefits because these are allowable costs under their contracts. Most of these plans promise to pay employees specified benefits, such as a percentage of the final average pay for each year of service. The Department does not sponsor and is not the fiduciary of contractor employee defined benefit plans. Contractors are required to make contributions to their plans as required by the Internal Revenue Code and the Employee Retirement Income Security Act (ERISA), as amended. For qualified defined benefit pension plans, the Department's current funding policy is to reimburse contractors for the minimum required contributions made, absent the Department's agreement to reimburse at a different level. For nonqualified plans, the funding policy is pay-as-you-go. Employer contributions are calculated to ensure that plan assets are sufficient to provide for accrued benefits of contractor employees. The level of contributions is dependent on plan provisions and actuarial assumptions about the future, such as interest rates, employee turnover and mortality, age of retirement, and compensation increases. The Department's major contractors also sponsor postretirement benefits other than pensions (PRB) consisting of predominantly postretirement health care benefits which are generally funded on a pay-as-you-go basis. Since the Department is responsible for the allowable costs of funding these contractor pension and PRB plans, it reports assets and liabilities for these plans (see Note 17).

O. NET COST OF OPERATIONS

Program costs are summarized in the Consolidated Statement of Net Cost by the Department's major programs (see Note 21). Full costs are reduced by exchange (earned) revenues to arrive at net operating cost.

P. REVENUES AND OTHER FINANCING SOURCES

The Department receives the majority of the funding needed to perform its mission through congressional appropriations. These appropriations may be used, within statutory limits, for operating and capital expenditures. In addition to appropriations, other financing sources include exchange and non-exchange revenues and imputed financing sources. The Department also collects custodial revenues on behalf of others.

Exchange and Non-Exchange Revenues: In accordance with federal government accounting standards, the Department classifies revenues as either exchange (earned) or non-exchange. Exchange revenues are those that derive from transactions in which the government provides value to the public or another government entity at a price. Non-exchange revenues derive from the government's sovereign right to demand payment, including fines and penalties. Non-exchange revenues also include interest earned on investments funded from amounts remaining from the privatization of the U.S. Enrichment Corporation Fund (see Note 4). These revenues are not considered to reduce the cost of the Department's operations and are reported on the Consolidated Statement of Changes in Net Position.

Imputed Financing Sources: In certain instances, program costs of the Department are paid out of the funds appropriated to other federal agencies. For example, certain costs of retirement programs are paid by OPM, and certain legal judgments against the Department are paid from the Judgment Fund maintained by Treasury. When costs are incurred by other federal entities as a result of the Department's programs, the Department recognizes these amounts on the Consolidated Statement of Net Cost. In addition, these amounts are recognized as imputed financing sources on the Consolidated Statement of Changes in Net Position (see Notes 23 and 26).

Custodial Revenues: The Department collects certain revenues on behalf of others, which are designated as custodial revenues. The Department incurs virtually no costs to generate these revenues, nor can it use these revenues to finance its operations. The revenues are returned to Treasury and others and are reported in the custodial activity footnote (see Note 25).

Q. USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant items subject to such estimates and assumptions include present value of loan receivables, including the allowance for subsidy cost; estimated lives of general PP&E; environmental cleanup and disposal liabilities; pension and other actuarial liabilities; contingencies and commitments; cost accruals; and estimated accrued unbilled revenues for PMAs. Actual results could differ from these estimates.

R. PARENT-CHILD REPORTING

The Department is a party to allocation transfers with other federal agencies as both a transferring (parent) entity and/or a receiving (child) entity. Allocation transfers are legal delegations by one department of its authority to obligate budget authority and outlay funds to another department. A separate fund account (allocation account) is created in the Treasury as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are charged to this allocation account as it executes the delegated activity on behalf of the parent entity. Generally, all financial activity related to these allocation transfers, e.g., budget authority, obligations, outlays, is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations and budget apportionments are derived. The Department receives allocation transfers, as a child entity, from the Department of Transportation. Additionally, the Department allocates funds, as the parent, to the U.S. Army Corps of Engineers (USACE).

Note 2. Non-Entity Assets

($ IN MILLIONS)		2025
Intragovernmental		
Inventories - Department of War Stockpile Oil (Note 7)	$	123
Other		8
Subtotal	$	131
Other		10
Total Non-entity Assets	$	141
Total Entity Assets	$	359,637
Total Assets	$	359,778

Assets in the possession of the Department that are not available for its use are considered non-entity assets.

Note 3. Fund Balance with Treasury

($ IN MILLIONS)		2025
STATUS OF FUND BALANCE WITH TREASURY		
Unobligated Balance	$	52,453
Obligated Balance Not Yet Disbursed		166,942
Non-Budgetary Fund Balance With Treasury		2,844
Other Information:		
Borrowing Authority Not Yet Converted to Fund Balance		(83,812)
Budgetary Resources Invested in U.S. Treasury Securities		(280)
Total Fund Balance With Treasury	$	138,147

Unobligated Balance and Obligated Balance Not Yet Disbursed amounts reported above differ from related amounts in the Combined SBR because budgetary balances on the SBR are supported by amounts other than the FBWT. These amounts include contract authority, transfers of invested balances payable, realized authority to be transferred from invested balances, and budgetary resources temporarily precluded or reduced.

Borrowing authority not yet converted to fund balance represents unobligated and obligated amounts recorded that will be funded by future borrowings. Borrowing resources invested in U.S. Treasury securities represents unobligated and obligated amounts that will be redeemed in the future to pay program costs as they arise. Non-Budgetary FBWT includes special fund receipt accounts, deposit funds, and clearing and suspense account balances awaiting disposition or reclassification.

Unobligated balance amounts may be available in future years which are included in Category C – Apportioned for future years as specified on the annual OMB Standard Form SF-132 (Apportionment and Reapportionment Schedule).

Note 4. Investments, Net

($ IN MILLIONS)	2025 FACE VALUE	AMORTIZED PREMIUM (DISCOUNT)	INTEREST RECEIVABLE	INVESTMENTS, NET	UNREALIZED MARKET GAINS (LOSSES)	MARKET VALUE
Intragovernmental Non-Marketable						
Nuclear Waste Fund	$ 79,069	$ (27,734)	$ 93	$ 51,428	$ (160)	$ 51,268
D&D Fund	977	(1)	1	977	—	977
Power Marketing Administrations	50	—	—	50	—	50
Total Investments And Related Interest, Net	$ 80,096	$ (27,735)	$ 94	$ 52,455	$ (160)	$ 52,295

Pursuant to statutory authorizations, the Department invests monies in U.S. Treasury securities. The Department's investments primarily involve the NWF and the Uranium Enrichment Decontamination and Decommissioning (D&D) Fund. Fees collected from owners and generators of Spent Nuclear Fuel (SNF) and high-level radioactive waste and fees collected from domestic utilities are deposited into the respective funds. Funds in excess of those needed to pay current program costs are invested in U.S. Treasury securities.

The federal government does not set aside assets to pay for expenditures associated with the NWF and D&D funds for which the Department holds U.S. Treasury securities. These U.S. Treasury securities are an asset to the Department and a liability to Treasury. Because the Department and Treasury are both parts of the federal government, these assets and liabilities offset each other from the standpoint of the federal government as a whole. For this reason, they do not represent an asset or a liability in the U.S. government-wide financial statements. U.S. Treasury securities provide the Department with the ability to draw upon the Treasury to make expenditures, subject to available appropriations and OMB apportionments. When the Department requires redemption of these securities, the federal government finances those expenditures out of accumulated cash balances by raising taxes or other receipts, by borrowing from the public, repaying less debt, or by curtailing other expenditures. This is the same way the federal government finances all other expenditures.

Note 5. Accounts Receivable, Net

($ IN MILLIONS)	2025 RECEIVABLE	ALLOWANCE	NET
Intragovernmental	$ 648	$ (1)	$ 647
Other than Intragovernmental:			
Nuclear Waste Fund	$ 2,803	$ —	$ 2,803
Power Marketing Administrations	616	(1)	615
Other	245	(46)	199
Total Other than Intragovernmental	$ 3,664	$ (47)	$ 3,617
Total Accounts Receivable, Net	$ 4,312	$ (48)	$ 4,264

Intragovernmental accounts receivable primarily represent amounts due from other federal agencies for reimbursable work performed pursuant to the Economy Act, Atomic Energy Act, and other statutory authorities.

Non-intragovernmental receivables primarily represent fees due from owners and generators of SNF that contribute resources to the NWF. The NWF receivables are supported by contracts and are comprised of amounts due for two types of fees to be paid to the Department for disposal services: (a) a one-time charge for SNF existing prior to April 7, 1983; and (b) a per kilowatt-hour (kWh) fee on all net electricity generated and sold by civilian nuclear power reactors after April 7, 1983. The per kWh portion of the fee was set to zero in 2014 and has not changed since then. The receivables associated with the one-time charges remain and continue to earn interest each year.

For PMAs, receivables due from the public primarily arise from the sale of power and transmission services. The other receivables balance primarily includes reimbursable work billings, trade receivables, and other miscellaneous balances.

Note 6. Loans Receivable, Net and Loan Guarantee Liabilities

($ IN MILLIONS)		2025
Pre-FCRA Loans	$	1
FCRA Direct Loans		
Advanced Technology Vehicles Manufacturing (ATVM)	$	10,965
Title XVII		18,277
Total Direct Loans, Net*	$	29,243
FCRA Guarantee Loans		
Title XVII	$	1,353
Tribal Energy		88
Total Guarantee Loans, Net*	$	1,441
Total Direct Loans And Loan Guarantees, Net*	$	30,684

*Disbursements net of interest, repayments, recoveries and allowance for subsidy

PRE-FCRA LOANS

DOE has one loan outstanding as of September 30, 2025, that was issued prior to the FCRA. The loan is presented net of an allowance for loss of $0.6 million as of September 30, 2025. The balance is rounded on the face of this footnote.

FCRA DIRECT LOANS AND LOAN GUARANTEES

DOE's direct loans and loan guarantees made and issued, post-FY 1991, are subject to FCRA. These FCRA loans and loan guarantees are valued at the net present value of expected future cash flows, discounted at the interest rate of Treasury marketable securities. The net present value of the FCRA loans and loan guarantees are not necessarily representative of proceeds that might be expected if these loans were sold on the open market.

The subsidy costs for FCRA loans and loan guarantees, which include interest rate differentials, delinquencies, defaults, fees, and other cash flow items, are intended to estimate the long-term cost to the U.S. government of such loans and loan guarantees. These costs are recognized in the year the loan or loan guarantee is disbursed. A subsidy reestimate is performed annually as of September 30. The subsidy reestimates take into account actual performance and estimated changes in future cash flows. Any increase in the subsidy resulting from the reestimate is recognized as a subsidy expense, and permanent indefinite budget authority (Section 504(f) of the FCRA) is available for upward reestimates.

For direct loans, interest revenue is accrued on a monthly basis on the loan balance outstanding at the interest rate assigned to that loan at the time of disbursement, net of any interest on non-performing loans over 90 days.

DOE operates the following FCRA direct loan and loan guarantee programs:

- ATVM Loan Program
- Title XVII Energy Financing Loan Program (Section 1703/Section 1705)
- Title XVII Energy Dominance Financing Program (Section 1706)
- Tribal Energy Financing Program (TEFP)
- Carbon Dioxide Transportation Infrastructure Financing Innovation (CIFIA) Program

ATVM LOAN PROGRAM

Section 136 of the Energy Independence and Security Act of 2007, which established the ATVM Loan Program, authorized DOE to make direct loans to support the establishment of manufacturing facilities for the production of advanced technology vehicles and qualifying components for such vehicles. The ATVM direct loans are available to finance the cost of reequiping, expanding, or establishing such manufacturing facilities and for the costs of engineering integration associated with such vehicles and components.

The ATVM Loan Program makes direct loans that are funded by the FFB with interest rates that are equal to the cost of funds to the Treasury for obligations of comparable maturity. The subsidy cost for an ATVM direct loan is comprised of default subsidy, financing subsidy, and fees. The loan and subsidy are obligated at the time DOE offers a conditional commitment to an applicant.

In determining the credit subsidies, DOE estimates a base borrower interest rate from the budget assumption yield curve used to discount cash flows that generates a zero-financing subsidy when determining the final subsidy cost at the point of obligation. The base interest rate is used for calculating the subsidy cost only. Actual interest rates that borrowers pay are not affected. During the interest rate reestimate, the actual interest rates and the discount rates are

updated and will true-up the difference in the Treasury interest rates assumed in the original subsidy cost, and the actual Treasury rates at the point of disbursement, when the borrower interest rates are set.

DOE received a contingent financial interest and warrants in connection with the sales of defaulted ATVM loans. DOE determined that the contingent financial interest has no value until certain conditions occur. The warrants have been determined to have no value at this time.

DOE previously obligated $9.1 billion under the authority provided by the FY 2009 Continuing Resolution for six ATVM loans that are no longer active. DOE has one remaining active borrower under the ATVM program that was obligated under the 2009 Continuing Resolution authority.

As of September 30, 2025, DOE obligated $27.8 billion under the authority provided by IRA for nine borrowers in its portfolio. Additionally, DOE disbursed $10.7 billion to ATVM loans in FY 2025. As of September 30, 2025, under the authority provided by IRA, DOE also obligated approximately $1.9 billion to two prospective borrowers via conditional commitments.

TITLE XVII ENERGY FINANCING LOAN PROGRAM

The Energy Policy Act of 2005 (EPAct05), Public Law 109-58, authorized DOE to issue loan guarantees to eligible projects that "avoid, reduce, or sequester air pollutants or anthropogenic emissions of greenhouse gases" and "employ new or significantly improved technologies as compared to technologies in service in the U.S. at the time the guarantee is issued." Title XVII of EPAct05 provided broad authority for DOE to guarantee loans for projects that satisfy the above criteria if "there is reasonable prospect of repayment of the principal and interest on the obligation by the borrower."

Since the introduction of Title XVII in 2005, further legislation updated the design of the program to support a number of emergent energy sectors via loan guarantees including fossil energy, nuclear energy generation, front-end nuclear, renewable energy, and energy efficiency.

In addition to the program under Section 1703 of Title XVII, the American Recovery and Reinvestment Act established a program under Section 1705 of Title XVII that permitted DOE to issue loan guarantees for certain renewable energy systems, electric power transmission systems, and leading-edge biofuel projects that commenced construction on or before September 30, 2011, and also appropriated funds to pay for the subsidy costs for the loan guarantees of such projects.

As of September 30, 2025, under the authority provided by the Omnibus Appropriations Act 2009 (Public Law 111-8), DOE has obligated and disbursed approximately $11.6 billion for five borrowers. Under the authority provided by the Department of War (DOW) and Full-Year Continuing Appropriations Act, 2011 (Public Law 112-10), DOE obligated and disbursed approximately $480 million for one project as of September 30, 2025. As of September 30, 2025, under the Section 1703 Inflation Reduction Act (IRA) program, DOE obligated and closed $5.2 billion for seven loans and loan guarantees, of which $1.4 billion was disbursed in FY 2025. A further $5.3 billion in conditional commitments for direct loans was issued to six prospective borrowers under the same program.

As of September 30, 2025, under the Section 1705 program, DOE obligated approximately $13.2 billion for 23 projects (DOE initially obligated approximately $15.7 billion for 28 projects, but subsequently de-obligated approximately $2.5 billion). Seventeen of 23 projects received 100% guarantees of loans and six projects received partial guarantees of loans provided by commercial financial institutions. DOE obligated and disbursed approximately $9.1 billion to the projects receiving 100% guarantees under the Section 1705 program. DOE made loan guarantee commitments totaling $4.2 billion to six Financial Institution Partnership Program projects with disbursements of approximately $4.1 billion.

TITLE XVII ENERGY DOMINANCE FINANCING PROGRAM

The Section 1706 was originally established as the Energy Infrastructure Reinvestment Financing Program to provide loans and loan guarantees to projects that retool, repower, repurpose, or replace energy infrastructure that has ceased operations. The program was amended by the One Big Beautiful Bill Act (Public Law 119-21) as the Energy Dominance Financing Program to include support for projects that enable operating energy infrastructure to increase capacity or output and support or enable the provision of known or forecastable electric supply at time intervals necessary to maintain or enhance grid reliability or other system adequacy needs.

As of September 30, 2025, under the Section 1706 program, DOE obligated approximately $19.2 billion for five closed loans and disbursed approximately $1.9 billion in FY 2025. Another $28.7 billion in conditional commitments for direct loans was issued to 12 prospective borrowers under the same program.

TRIBAL ENERGY FINANCING PROGRAM

The TEFP, authorized under EPAct05 (25 USC 3502(c)), is a loan guarantee program that permits DOE to guarantee third-party and FFB loans made to a federally recognized Tribes including Alaska Native villages or regional or village corporations; or a Tribal Energy Development Organization that is wholly or substantially owned by a federally

recognized Indian Tribe or Alaska Native Corporation for energy development. Under the Consolidated Appropriations Act, 2017, Public Law 115-31, Congress made the initial appropriation of credit subsidy and loan guarantee authority available.

As of September 30, 2025, under the TEFP, one loan guarantee has been made for $100 million with $45 million in guaranteed disbursed.

CARBON DIOXIDE TRANSPORTATION INFRASTRUCTURE FINANCING INNOVATION PROGRAM

Section 40304 of the Infrastructure Investment and Jobs Act (IIJA) established the CIFIA program. CIFIA provides capital, including debt financing, to large-capacity, common-carrier CO2 transport projects. The projects may include pipelines, rail, shipping, and other transport methods. Prospective CIFIA projects may apply for direct loans from the U.S. Treasury or loan guarantees of a third-party lender. The IIJA appropriated $3 million for administrative costs in FY 2022, which is available until expended. The IIJA further appropriated an additional $2.097 billion to carry out the program, including administrative costs, in FY 2023, also available until expended. The LPO, in partnership with FE, will implement the program. A guidance document for CIFIA Loan application was released on October 5, 2022, and revised on May 2, 2024.

Direct Loans Obligated Post-1991

($ IN MILLIONS)	2025			
DIRECT LOAN PROGRAMS	LOANS RECEIVABLE, GROSS	INTEREST AND FEES RECEIVABLE	ALLOWANCE FOR SUBSIDY COST (PRESENT VALUE)	DIRECT LOANS, NET
ATVM	$ 10,916	$ 171	$ (122)	$ 10,965
Title XVII	18,157	103	17	18,277
Total	$ 29,073	$ 274	$ (105)	$ 29,242

Total Amount of Direct Loans Disbursed Post-1991

($ IN MILLIONS)	
DIRECT LOAN PROGRAMS	2025
ATVM	$ 10,738
Title XVII	3,400
Total	$ 14,138

Subsidy Expense for Direct Loan Programs by Component

($ IN MILLIONS)	2025				
DIRECT LOAN PROGRAMS	INTEREST DIFFERENTIAL	DEFAULTS	FEES AND OTHER COLLECTIONS	OTHER	TOTAL
Subsidy Expense for New Direct Loans Disbursed:					
ATVM	$ —	$ 76	$ (10)	$ —	$ 66
Title XVII	(91)	213	—	—	122
Total	$ (91)	$ 289	$ (10)	$ —	$ 188

DIRECT LOAN PROGRAMS	TOTAL MODIFICATIONS	INTEREST RATE REESTIMATES	TECHNICAL REESTIMATES	TOTAL REESTIMATES
Modifications and Reestimates:				
ATVM	$ —	$ 207	$ (226)	$ (19)
Title XVII	—	141	(266)	(125)
Total	$ —	$ 348	$ (492)	$ (144)

DIRECT LOAN PROGRAMS	CURRENT YEAR
Total Direct Loan Subsidy Expense:	
ATVM	$ 47
Title XVII	(3)
Total	$ 44

Budget Subsidy Rates for Direct Loans for the Current Year's Cohorts

	2025				
DIRECT LOAN PROGRAMS	INTEREST DIFFERENTIAL	DEFAULTS	FEES AND OTHER COLLECTIONS	OTHER	TOTAL
ATVM	—%	5.578%	-0.100%	—%	**5.478%**
Title XVII	-5.794%	2.435%	—%	—%	**-3.359%**

The subsidy rates disclosed pertain only to the current year's cohorts. These rates cannot be applied to the direct loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loans reported in the current year could result from disbursements of loans from both current year cohorts and prior year(s) cohorts. The subsidy expense reported in the current year also includes modifications and reestimates.

Schedule for Reconciling Subsidy Cost Allowance Balances (Post-1991 Direct Loans)

($ IN MILLIONS)	2025
Beginning Balance Of The Subsidy Cost Allowance	$ (207)
Add Total Subsidy Expense for Direct Loans Disbursed During the Reporting Year	188
Adjustments:	
(A) Fees Received	6
(B) Subsidy Allowance Amortization	262
Ending Balance Of The Subsidy Cost Allowance Before Reestimates	$ 249
Add or Subtract Total Subsidy Reestimates	(144)
Ending Balance Of The Subsidy Cost Allowance	$ 105

Guaranteed Loans Outstanding

($ IN MILLIONS)	2025	
LOAN GUARANTEE PROGRAMS	OUTSTANDING PRINCIPAL OF GUARANTEED LOANS, FACE VALUE	AMOUNT OF OUTSTANDING PRINCIPAL GUARANTEED
Guaranteed Loans Outstanding:		
Title XVII	$ 1,645	$ 1,353
Tribal	98	88
Total	$ 1,743	$ 1,441

LOAN GUARANTEE PROGRAMS	PRINCIPAL OF GUARANTEED LOANS, FACE VALUE	AMOUNT OF PRINCIPAL GUARANTEED
New Guaranteed Loans Disbursed (CY):		
Title XVII	$ —	$ —
Tribal	45	41
Total	$ 45	$ 41

Liability for Loan Guarantees, Present Value Method

($ IN MILLIONS)	2025
LOAN GUARANTEE PROGRAMS	LOAN GUARANTEE LIABILITIES FOR LOAN GUARANTEES
Title XVII	$ 69
Tribal	2
Total	$ 71

Subsidy Expense for Loan Guarantees by Program and Component

($ IN MILLIONS)	2025				
LOAN GUARANTEE PROGRAMS	INTEREST SUPPLEMENTS	DEFAULTS	FEES AND OTHER COLLECTIONS	OTHER	TOTAL
Subsidy Expense for New Loan Guarantees (CY):					
Title XVII	$ —	$ —	$ —	$ —	**$ —**
Tribal	—	1	—	—	**1**
Total	$ —	$ 1	$ —	$ —	$ 1

LOAN GUARANTEE PROGRAMS	TOTAL MODIFICATIONS	INTEREST RATE REESTIMATES	TECHNICAL REESTIMATES	TOTAL REESTIMATES
Modifications and Reestimates (CY):				
Title XVII	$ —	$ —	$ 13	$ 13
Tribal	—	—	—	—
Total	$ —	$ —	$ 13	$ 13

LOAN GUARANTEE PROGRAMS	CURRENT YEAR
Total Loan Guarantee Subsidy Expense:	
Title XVII	**$ 13**
Tribal	**1**
Total	$ 14

Schedule for Reconciling Loan Guarantee Liability Balances (Post-1991 Loan Guarantees)

($ IN MILLIONS)		2025
Beginning Balance of the Loan Guarantee Liabilities	$	78
Add Fees Received		2
Less Interest Revenue on Uninvested Funds		(3)
Add Interest Expense on Entity Borrowings		3
Add Subsidy Expense		4
Less Downward Reestimates		(13)
Ending Balance Of The Loan Guarantee Liabilities	$	71

Administrative Expenses in FY 2025

($ IN MILLIONS)					
DIRECT LOAN PROGRAMS			LOAN GUARANTEE PROGRAMS		
ATVM	$	10	**Title XVII**	$	—
Title XVII	$	90	**Tribal**	$	4
Total	$	100	**Total**	$	4

Summary Table: Change in Net Receivables

($ IN MILLIONS)		2025
Beginning Balance of Loans Receivable, Net	$	17,414
Add Loan Disbursements		14,138
Less Principal and Interest Payments Received		(2,190)
Less Fees Received		(6)
Less Subsidy Expense		(188)
Add Downward Reestimates		144
Other Decrease to the Subsidy Allowance		(262)
Other Non-Cash Reconciling Items		192
Ending Balance Of Loans Receivable, Net	$	29,242

Note 7. Inventory, Net

($ IN MILLIONS)		2025
Strategic Petroleum, Northeast Home Heating Oil and Gasoline Supply Reserves	$	14,847
Nuclear Materials		35,995
Other Inventory		999
Total Inventory, Net	$	51,841

Inventory includes stockpile materials consisting of crude oil and gasoline held in the SPR, ultra-low sulfur diesel held in the Northeast Home Heating Oil Reserve, refined petroleum in the Northeast Gasoline Supply Reserve (NGSR), and nuclear materials. Other inventory consists primarily of operating materials and supplies.

STRATEGIC PETROLEUM RESERVE

The SPR consists of crude oil stored in salt domes, terminals, and pipelines. As of September 30, 2025, the SPR contained crude oil with a historical cost of $14.7 billion. The SPR provides a response mechanism should a severe oil disruption occur. Included in the SPR is 6 million barrels of crude oil held for future DOW use. The National Defense Authorization Act for Fiscal Year 1993, authorized DOE to acquire, transport, store, and prepare for ultimate drawdown of crude oil for DOW. Of the $14.7 billion, the crude oil purchased with DOW funding is commingled with DOE's stock and is valued at its historical cost of $123 million as of September 30, 2025 (see Notes 2 and 15).Beginning in FY 2017 and ending in FY 2031, DOE has conducted a series of oil sales authorized by the Bipartisan Budget Act of 2015 (sections 403 and 404), 21st Century Cures Act of 2015, Fixing America's Surface Transportation Act of 2015 , Tax Cuts and Jobs Act of 2017, Bipartisan Budget Act of 2018, Consolidated Appropriations Act of 2018, America's Water Infrastructure Act of 2018, and IIJA. As of September 30, 2025, stockpile materials held for sale of crude oil are valued at $36.35 per barrel.

NORTHEAST HOME HEATING OIL RESERVE

The Northeast Home Heating Oil Reserve was established in FY 2000 pursuant to the Energy Policy and Conservation Act of 1975. The Northeast Home Heating Oil Reserve contains petroleum distillate in the New England geographical area. The historical cost of the Northeast Home Heating Oil Reserve was $141 million as of September 30, 2025.

NORTHEAST GASOLINE SUPPLY RESERVE

NGSR was established in FY 2014 pursuant to the Energy Policy and Conservation Act of 1975.

NUCLEAR MATERIALS

Nuclear materials include plutonium (weapon-grade, and fuel-grade), uranium (HEU, low-enriched uranium (LEU), natural uranium, and depleted uranium), tritium, and other materials, including those in the custody of the DOW, as allowed under Presidential Directive. Nuclear materials are used in weapons and components, naval and other reactors, and R&D.

As of September 30, 2025, DOE has natural uranium inventories of 3,717.6 metric tons of uranium (MTU) of UF6. Natural uranium Inventories can be divided into two stockpiles of material: U.S. origin (1,982.4 MTU of UF6) and Russian origin material (1,735.2 MTU of UF6). This includes the Reclassified U.S. Origin (438 MTU of UF6) to Canadian. The nuclear materials inventory includes numerous items for which future use and disposition decisions have not been made. Decisions will be made through analysis of the economic benefits and costs, and the environmental impacts of the various use and disposition alternatives. The carrying value of these items is not significant to the nuclear materials stockpile inventory balance. DOE will recognize disposition liabilities and record the material at net realizable value when disposal as waste is identified as the most likely alternative and disposition costs can be reasonably estimated. Inventory values are reduced by costs associated with disposition, decay, or damage.

Under a declaration by the Nuclear Weapons Council and an announcement by the president in 1995, 174.3 MTU of the Department's HEU was identified as excess to national security needs (S94). Analysis of this 174.3 MTU identified 154 MTU that was appropriate for downblending. In 2005, Secretary of Energy Bodman announced that, over the coming decades, another 200 MTU of HEU would be removed from use as fissile material in weapons. The majority of this 200 MTU was set aside for naval reactors and other HEU reactors, but analysis identified about 28 MTU for downblending. Finally, another 4 MTU of HEU not included in these declarations, has been identified for downblending. All totaled, 186 MTU HEU will be dispositioned through downblending, where 172.2 MTU has been completed at the end of FY 2025.

Note 8. Property, Plant, and Equipment, Net

	2025		
($ IN MILLIONS)	ACQUISITION COSTS	ACCUMULATED DEPRECIATION	NET BOOK VALUE
Land and Land Improvements	$ 2,902	$ (1,407)	$ 1,495
Structures and Facilities	62,377	(40,728)	21,649
Internal Use Software	1,604	(1,011)	593
Equipment	27,576	(16,025)	11,551
Right-To-Use Lease Assets	1,334	(453)	881
Natural Resources	182	(23)	159
Construction Work in Process	32,461	—	32,461
Total General Property, Plant, And Equipment	$ 128,436	$ (59,647)	$ 68,789

Information concerning deferred maintenance and repairs and estimated land acreage is discussed in the unaudited required supplementary information.

($ IN MILLIONS)	2025
Balance Beginning Of Year	$ 61,825
Capitalized Acquisitions	10,175
Right-To-Use Lease Assets	41
Amortization of Right-To-Use Lease Assets (Note 18)	(206)
Transfers in/out without Reimbursement	(97)
Revaluations	73
Depreciation Expense	(3,022)
Balance At End Of Year	$ 68,789

Note 9. Other Assets

($ IN MILLIONS)	2025
Other Than Intragovernmental	
Regulatory Assets (Note 10)	$ 7,892
Operating Non-Federal Generation	3,581
Other	1,689
Total Other Assets	$ 13,162

OPERATING NON-FEDERAL GENERATION

BPA is party to long-term contracts for BPA to acquire all of the generating capability of Energy Northwest's Columbia Generating Station (CGS) and Lewis County Public Utility District's Cowlitz Falls Hydroelectric Project. CGS is a non-federal nuclear power plant owned and operated by Energy Northwest, a joint operating agency of the state of Washington. The current license termination dates for CGS and the Cowlitz Falls Project are in December 2043 and May 2036, respectively. BPA has acquired the output of CGS and the Cowlitz Falls Project through December 2043 and June 30, 2032, respectively. These contracts require BPA meet all of the facilities' operating, maintenance, and debt service costs (see Note 15). Operating non-federal generation assets are amortized on a straight-line basis. CGS is amortized through the current license termination date in 2043. Beginning in FY 2024, in alignment with the BP-24 rate case, the amortization period for Cowlitz Falls Project changed from the license termination date in 2036 to align with the period in which BPA is contracted to receive the output of the Cowlitz Falls Project, which ends in 2032.

OTHER

The amount in other includes BPA's assets for non-federal nuclear decommissioning trusts, lease-purchase trust funds, and derivative instruments that represent unrealized gains.

The balance also includes oil owed to the SPR for loaning oil to oil companies. Amounts due include base and premium barrels.

In addition, this amount includes WAPA's long-term power rights, which are not directly identifiable to a specific WAPA-owned facility and are owned and used by WAPA in operations. Power rights are amortized over 40 years.

Note 10. Regulatory Assets

($ IN MILLIONS)	2025
Refinanced and Additional Appropriated Capital	$ 4,836
Terminated Nuclear Facilities	1,287
Residential Exchange Programs Scheduled Amounts	819
Other Regulatory Assets	950
Total Regulatory Assets (Note 9)	$ 7,892

DOE's PMAs record certain amounts as assets in accordance with the Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC) 980, *Regulated Operations*. The provisions of this standard require that regulated enterprises reflect rate actions of the regulator in its financial statements, when appropriate. These rate actions can provide reasonable assurance of the existence of an asset, reduce or eliminate the value of an asset, or impose a liability on a regulated enterprise. To defer incurred costs under ASC 980, a regulated entity must have the

statutory authority to establish rates that recover all costs, and those rates must be charged to, and collected from, customers.

REFINANCED AND ADDITIONAL APPROPRIATED CAPITAL

BPA is responsible for repaying the Treasury for transmission and power generating assets that were funded by appropriations, including those of the USACE and the U.S. Bureau of Reclamation (BOR). In accordance with accounting guidance for regulated operations, BPA records a regulatory asset based on this deferred cost that must be repaid to the Treasury for those assets owned by the USACE and BOR. The regulatory asset is amortized over a period of 50 years on a straight-line basis based on the estimated service lives of the assets. BPA's trial balance also includes a regulatory asset and a corresponding intragovernmental debt for refinanced and additional appropriations owed to the Treasury. Under the BPA Refinancing Section of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Refinancing Act), 16 U.S.C. 838(l), BPA refinanced its unpaid capital appropriations as of September 30, 1996, and is responsible for the repayment of additional appropriated capital investment after the Refinancing Act (see Note 15).

TERMINATED NUCLEAR FACILITIES

BPA is responsible for the repayment of debt for terminated Energy Northwest Nuclear Projects 1 and 3. These assets are amortized to program costs through 2043 (see Note 15).

RESIDENTIAL EXCHANGE PROGRAM (REP) SCHEDULED AMOUNTS

Under the provisions of the 2012 Residential Exchange Program Settlement Agreement (2012 REP Settlement Agreement), BPA's Investor-Owned Utilities (IOU) customers receive a fixed schedule of benefit payments, specifically Scheduled Amounts, that are being recovered in rates through 2028. These amounts amortize to program costs (see Note 15).

OTHER REGULATORY ASSETS

Other regulatory assets for BPA primarily include the deferral of expenses related to the Phase 2 Implementation Plan (P2IP) Settlement Agreement signed in September 2023 (see Note 16); amounts to be recovered in future rates through 2045 in connection with the annual irrigation assistance payment made to Treasury (see Note 16); deferred fish and wildlife project expenses; decommissioning and site restoration costs that reflect amounts to be recovered in future rates for funding the Asset Retirement Obligation (ARO) liability related to the former Trojan nuclear facility through 2059; spacer damper replacement program costs to replace deteriorated spacer dampers on certain transmission lines, amortized over a period of 25 or 30 years and deferred energy conservation measures to be recovered in future rates.

Note 11. Liabilities Not Covered by Budgetary Resources

($ IN MILLIONS)	2025
Intragovernmental	
Debt	$ 6,894
Appropriated Capital and Other Adjustments	4,268
Future Reimbursements to the Treasury Judgment Fund	410
Other	25
Total Intragovernmental	$ 11,597
Other than Intragovernmental	
Federal Employee Salary, Leave, and Benefits Payable (Note 13)	231
Post Employment Benefits Payable	90
Environmental and Disposal Liabilities (Note 14)	535,541
Nuclear Waste Fund Deferred Revenues (Note 16)	54,232
Other Liabilities	
Contingencies and Commitments (Note 19)	38,857
Pension and Other Actuarial Liabilities (Notes 15 and 17)	11,817
Other Debt (Note 15)	5,726
BPA Lease-Purchase Program and Other Lease Liabilities (Note 15)	1,887
Residential Exchange - Scheduled Amounts (Note 15)	819
Environment, Safety, and Health Compliance Activities	1,986
Energy Savings Performance Contracts and Utility Energy Service Contracts (Note 15)	284
Lessee Right-To-Use Lease Liability	714
Other	44
Total Other Than Intragovernmental	$ 652,228
Total Liabilities Not Covered By Budgetary Resources	$ 663,825
Total Liabilities Covered by Budgetary Resources	48,773
Total Liabilities Not Requiring Budgetary Resources	1,156
Total Liabilities	$ 713,754

Total liabilities not requiring budgetary resources are liabilities that will not require the use of budgetary resources to include liabilities for clearing accounts, non-fiduciary deposit funds, custodial collections, and unearned revenue.

DOE has no current liabilities not covered by budgetary resources.

Note 12. Debt

	2025		
($ IN MILLIONS)	BEGINNING BALANCE	NET BORROWINGS	ENDING BALANCE
Debt Owed to the Federal Financing Bank (FFB)	$ 16,936	$ 11,879	$ 28,815
Debt Owed to Treasury Other Than FFB	6,794	399	7,193
Total Debt	$ 23,730	$ 12,278	**$ 36,008**

DEBT OWED TO THE FFB

To finance its loan programs, DOE is required to use the FFB for the ATVM program and the loan guarantees of the Title XVII program. As of September 30, 2025, the maturity range of the debt was from February 20, 2029, to June 14, 2052. The interest rate range was from 0.818% to 4.440% as of September 30, 2025. All debt from the FFB is considered covered by budgetary resources. There is no congressional action necessary to pay the debt.

DEBT OWED TO TREASURY OTHER THAN FFB

BPA is authorized by Congress to issue and sell bonds to the Treasury and to have outstanding, at any time, up to $13.7 billion in aggregate principal of bonds. Beginning in FY 2028, an additional $4.0 billion of Treasury borrowing authority will be available. Of the $13.7 billion in borrowing authority currently available, $1.2 billion is available for electric power conservation and renewable resources, including capital investment at the Federal Columbia River Power System (FCRPS) hydroelectric facilities owned by the USACE and BOR, and $12.5 billion is available for BPA's transmission capital program and to implement BPA's authorities under the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act). Of the total Treasury borrowing authority available at any one time ($13.7 billion through FY 2027 and $17.7 billion beginning in FY 2028), $750 million can be issued to finance Northwest Power Act-related expenses. The interest on BPA's outstanding bonds is set at rates comparable to rates on debt issued by other comparable federal government institutions at the time of issuance. Bonds can be issued with call options.

As of September 30, 2025, BPA had no bonds outstanding related to Northwest Power Act expenses.

As of September 30, 2025, $1.4 billion of variable-rate bonds were callable by BPA at par value on their interest repricing dates, which occur every three or six months. The remaining $4.8 billion of bonds are callable by BPA at a premium or discount, which is calculated based on the current government agency rates for the remaining term to maturity at the time the bonds are called.

In FY 2025, BPA called $724 million of bonds it had previously issued to Treasury. As a result, BPA recognized a net gain of $239 million.

WAPA has authority to borrow up to $3.3 billion from the Treasury for planning, constructing, financing, operating, or maintaining new or upgraded electric power transmission lines and facilities; and for delivering or facilitating the delivery of power generated by renewable energy.

DOE is authorized to borrow from Treasury if cash previously collected is not enough to cover interest expense and other items related to the ATVM and Title XVII loan programs. As of September 30, 2025, the maturity range of the debt was September 30, 2026 to September 30, 2053, and the interest rate range was 0.818% to 4.395%. Borrowings from Treasury related to ATVM and Title XVII loan programs are considered budgetary resources. Congressional Action is not necessary to pay the debt.

Note 13. Federal Employee Salary, Leave, and Benefits Payable

($ IN MILLIONS)		2025
Accrued Funded Payroll and Leave	$	2,166
Unfunded Leave		231
Employer Contributions and Payroll Taxes Payable		3
Total Federal Employee Salary, Leave, And Benefits Payable	$	2,400

Note 14. Environmental and Disposal Liabilities

($ IN MILLIONS)		2025
Beginning Balance	$	544,541
Changes to Environmental Cleanup and Disposal Liability Estimates		2,884
Costs Applied to Reduction of Legacy Environmental Liabilities (Note 21)		(7,365)
Capital Expenditures Related to Remediation Activities		(1,456)
Ending Environmental Cleanup And Disposal Liabilities	$	538,604
Unfunded Environmental Liabilities (Note 11)	$	535,541
Funded Environmental Liabilities		3,063
Total Environmental Cleanup And Disposal Liabilities	$	538,604

After World War II, the U.S. developed a massive industrial complex to research, produce, and test nuclear weapons and commercial nuclear power reactors. The nuclear complex was comprised of nuclear reactors, chemical processing buildings, metal machining plants, laboratories, and maintenance facilities.

At all sites where these activities took place, environmental contamination occurred. Environmental contamination was caused by the production, storage, and use of radioactive materials and hazardous chemicals, which resulted in contamination of soil, surface water, or groundwater. In particular, the environmental legacy of nuclear weapons

production also included thousands of contaminated buildings and large volumes of waste and Special Nuclear Material requiring treatment, stabilization, and disposal.

The Nuclear Waste Policy Act of 1982 (NWPA) established the federal government's responsibility to provide for permanent disposal of the nation's high-level radioactive waste and SNF. NWPA requires all owners and generators of high-level nuclear waste and SNF, including DOE, to pay their respective shares of the full cost of disposal. DOE's liability for disposal reflects its share of the estimated future costs of the disposal of its inventory of high-level waste (HLW) and SNF. DOE's liability does not include the portion of the cost attributable to commercial owners and generators.

DOE has estimated environmental cleanup liability for the environmental contamination and waste disposition obligations discussed above. The estimates provide for a site-by-site projection of the work required to safely complete all EM projects, while complying with regulatory agreements, statutes, and regulations. Project estimates include projections of the technical scope, schedule, and estimable costs at each site for the cleanup.

The following key assumptions and uncertainties relate to DOE's estimates:

- DOE has identified approximately 11,740 potential release sites from which contaminants could migrate into the environment. Although virtually all sites have been at least partially characterized, final remedial action and regulatory decisions have not been made for all sites. Site-specific assumptions regarding the amount and type of contamination and the remediation technologies were used in estimating the environmental liabilities related to these sites.
- Cost estimates for management of DOE's HLW and SNF have been predicated upon assumptions as to the timing of permanent disposition. Changes in HLW and SNF disposition plans could cause Departmental projected costs to change.
- Estimates are based on remedies considered technically and environmentally reasonable and achievable by local project managers and appropriate regulatory authorities.
- Estimated cleanup costs at sites for which there are no current feasible remediation approaches are excluded from the estimates, although applicable stewardship and monitoring costs for these sites are included. DOE has not been required via regulation to establish remediation activities for these sites.

Changes to DOE's environmental liabilities estimates in FY 2025 resulted from inflation adjustments to reflect constant dollars for the current year; improved and updated estimates for the same scope of work, including changes resulting from deferral or acceleration of work or changes to funding assumptions; revisions in technical approach or scope, including additional contamination; updated estimates of projected waste volumes; legal and regulatory changes; and cleanup activities performed.

DOE's liabilities also include the estimated cleanup and post-closure responsibilities, including surveillance and monitoring activities, soil and groundwater remediation, and disposition of excess material for sites. DOE is responsible for the post-closure activities at many of the closure sites, as well as other sites, such as former uranium mills and certain sites remediated by the USACE. The costs for these post-closure activities are estimated for a period of 75 years after the balance sheet date, through FY 2100 in FY 2025. While some post-cleanup monitoring and other long-term stewardship activities post-FY 2100 are included, there are others DOE expects to continue beyond FY 2100 for which the costs cannot reasonably be estimated.

A portion of the environmental liability at various field sites includes anticipated costs for facilities managed by DOE's ongoing program operations which will ultimately require stabilization, deactivation, and decommissioning. Active facility estimates are largely based upon a cost-estimating model. Site-specific estimates are used, in lieu of the cost-estimating model, when available. Cost estimates for ongoing program facilities are updated each year. For facilities newly contaminated since FY 1997, costs are allocated to the periods benefiting from the operations of the facilities. Facilities' cleanup costs allocated to future periods and not included in the liability amounted to $1.2 billion at September 30, 2025.

Estimating DOE's environmental cleanup liability requires making assumptions about future activities and is inherently uncertain. The future course of DOE's environmental cleanup and disposal will depend on a number of fundamental technical and policy choices, many of which have not been made. The cost and environmental implications of alternative choices can be profound. For example, some contaminated sites and facilities could be restored to a condition suitable for any desired use; they could also be restored to a point where they pose no near-term health risks to surrounding communities but are essentially secured, monitored, and left in place. Achieving the former condition would have a higher cost but may or may not warrant the cost or be legally required. The estimates reflect applicable decisions and current expectations as to the extent of cleanup and site and facility reuse, which include consideration of legal requirements and stakeholder input. The environmental liability estimate includes contingency estimates intended to account for the uncertainties associated with the technical cleanup scope of the program. Congressional appropriations

at lower-than-anticipated levels or lack of congressional approval, unplanned delays in project completions, unforeseen technical issues, obtaining regulatory approval, among other things, could cause increases in life-cycle costs. All environmental liabilities as of September 30, 2025 are stated in FY 2025 dollars, as required by generally accepted accounting principles for federal entities. Future inflation could cause actual costs to be substantially higher than the recorded liability.

HANFORD SITE

DOE's Hanford Site covers 580 square miles in the desert of southeastern Washington state. The area is home to nine former production reactors and their associated processing facilities. The major activities comprising the environmental liability at Hanford include the following:

- The Waste Treatment Plant is a multi-year construction project that, once complete, will provide the primary treatment capability to immobilize the radioactive and chemical tank waste at the Hanford site.
- The Tank Farm project includes activities required to manage and stabilize approximately 56 million gallons of radioactive waste stored in 177 underground tanks, including retrieval, treatment, disposal, and closure.
- Waste Treatment Plant Operations is responsible for the operational scope for the Waste Treatment Plant Low-Activity Waste Facility, the Analytical Laboratory, and the Balance of Facilities starting with hot commissioning but after project completion for those facilities.
- The River Corridor Closure Project addresses the remediation of contaminated soils and facilities adjacent to the Columbia River. Much of this work has been completed, but remediation activities continue for the soil beneath the 324 Building; the treatment and packaging of radioactive sludge for final offsite disposition; and in the future, the remediation of 618-11 burial grounds.
- Solid Waste Operations in the central plateau in support of remediation activities on the Hanford Site.
- Soil and groundwater, as well as D&D activities, which addresses the remediation of contaminated soils and facilities in the central plateau.
- Infrastructure services in support of the operations on the Hanford Site including safeguards and security, utility operations, and fire operations.

SAVANNAH RIVER SITE

SRS, located in South Carolina, is 310 square miles in size with 1,000 facilities concentrated within 10% of the total land area. The SRS environmental liability estimate reflects the mission of safely storing, treating, and disposing of a variety of radioactive and hazardous waste streams, remediating the environment, deactivating and decommissioning excess facilities, stabilization and immobilization of HLW, and the secure storage of foreign and domestic nuclear materials, including SNF and plutonium at the site. The major activity comprising the environmental liability at SRS is the Radioactive Liquid Waste (LW) Stabilization and Disposition program.

The Radioactive LW Stabilization and Disposition program is a highly integrated operation involving safely storing LW in underground storage tanks; removing, treating, and dispositioning of approximately 34 million gallons of legacy radioactive HLW stored in 43 of 51 underground storage tanks. To date, eight tanks have achieved regulatory operational closure and have been grouted in place. Most of the liquid tank waste is a solution of salt processed through the Salt Waste Processing Facility which produces two waste streams - HLW strip effluent containing fission products and actinides and low-level waste (LLW) decontaminated salt solution (DSS). The HLW stream is combined with the radioactive HLW sludge stored in the LW storage tanks and sent to the Defense Waste Processing Facility for vitrification. The vitrified HLW glass is poured into stainless steel canisters, which are temporarily stored on-site in the Glass Waste Storage Buildings. The DSS is sent to the Saltstone Production facility where it is combined with slag and fly ash to form a LLW grout called saltstone. The LLW saltstone is sent to one of 12 (three are still under construction) on-site saltstone disposal units for permanent storage.

IDAHO NATIONAL LABORATORY SITE

INL is a research and engineering complex that occupies 890 square miles in southeastern Idaho and has been the center of nuclear energy research since 1949. Idaho has fulfilled numerous DOE missions, including the design and testing of 52 nuclear reactors and reprocessing SNF to recover fissile materials. These activities resulted in inventories of waste managed as high-level, transuranic (TRU), mixed low-level (MLL) waste, and LLW. The major activities comprising the environmental liability at the INL include the following:

- The Spent Nuclear Fuel Stabilization and Disposition project includes stabilizing legacy SNF and managing the receipt of off-site SNF from research reactors.

- The Radioactive Liquid Tank Waste Stabilization and Disposition Project will treat and disposition the sodium-bearing tank wastes, close the underground waste tanks and maintain the Idaho Nuclear Technology and Engineering Center.
- The Solid Waste Stabilization and Disposition Project dispositions stored TRU waste, low-level radioactive waste, Resource Conservation and Recovery Act of 1976 (RCRA) hazardous waste, and MLL radioactive waste in compliance with the Idaho Settlement Agreement requirements and closes on-site low-level radioactive waste disposal facilities at the Radioactive Waste Management Complex.
- The Soil and Water Remediation project is responsible for remediation of contaminated soil and groundwater and closure of legacy Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) sites at INL. Completion of this project will contribute to reducing the footprint and the completion of the Idaho Cleanup Project.

GASEOUS DIFFUSION PLANTS

DOE constructed and formerly operated three gaseous diffusion plants (GDP) located in Oak Ridge, Tennessee; Portsmouth, Ohio; and Paducah, Kentucky, to enrich uranium which resulted in radioactive and chemical contamination at the sites. The major activities comprising the environmental liabilities at the GDPs include the following:

- The Oak Ridge, Portsmouth, and Paducah Nuclear Facility projects include environmental cleanup and surveillance and maintenance activities, demolition and disposal, and D&D of inactive or excess facilities. Oak Ridge completed D&D of all facilities at East Tennessee Technology Park in FY 2020 and soil remediation in FY 2024. Oak Ridge continues to support future site closure.
- The Portsmouth and Paducah Nuclear Material Stabilization and Disposition-Depleted UF6 Conversion projects include the operation of the depleted UF6 conversion facilities at the Portsmouth and Paducah sites. These facilities convert the material into a more stable form of depleted uranium oxide suitable for reuse or disposition.

OAK RIDGE OFFICE OF ENVIRONMENTAL MANAGEMENT OTHER THAN GASEOUS DIFFUSION PLANT

The Oak Ridge EM, located in Tennessee, includes deactivation and demolition on excess contaminated facilities at the Y-12 National Security Site and ORNL. Oak Ridge EM also includes construction of the Mercury Treatment Facility and onsite CERCLA disposal facility to support D&D activities and disposition of Uranium-233 material and TRU waste.

ENVIRONMENTAL LIABILITIES ESTIMATE FOR OTHER SITES

Environmental liabilities exist for other sites and activities across DOE. The cleanup activities at other sites are similar to the activities mentioned above, including, depending on the site, soil and groundwater remediation; waste retrieval, treatment, and disposal; and D&D of nuclear reactors and other facilities.

Note 15. Other Liabilities

($ IN MILLIONS)		2025
Intragovernmental Other Liabilities		
Appropriated Capital	$	2,511
Refinanced and Additional Appropriations		1,064
Capitalization Adjustment		693
Other		1,055
Total Intragovernmental Other Liabilities	$	5,323
Other Than Intragovernmental Other Liabilities		
Pension and Other Actuarial Liabilities (Notes 11 and 17)	$	11,817
Environment, Safety, and Health Compliance Activities (Note 22)		1,997
Residential Exchange Program (REP) (Note 11)		819
Other Debt (Note 11)		5,726
BPA Lease-Purchase Program and Other Lease Liabilities (Note 11)		1,887
Asset Retirement Obligations		1,177
Lessee Right-To-Use Lease Liability (Note 18)		896
Energy Savings Performance Contracts and Utility Energy Service Contracts (Notes 11 and 27)		284
Other		1,455
Total Other Than Intragovernmental Other Liabilities	$	26,058
Total Other Liabilities	$	31,381

APPROPRIATED CAPITAL

Appropriated capital owed represents the balance of appropriations provided to WAPA, SWPA, and SEPA for construction, operation, and maintenance of power facilities that will be repaid to the Treasury General Fund. The amount owed includes accumulated and current year interest on the net unpaid federal investment in the power projects. The federal investment in power facilities is to be repaid within 50 years from the time the facilities are placed in service or are commercially operational. Replacements of federal investments are generally expected to be repaid over their useful service lives. There is no requirement for repayment of a specific amount of federal investment on an annual basis.

SEPA receives annual appropriations from the Treasury's General Fund for operating expenses. Annual program costs are repaid from offsetting collections from the sale of federal hydroelectric power during the current year, resulting in a net-zero appropriation.

SWPA receives annual appropriations from the Treasury's General Fund for capital, operation, and maintenance expenses. Annual operation and maintenance costs are repaid from offsetting collections from the sale of federal hydroelectric power during the current year, interest is recovered annually, and construction costs are generally repaid over their estimated useful lives.

WAPA receives annual appropriations from the Reclamation Fund for construction, operation and maintenance expenses. Annual operation and maintenance costs are repaid from offsetting collections from the sale of federal hydroelectric power during the current year, interest is recovered annually and construction costs are generally repaid over their estimated useful lives. Funding received from the Reclamation Fund is not reported as appropriated capital owed since the Reclamation Fund is managed by WAPA and all inter-fund activity is eliminated for combined reporting.

WAPA has also received appropriations from the Treasury's General Fund, as noted in the first paragraph of this section, the unpaid balance of these appropriations are reported as appropriated capital owed to Treasury.

Except for the appropriation refinancing asset described in Note 10 and in the next section, DOE's financial statements do not reflect the federal investment in power-generating facilities owned by the USACE; The Department of the Interior, BOR; and Department of State, International Boundary and Water Commission (IBWC).

REFINANCED AND ADDITIONAL APPROPRIATED CAPITAL

As discussed in Note 10, BPA refinanced its unpaid capital appropriations as of September 30, 1996. Federal appropriations reflect the responsibility that BPA has to repay Treasury for congressionally appropriated amounts in the

FCRPS. Federal appropriations repayment obligations consist of the remaining unpaid power portion of USACE and BOR capital investments funded through congressional appropriations.

BPA is obligated to establish rates to repay appropriations for federal generation and transmission plant investments within a specified repayment period, which is the reasonably expected service life of the facilities, not to exceed 50 years. Federal appropriations may be repaid early without penalty at par value, i.e. carrying value for federal appropriations, as part of BPA's payment to Treasury. BPA repaid appropriations earlier than the due date in FY 2025. BPA establishes schedules for the repayment of federal appropriations when it establishes its power and transmission rates. These schedules can change depending on whether appropriations have been prepaid or deferred. Interest on appropriated amounts begins accruing when the related assets are placed into service, unless repayment obligation is deferred by specific legislation.

CAPITALIZATION ADJUSTMENT

The capitalization adjustment is the difference between the outstanding balance of federal appropriations, plus $100 million, before and after refinancing under the Refinancing Act. Consistent with treatment in BPA's power and transmission rate cases, this adjustment is amortized over a 40-year period through FY 2036. Amortization of the capitalization adjustment was $65 million for FY 2025 (see Note 10).

OTHER INTRAGOVERNMENTAL

Other Intragovernmental Liabilities "Other" represents the amount due to the Treasury Judgment Fund, liability for non-entity assets, custodial liability, and various other miscellaneous liabilities.

ENVIRONMENT, SAFETY, AND HEALTH COMPLIANCE ACTIVITIES

DOE's environment, safety, and health (ES&H) liability represents those activities necessary to bring facilities and operations into compliance with existing ES&H laws and regulations, e.g., the Occupational Safety and Health Act, Clean Air Act, and Safe Drinking Water Act. Types of activities included in the estimate relate to the following: upgrading site-wide fire and radiological programs, nuclear safety upgrades, industrial hygiene and industrial safety, safety-related maintenance, emergency preparedness programs, life safety code improvements, and transportation of radioactive and hazardous materials. The estimate covers corrective actions expected to be performed in future years for programs outside the purview of DOE's EM program. ES&H activities within the purview of the EM program are included in the environmental liabilities estimate.

RESIDENTIAL EXCHANGE PROGRAM

In 1981, and as provided in the Northwest Power Act, BPA began to implement the REP through various contracts with eligible regional utility customers. BPA's implementation of the REP has been the subject of various litigations and settlement agreements.

Beginning in April 2010, over 50 litigants and other regional parties entered into mediation to resolve numerous disputes over the REP. In FY 2011, the parties reached a final settlement agreement – the 2012 REP Settlement Agreement. As a result of the settlement, BPA recorded an associated long-term IOU exchange benefits liability and corresponding regulatory asset of $3.1 billion. Under the 2012 REP Settlement Agreement, the IOUs' REP benefits were determined for FYs 2012-2028, also referred to herein as Scheduled Amounts. The Scheduled Amounts started at $182 million for FY 2012 and increase over time to $286 million for FY 2028. As provided in the 2012 REP Settlement Agreement, the Scheduled Amounts are established for each IOU based on the IOU's average system cost, its residential exchange load, and BPA's applicable Priority Firm Exchange rate. The Scheduled Amounts total $4.1 billion over the 17-year period through FY 2028, with remaining Scheduled Amounts as of September 30, 2025, totaling $858 million. Amounts recorded of $819 million at September 30, 2025, represent the present value of future cash outflows for these IOU exchange benefits.

OTHER DEBT

Other debt primarily includes liabilities associated with BPA purchased generating capability, discussed in Note 9; terminated non-federal facilities for which BPA bears repayment responsibility discussed in Note 10; and customer prepaid power purchases.

During FY 2013, BPA entered into agreements with four regional consumer-owned utilities for the advance payment of portions of their power purchases. Under this program, customers purchased prepaid power in blocks through FY 2028. For each block purchased, BPA repays the prepayment, with interest, as monthly fixed credits on the customers' power bills.

In March 2013, BPA received $340 million representing $474 million in scheduled credits for blocks purchased by customers. BPA accounts for the prepayment proceeds as a financing transaction and reports the value of the obligations associated with the fixed credits as a prepayment liability. Interest expense is recognized using a weighted-

average effective interest rate of 4.5%. The prepaid liability is reduced and the credits are applied as power is delivered through FY 2028. As of September 30, 2025, BPA's remaining liability is $86 million.

BPA LEASE-PURCHASE PROGRAM AND OTHER LEASE LIABILITIES

Lease-Purchase Program

Under the Lease-Purchase Program, BPA has incurred financial liabilities for lease-purchase transactions with certain third-party entities. These transactions are primarily with the Port of Morrow, a port district located in Morrow County, Oregon, and the Idaho Energy Resources Authority, an independent public instrumentality of the state of Idaho, for transmission facilities, including lines, substations, and general plant assets. These financial liabilities are paid from the rental payments made by BPA. The facilities are not security for the payment of these obligations. The lease-purchase agreements contain provisions that allow BPA to purchase the related assets at any time during each lease term for a bargain purchase price plus the value of the related outstanding debt instrument.

Under the Lease-Purchase Program, BPA consolidates one special purpose corporation, Northwest Infrastructure Financing Corporation (NIFC). As of September 30, 2025, the NIFC had $120 million of bonds outstanding, including debt issuance costs. The rental payments from BPA are pledged to the payment of the debt, but the facilities do not secure the debt.

Included among this liability are finance lease agreements for transmission lines and equipment.

Other Financial Liability

This agreement is with a transmission customer. BPA is deemed the accounting owner of the assets. The agreement contains provisions that allow BPA to purchase the related assets at any time during the contract term, with ownership transferring to BPA at the end of the term.

ASSET RETIREMENT OBLIGATIONS

BPA recognizes AROs based on the future retirement of certain tangible, long-lived assets. BPA's AROs are recognized based on the estimated fair value of the dismantlement and restoration costs, primarily associated with the retirement of CGS. BPA also has AROs for a 30% share of the former Trojan nuclear power plant decommissioning activities and for certain Energy Northwest-related site restoration activities. ARO liabilities are adjusted for any revisions, expenditures, and the passage of time.

Based on agreements in place, BPA directly funds Eugene Water and Electric Board's 30% share of the former Trojan nuclear power plant decommissioning activities that consist of long-term operation and decommissioning of the Independent Spent Fuel Storage Installation (ISFSI). BPA funds these costs through current rates. Trojan decommissioning primarily relates to the storage of SNF through 2059 at the former nuclear plant site. Decommissioning of the ISFSI and final site restoration activities are not expected to occur before 2059, which is the year the Nuclear Regulatory Commission (NRC) extended the fuel storage license through. In FY 2025, BPA management revised the estimate for the Trojan ARO by $16 million. This change in estimate was driven by increases in headcount as mandated by the NRC, increases in expenditures for aging equipment replacements and inspections and changes in inflation assumptions.

BPA also has tangible long-lived assets without an associated ARO because no legal obligation exists to remove these assets.

OTHER LIABILITIES

Other than Intragovernmental Liabilities, "Other" represents contract holdbacks, limited payroll related liabilities, undistributed advances, and various other miscellaneous liabilities.

Note 16. Advances from Others and Deferred Revenue

($ IN MILLIONS)		2025
Intragovernmental	$	1,634
Other than Intragovernmental:		
Nuclear Waste Fund (Note 11)	$	54,232
Power Marketing Administrations		2,528
Reimbursable Work Advances		751
Other		470
Total Other than Intragovernmental	$	57,981
Total Advances From Others And Deferred Revenue	$	59,615

NUCLEAR WASTE FUND

NWF revenues are accrued based on interest earned on charges assessed against owners and generators of high-level radioactive waste and SNF and interest accrued on investments in U.S. Treasury securities. These revenues are recognized as a financing source as costs are incurred for NWF activities. Revenues that exceed the NWF expenses are deferred.

POWER MARKETING ADMINISTRATIONS

BPA's deferred revenues and other credits make up the majority of the deferred revenues and other credits for the PMAs. BPA's deferred revenues and other credits primarily represent the following:

- Regulatory liabilities are amounts previously collected through rates for accumulated plant removal costs as part of depreciation expense, unrealized gains in the non-federal nuclear decommissioning trust assets for CGS, and the unrealized gains from BPA's derivative portfolio, which are deferred over the corresponding underlying contract delivery months and are to be included in rates for refund over a future period.
- Interconnection agreements are advances for requested new network upgrades and interconnections. These advances accrue interest and will be returned as cash or credits against future transmission service on the new or upgraded lines.
- P2IP settlement agreements represents the undiscounted long-term portion of future payments to be made to certain Upper Columbia River Tribes as agreed to in the P2IP Settlement Agreement signed in September 2023. This long-term liability and the corresponding regulatory asset represents the BPA Administrator's decision to defer expense recognition to future rate periods. Per the terms of the agreement, BPA will provide $10 million per year, beginning in FY 2024 for the 20-year duration of the agreement, for a total of $200 million (adjusted for inflation). These funds are to be used to test the feasibility of, and ultimately reintroduce salmon in blocked habitats in the Upper Columbia River Basin. The settlement agreement became effective in October 2023, upon the pause of the related Tribal litigation (see Note 10).
- Irrigation Assistance represents the long-term portion of future payments to be made to the Treasury in connection with the original construction costs of certain Pacific Northwest irrigation facilities. Amount owed are representative of construction costs that are deemed to be beyond the irrigators' ability to pay. This long-term liability and the corresponding regulatory asset represents the BPA Administrator's decision to defer expense recognition to future rate periods. (see Note 10).
- Deferred project revenue funded in advance consisting of third-party advances received where BPA will own the resulting transmission assets. The balance is amortized over the life of the assets so that the balance prevents any stranded costs in case of impairment as prescribed by the transmission rate process.
- Unearned revenue from customer deposits consists of advances received from customers for projects or studies undertaken at their request. Revenue is recognized as expenditures are incurred.
- Third Alternating Current Intertie capacity agreements reflecting unearned revenues from customers related to the Third Alternating Current Intertie transmission line capacity project. Revenue is recognized over an estimated 51-year life of the related assets, which are generally added and retired each year.
- Service deposits reflect required deposits for BPA products or services. The majority of these amounts are expected to be returned to the customer after a period of service.

Note 17. Pension and Other Actuarial Liabilities

($ IN MILLIONS)	2025
Contractor Pension Plans	$ 5,988
Contractor Postretirement Benefits Other Than Pensions	5,812
Contractor Disability and Life Insurance Plans	17
Total Pension And Other Actuarial Liabilities (Notes 11 And 15)	$ 11,817

Most of DOE's major contractors sponsor defined benefit pension plans which promise to pay specified benefits, such as a percentage of the final average pay for each year of service, to their employees. DOE's allowable costs under these contracts include reimbursement of annual contractor contributions to these pension plans. Most of the contractors also sponsor PRB, consisting of predominantly postretirement health care benefits. DOE approves, for cost reimbursement purposes, these contractor pension and postretirement benefit plans and is responsible for the allowable costs of funding the plans. DOE also reimburses these contractors for employee disability insurance plans, and estimates are recorded as unfunded liabilities for these plans.

For accounting measurements, DOE follows FASB ASC 715, Compensation - Retirement Benefits, for reporting contractor pension and Postretirement Benefit plans for which DOE has a continuing obligation to reimburse allowable costs. Because DOE reports under federal accounting requirements, newly measured net prior service costs/(credits) and net (gains)/losses are recognized immediately as components of net periodic cost rather than classified as other comprehensive income under FASB ASC 715 and later amortized and included as components of net periodic cost. All components of the net periodic cost are recognized in the Consolidated SNC. Service costs are recorded by program and all other net periodic costs are recorded as costs not assigned (see Note 22).

The difference between the Contractor Pension Plans and Contractor PRB assets and related projected benefit obligations is reported on the Balance sheet as either a Pension Asset or Pension Liability, as appropriate. Plans where plan assets exceed projected benefit obligations are reported as part of the Other than Intragovernmental Assets - Advances and Prepayments. Plans were the projected benefit obligations exceed plan assets are reported as part of the Other Than Intragovernmental Liabilities - Other Liabilities.

CONTRACTOR PENSION PLANS

As of September 30, 2025, DOE reports contractor pension assets, i.e., aggregate of net assets for all contractor plans with plan assets in excess of the projected benefit obligation, of $1.2 billion. DOE reports contractor pension liabilities, i.e., aggregate of net liabilities for all contractor plans with projected benefit obligations in excess of the plan assets, of $6.0 billion. DOE has a continuing obligation to reimburse allowable costs for a variety of contractor-sponsored pension plans (32 qualified and 11 nonqualified).

Contractors are required to make contributions to their plans as required by the Internal Revenue Code and ERISA, as amended. For qualified defined benefit pension plans, DOE's current funding policy is to reimburse contractors for the minimum required contributions made, absent DOE's agreement to reimburse at a different level. For nonqualified plans, the funding policy is pay-as-you-go.

Assumptions and Methods – Contractors use their own actuarial assumptions for determining required contributions to employee pension plans. However, in order to provide consistency among DOE's various contractors, DOE requires the use of certain standardized actuarial assumptions for financial reporting purposes. These standardized assumptions include the discount rates, mortality assumptions, and an expected long-term inflation rate of 2.25%. The stated rate is used consistently in the expected long-term rate of return on assets, salary scale, and other relevant economic assumptions affected by inflation. The 2.25% inflation rate is adjusted to reflect regional or industry rates as appropriate. In most cases, except for the standardized mortality assumption, the demographic assumptions used for the ERISA valuation were used for these purposes.

The following specific assumptions and methods were used to determine the net benefit cost. The weighted average discount rate was 4.80%, the weighted average long-term rate of return on assets was 6.63%, and the average rate of compensation increase was 4.0% for FY 2025. The average long-term rate of return on assets shown above is the average rate for the contractor plans. Each contractor develops its own average long-term rates of return on assets based on the specific investment profiles of the specific plans it sponsors. Therefore, there is no one overall approach to setting the rate of return for each of the contractor plans. The weighted average discount rate used to determine the benefit obligations as of September 30, 2025 is 5.20%.

The aggregate accumulated benefit obligation and aggregate fair value of plan assets for plans with accumulated benefit obligations in excess of plan assets are $28.5 billion and $25.5 billion as of September 30, 2025. The aggregate projected

benefit obligation and aggregate fair value of plan assets for plans with projected benefit obligations in excess of plan assets are $41.2 billion and $35.2 billion as of September 30, 2025.

CONTRACTOR POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

DOE's contractors sponsor a variety of PRB. As of September 30, 2025, DOE reports contractor PRB assets, i.e., aggregate of net assets for all contractor plans with plan assets in excess of the benefit obligation, of $21 million. DOE reports contractor PRB liabilities, i.e., aggregate of net liabilities for all contractor plans with benefit obligations in excess of the plan assets, of $5.8 billion. DOE accrues the cost of PRB during the years that the employees render service. Generally, the PRB plans are unfunded, and DOE's funding policy is to fund on a pay-as-you-go basis. There are five contractors, however, that are partially prefunding benefits as permitted by law.

Assumptions and Methods – In order to provide consistency among DOE's various contractors, certain standardized actuarial assumptions were used. Standardized assumptions include medical and dental trend rates, discount rates, and mortality assumptions.

The following specific assumptions and methods, with respect to trends in the costs of medical and dental benefit plans, were used in determining the PRB estimates. The projected medical trend rates for a point of service plan, Health Maintenance Organization, Preferred Provider Organization, or similar plan grade, i.e., decrease or increase, from 7.62% in 2025 down to 5.00% in 2040 and later for under age 65; and remain level at 5.00% for age 65 and older from 2025 through years 2040 and later. The medical trend rates for a traditional indemnity or similar plan grade from 7.93% in 2025 down to 5.00% in 2040 and later for under age 65; and 5.08% in 2025 down to 5.00% in 2040 and later for age 65 and older. Separate trend rates were used for a Medicare Advantage plan, a Part D Prescription Drug Plan (PDP), and a Non-Part D PDP. Trend rates for Medicare Advantage plans at all per-member, per-month levels of employer costs grade from 4.97% in 2025 up to 5.00% by 2040 and later. The trend rates for a Part D PDP grade from 6.87% in 2025 down to 5.00% in 2040 and later, and for a Non-Part D PDP grade from 10.66% in 2025 down to 5.00% in 2040 and later. The medical trend rates or combination of rates used to determine the PRB estimates are dependent on each contractor's specific plan design and impact of health care reform, if applicable. The projected dental trend rates at all ages grade from 4.23% in 2025 down to 3.00% in 2040 and later.

The weighted average discount rate of 4.80%, and the weighted average long-term rate of return on assets of 3.58% for FY 2025 were used to determine the net periodic cost. The rate of compensation increase was the same rate as each contractor used to determine pension contributions. The average long-term rate of return on assets shown above is the average rate for the contractor plans. Each contractor develops its own average long-term rate of return on assets based on the specific investment profile of the specific plans it sponsors. Therefore, there is no one overall approach to setting the rate of return for each of the contractor plans.

The weighted average discount rates used to determine the benefit obligations as of September 30, 2025, is 5.20%.

The aggregate accumulated postretirement benefit obligation and aggregate fair value of plan assets for plans with accumulated postretirement benefit obligations in excess of plan assets are $5.9 billion and $78 million as of September 30, 2025.

($ IN MILLIONS)	2025 PENSION BENEFITS	2025 OTHER POSTRETIREMENT BENEFITS
NET AMOUNT RECOGNIZED IN THE BALANCE SHEET		
Accumulated Benefit Obligation	$ 47,240	$ —
Effect of Future Compensation Increases	3,209	—
Benefit Obligation	$ 50,449	$ 5,891
Plan Assets	45,651	100
Net Amount Recognized In The Balance Sheet (Net Funded Status)	$ (4,798)	$ (5,791)
RECONCILIATION OF AMOUNTS RECOGNIZED IN THE BALANCE SHEET		
Asset (Prepaid Plan Costs)	$ 1,190	$ 21
Liability	(5,988)	(5,812)
Net Amount Recognized In The Balance Sheet (Net Funded Status)	$ (4,798)	$ (5,791)
COMPONENTS OF NET PERIODIC COSTS		
Service Costs	$ 767	$ 92
Interest Costs	2,458	291
Expected Return on Plan Assets	(2,908)	(4)
(Gain)/Loss due to Curtailments, Settlements or Special Termination Benefits	(1)	(3)
Net Prior Service Cost/(Credit)	—	(62)
Net (Gain)/Loss	(1,339)	(458)
Total Net Periodic Costs	$ (1,023)	$ (144)
CONTRIBUTIONS AND BENEFIT PAYMENTS		
Employer Contributions	$ 923	$ 372
Participant Contributions	$ 97	$ 83
Benefit Payments	$ 3,062	$ 488 *

*Includes $34 million paid from plan assets for FY 2025. For FY 2025, gross benefit payments were $489 million including $1.1 million of federal Medicare subsidy. This resulted in net benefit payments of $488 million for FY 2025.

($ IN MILLIONS)	PENSION BENEFITS	OTHER POSTRETIREMENT BENEFITS
Expected Contributions for Fiscal Year Ending September 30, 2026		
Employer Contributions	$ 1,024	$ 384
Participant Contributions	$ 96	$ 69

($ IN MILLIONS)	PENSION BENEFITS	OTHER POSTRETIREMENT BENEFITS GROSS PAYMENT	OTHER POSTRETIREMENT BENEFITS LESS FEDERAL MEDICARE PART D SUBSIDY *	OTHER POSTRETIREMENT BENEFITS NET PAYMENT
ESTIMATED FUTURE BENEFIT PAYMENTS FISCAL YEAR:				
2026	$ 3,119	$ 469	$ 4	$ 465
2027	$ 3,204	$ 477	$ 4	$ 473
2028	$ 3,273	$ 484	$ 4	$ 480
2029	$ 3,348	$ 489	$ 4	$ 485
2030	$ 3,383	$ 493	$ 4	$ 489
2031 to 2035	$ 17,505	$ 2,508	$ 16	$ 2,492

*Under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, a federal subsidy is provided to sponsors of retiree healthcare benefit plans that provide a benefit at least actuarially equivalent to the benefit established by law. Generally, DOE has reflected the impact of the subsidy as a reduction to the employers' cost of the benefits.

Explanation of Significant Gains and Loss Related to Changes in the Benefit Obligation – DOE's FY 2025 net costs and unfunded liability estimates decreased by $1.9 billion for contractor pension plans and decreased by $0.5 billion for contractor PRB plans. The most significant component of the change in the contractor pension and PRB net costs and liabilities resulted from an increase to the rate used to discount liabilities to present value. The discount rate is based on the yields of high-quality fixed income securities as of September 30, 2025. The 40 basis point increase in the discount rate decreased the unfunded liability for contractor pension plans by approximately $2.3 billion. The 40 basis point increase in the discount rate decreased the unfunded liability for contractor PRB plans by approximately $0.3 billion. There were also significant changes in the pension plan net costs and liabilities due to (1) new census data, totaling an increase of $0.6 billion and (2) changes in other demographic assumptions, totaling an increase of $0.1 billion. There was also a significant change in the PRB net costs and liabilities due to assumption changes for per capita claims and medical trends, totaling a decrease of $0.1 billion.

The following chart shows the average target allocation for the 32 pension benefit plans and five other postretirement benefit plans with assets. The weighted average actual FY 2025 allocations of assets are also shown.

	PENSION BENEFITS		OTHER POSTRETIREMENT BENEFITS	
ASSET CLASS	TARGET ALLOCATION	PERCENT OF PLAN ASSETS AT END FY 2025	TARGET ALLOCATION	PERCENT OF PLAN ASSETS AT END FY 2025
Cash and Equivalents	3.1 %	2.9 %	0.9 %	0.9 %
U.S. Government Bonds	13.7 %	11.4 %	5.1 %	5.1 %
State and Municipal Government Bonds	0.3 %	0.2 %	0.7 %	0.7 %
Foreign Government Bonds	0.8 %	0.7 %	0.0 %	0.0 %
High-Yield Corporate Bonds	2.3 %	1.3 %	0.0 %	0.0 %
Corporate Bonds Other Than High-Yield	28.3 %	21.0 %	3.5 %	3.5 %
Domestic Equities	18.3 %	13.7 %	4.1 %	4.1 %
International Equities	14.5 %	12.0 %	1.6 %	1.6 %
Real Estate Investment Funds	6.5 %	4.7 %	0.0 %	0.0 %
Other Real Estate	0.2 %	0.2 %	0.0 %	0.0 %
Mortgage-Backed Securities	1.0 %	0.8 %	0.8 %	0.8 %
Asset-Backed Commercial Paper	0.0 %	0.0 %	0.0 %	0.0 %
Bonds/Notes Issued by Structured Investment Vehicles	0.2 %	0.2 %	0.0 %	0.0 %
Derivatives, Including Collateralized Debt Obligations and Credit Default Swaps	0.2 %	0.1 %	5.6 %	5.6 %
Private Investment Funds, Including Hedge Funds	4.1 %	4.5 %	0.0 %	0.0 %
Insurance Contracts (General Accounts)	0.1 %	0.2 %	66.7 %	66.7 %
Insurance Contracts (Separate Accounts)	0.1 %	0.0 %	10.7 %	10.7 %
Employer Securities	0.4 %	0.5 %	0.0 %	0.0 %
Aggregate Bond Index, Long Bond Index	1.6 %	1.2 %	0.0 %	0.0 %
Other	4.3 %	24.4 %	0.3 %	0.3 %
Total	100.0 %	100.0 %	100.0 %	100.0 %

Each contractor develops its own investment policies and strategies for the plans it sponsors. Therefore, there is no one overall investment policy for the contractor plans.

Generally, their objectives provide for benefit security for plan participants through the maximization of total returns while limiting risk and providing liquidity coverage of benefit payments.

The following chart shows the allocation of the assets for FY 2025 among the levels in the fair value hierarchy and net asset values (NAV) as a practical expedient for the pension benefit plans with assets. The allocation of assets among the fair value hierarchy reflects the implementation of Accounting Standards Update No. 2015-07 for reporting investments using the NAV per share (or its equivalent) as a practical expedient, as applicable.

($ IN MILLIONS) ASSET CLASS	TOTAL FY 2025	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS LEVEL 1 FY 2025	SIGNIFICANT OBSERVABLE INPUTS LEVEL 2 FY 2025	SIGNIFICANT UNOBSERVABLE INPUTS LEVEL 3 FY 2025	NET ASSET VALUE, AS A PRACTICAL EXPEDIENT NAV FY 2025
Cash and Equivalents	**$ 1,346**	$ 93	$ 958	$ —	$ 295
U.S. Government Bonds	**5,193**	2,171	2,550	—	472
State and Municipal Government Bonds	**96**	—	96	—	—
Foreign Government Bonds	**318**	101	163	—	54
High-Yield Corporate Bonds	**609**	24	132	—	453
Corporate Bonds Other Than High-Yield	**9,589**	576	6,246	—	2,767
Domestic Equities	**6,239**	2,516	116	—	3,607
International Equities	**5,456**	957	1,215	—	3,284
Real Estate Investment Funds	**2,163**	4	—	—	2,159
Other Real Estate	**98**	—	—	77	21
Mortgage-Backed Securities	**384**	3	339	22	20
Asset-Backed Commercial Paper	**19**	—	—	—	19
Bonds/Notes Issued by Structured Investment Vehicles	**71**	—	—	—	71
Derivatives	**54**	3	24	—	27
Private Investment Funds	**2,038**	—	69	7	1,962
Insurance Contracts (General Accounts)	**79**	—	1	78	—
Insurance Contracts (Separate Accounts)	**19**	—	19	—	—
Employer Securities	**213**	213	—	—	—
Aggregate Bond Index, Long Bond Index	**553**	—	388	—	165
Other	**11,115**	(168)	32	114	11,137
Total Assets	**$ 45,652**	$ 6,493	$ 12,348	$ 298	$ 26,513

The following chart shows the reconciliation of the Level 3 assets for FY 2025 for the pension benefit plans with assets.

($ IN MILLIONS)	2025 MORTGAGE-BACKED SECURITIES	OTHER REAL ESTATE	PRIVATE INVESTMENT FUNDS	INSURANCE CONTRACTS (GENERAL ACCOUNTS)	OTHER	TOTAL
Beginning Balance	$ 1	$ 75	$ 7	$ 78	$ 105	**$ 266**
Actual Return on Plan Assets:						
Relating to Assets Still Held at the Reporting Date	—	(1)	1	1	1	**2**
Relating to Assets Sold During the Period	—	—	—	(1)	5	**4**
Purchases, Sales, and Settlements	21	1	(16)	—	8	**14**
Transfers In and/or Out of Level 3	—	—	15	—	(11)	**4**
Other	—	2	—	—	6	**8**
Ending Balance	$ 22	$ 77	$ 7	$ 78	$ 114	**$ 298**

Pension assets included in Level 1 of the fair value hierarchy are valued daily based on quoted prices in active markets. Assets included in Level 2 are valued using significant observable inputs other than quoted prices in active markets. U.S. Government Bonds and Corporate Bonds included in Level 2 assets are generally part of collective investment funds valued at the NAVs of the commingled funds. NAVs are based on the quoted prices of the underlying investments as a readily determinable fair value that is published by investors and is the basis for current transactions or valued based on other observable inputs such as market indices or other comparable investments. Other bonds in these categories are valued based on interest rates and yield curves observable at commonly quoted intervals or at bid evaluation prices for securities traded on over-the-counter markets as provided by independent pricing vendors. Domestic and International Equities included in Level 2 assets are generally part of collective investment funds valued at the NAV of the commingled funds. In this case NAV is based on the quoted prices of the underlying investments as a readily determinable fair value that is published by investors and is the basis for current transactions. Assets included in Level 3 are valued using significant unobservable inputs. Private Investment Funds and Real Estate Funds included in Level 3 assets are generally priced by the fund general partners or investment managers, verified by independent third-party appraisers, and audited by independent auditing firms. The actual market values are generally determinable by investment managers and verified by third parties, or by negotiations between independent parties pursuant to sales transactions. Assets held in Life Insurance Company General Accounts under Level 3 are generally credited guaranteed interest rates under the contracts or are valued based on the values of the underlying asset holdings of the accounts. There are two pension plans that have securities of the employer or related parties included in the plan assets. No assets are expected to be returned to the employers during the next fiscal year.

The $100 million of assets in the five other postretirement benefit plans include $67 million of investments in insurance contracts (General Accounts) of which $54 million is valued using significant unobservable inputs (Level 3). The balance of the Level 3 insurance contracts decreased by $5 million during FY 2025. Assets held in Life Insurance Company General and Separate Accounts under Levels 2 and 3 of the fair value hierarchy are generally credited guaranteed interest rates based on customized fixed-income indices. The remaining assets in the other postretirement benefit plans are invested in asset classes similar to the assets of the pension plans. None of the other assets in the other postretirement benefit plans were valued using unobservable inputs, and none were valued based on the NAV as a practical expedient of fair value.

Some of DOE's contractor plan assets are invested in investment funds, which are recorded based on the NAV per share, or its equivalent, and reported by the underlying funds without further adjustment, as a practical expedient of fair value.

Generally, the fair value of the investment in a privately offered investment fund represents the amount that the investor could reasonably expect to receive from the investment fund if the investment is withdrawn at the measurement date based on the NAV. The investments are redeemable at NAV under ordinary terms of the agreements and based on the operation of the underlying funds. However, it is possible that the redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. The terms of any fund agreements may vary by contractor.

Note 18. Leases

($ IN MILLIONS) 2025	PRINCIPAL	INTEREST	TOTAL
Future Right-To-Use Lease Payments:			
2026	149	34	**183**
2027	149	27	**176**
2028	122	22	**144**
2029	85	18	**103**
2030	78	15	**93**
2031-2035	225	38	**263**
2036-2040	50	14	**64**
2041-2045	25	5	**30**
2046 and After	13	2	**15**
Total Right-to-use Future Lease Payments	$ 896	$ 175	**$ 1,071**

($ IN MILLIONS)	2025
Right-To-Use Lease Expenses	
Interest	$ 37
Amortization (Note 8)	206
Total Right-to-use Lease Expenses	$ 243

($ IN MILLIONS)	2025
Summary of Intragovernmental Leases	
Buildings and Structures	$ 145
Vehicles and Equipment	52
Total Expenses	$ 197

An RTU lease includes an asset and a lease liability for non-intragovernmental, non-short-term contracts or agreements, when the entity has the right to obtain and control access to economic benefits or services from an underlying PP&E asset for a period of time in exchange for consideration under the terms of the contract or agreement. DOE has established a RTU lease capitalization threshold of $5 million. DOE's RTU leases are predominately for buildings and office spaces. The discount rates used to calculate the lease liability range from 3.8%-5.9%.

At the lease commencement date, lease RTU assets (see Note 8) and liabilities (see Note 15) are recorded based upon the discounted present value of lease payments over the lease terms, including initial direct costs for non-intragovernmental, non-short-term contracts, or agreements if they meet DOE's RTU lease capitalization threshold. For RTU leases not meeting this threshold, the leases are expensed like short-term leases. BPA follows FASB ASC 842, Leases.

Note 19. Contingencies and Commitments

($ IN MILLIONS)	2025
Unfunded Contingencies (Note 11)	
Spent Nuclear Fuel Litigation	$ 38,645
Other	212
Subtotal	$ 38,857
Funded Contingencies	
Other	—
Total Contingencies	$ 38,857

($ IN MILLIONS)	ACCRUED LIABILITIES	2025 ESTIMATED RANGE OF LOSS LOWER END	UPPER END
Legal Contingencies:			
Probable	$ 38,656	$ 38,656	$ 44,332
Reasonably Possible	—	560	2,650
Environmental Contingencies:			
Probable	133	133	133
Reasonably Possible	—	105	240
Other Contingencies:			
Probable	68	68	68
Total Contingencies	$ 38,857	$ 39,522	$ 47,423

DOE is a party in various administrative proceedings, legal actions, and tort claims, which may ultimately result in settlements or decisions adverse to the federal government. DOE has accrued contingent liabilities where losses are determined to be probable and the amounts can be estimated. Other significant contingencies exist where a loss is reasonably possible or where the loss is probable and an estimate cannot be determined. In some cases, a portion of any loss that may occur may be paid from Treasury's Judgment Fund and reported as Costs Not Assigned (see Note 22).

The Judgment Fund is a permanent, indefinite appropriation available to pay judgments against the government. The following are significant contingencies:

CONTINGENCIES

Spent Nuclear Fuel Litigation

In accordance with the NWPA, DOE entered into more than 69 Standard Contracts with utilities in which, in return for payment of fees into the NWF, DOE agreed to begin disposal of SNF by January 31, 1998. Because DOE has no facility available to receive SNF under the NWPA, it has been unable to begin disposal of the utilities' SNF as required by the contracts. Significant litigation claiming damages for partial breach of contract has ensued as a result of this delay.

To date, 45 suits have been settled involving utilities that collectively own 86 percent of the nuclear reactors subject to litigation for partial breach of contract. Under the terms of the settlements, the Judgment Fund, 31 U.S.C. 1304, paid $8.9 billion as of September 30, 2025 to the settling utilities for delay damages they have incurred through September 30, 2025. In addition, 79 cases have been resolved by 71 final unappealable judgments and eight voluntary withdrawals with no damages. Eight of the unappealable judgments resulted in an award of no damages by the trial court and the 63 remaining cases resulted in a total of $3.3 billion in damages that have been paid by the Judgment Fund as of September 30, 2025. An additional 16 cases remain pending the Court of Federal Claims. Liability is probable in these cases, and in many of these cases orders have already been entered establishing the Government's liability and the only outstanding issue to be litigated is the amount of damages to be awarded.

DOE uses settlements as the basis for estimating the Government's aggregate SNF litigation. DOE's SNF litigation liability is updated to include the effects of final judgments and settlements as well as payments to date from the Judgment Fund. Additional payments under these settled and adjudicated cases may be made if the utilities incur additional costs resulting from DOE's delay in acceptance of SNF. DOE believes its assumptions and methodology provide a reasonable basis for the contingent liability estimate. Based on these settlement estimates, the total liability estimate as of September 30, 2025 was in the range of between $50.8 billion and $56.5 billion. After deducting the cumulative amount paid of $12.2 billion as of September 30, 2025 under these settlements and as a result of final judgments, the remaining liability is estimated to be in the range of between $38.6 billion and $44.3 billion. A key input to the estimate is the duration that each operating reactor will continue to operate. Given that a longer operating duration results in an increased amount of SNF generated, a longer operating duration also increases liability. Currently, most reactors are licensed to operate for 60 years. The NRC may also grant a "subsequent license renewal" which would extend a license by 20 years, for a total of 80 years. The liability estimate reflects a range of possible scenarios regarding the duration reactors will continue to operate. DOE has recognized as a liability the low end of that range. Under current law, any damages or settlements in this litigation will be paid out of the Judgment Fund. DOE's contingent liability estimate for SNF litigation is reported net of amounts paid to date from the Judgment Fund.

For FY 2023, FY 2024, and FY 2025, Congress appropriated $53 million, $55 million, and $55 million, respectively, for NE's Integrated Waste Management System (IWMS) subprogram within the Fuel Cycle R&D program. The appropriations covered ongoing IWMS activities and also reflected funding for interim storage activities. In the FY 2026 Budget

Request, the Administration requested $55 million to develop and implement federal plans for the long-term management of SNF and HLW.

Given that DOE intends to fulfill its contractual obligations upon the acceptance of SNF and HLW for transport from the reactor facilities, a preliminary operational date of interim storage is factored into the liability calculation. The liability estimate is contingent upon Congress providing adequate ongoing appropriations and amending the NWPA to pursue consolidated interim storage.. This is the best information available upon which to base the liability estimate. Future determinations on how DOE will meet its obligations under the Standard Contracts and litigation outcomes could materially decrease or increase the SNF litigation liability.

Alleged Exposures To Radioactive And/Or Toxic Substances

A number of class action and/or multiple plaintiff tort suits have been filed against current and former DOE contractors in which the plaintiffs seek damages for alleged exposures to radioactive and/or toxic substances as a result of the historic operations of DOE's nuclear facilities. The most significant of these cases arise out of operations of the facilities at Brookhaven, New York. Collectively, in these cases, damages of $1.1 billion are currently sought by the plaintiffs. However, DOE believes that if any damages are ultimately awarded, the amounts would be significantly less than what the plaintiffs seek.

In the Brookhaven litigation, two class action cases, Osarczuk v. Associated Universities and Tarzia v. Associated Universities, were filed in which residents and property owners near BNL asserted claims for negligence, gross negligence, abnormally dangerous activity, and private nuisance and sought damages, primarily for air and groundwater contamination, as a result of the release of hazardous substances stemming from lab operations. In Osarczuk, the parties have settled all of the cases in the first cohort of 20 bellwether cases and all of the cases in the second cohort of 20 bellwether cases. In addition to the 18 bellwether plaintiff groups, there are 35 remaining bellwether groups in this action. Settlement offers for the third cohort were exchanged, but no agreements were reached. Associated Universities filed individual motions for summary judgment against the remaining plaintiffs, and the parties filed a stipulation to extend the time to prepare opposition and reply papers. On March 17, 2022, the trial court granted the defense motions for summary judgment, dismissing all remaining cases. On March 31, 2022, plaintiffs filed a notice of appeal. On April 18, 2022, plaintiffs filed a motion for leave with the trial court to re-argue the court's decision granting summary judgment. On September 16, 2022, the Appellate Division granted plaintiffs' application to extend the time to perfect the appeal to October 31, 2022. On September 19, 2023, the trial court denied plaintiffs' motion. On October 17, 2023, plaintiffs filed a notice of appeal of the trial court's September 19, 2023, order. Neither the trial court nor the Appellate Division have yet issued dispositive rulings on plaintiffs' recent filings. In Tarzia, the plaintiffs filed on April 6, 2018, with the Appellate Division of the New York Supreme Court, a notice of appeal of the trial court's February 22, 2018, Order granting Associated Universities's motion to dismiss with prejudice the plaintiffs' complaint in this action for failure to prosecute, after the plaintiffs failed to comply with the judge's earlier Order requiring them to serve their responses to Associated Universities's discovery demands. The plaintiffs failed to perfect that appeal, and the Appellate Division dismissed the appeal. The plaintiffs subsequently filed an appeal brief with the Appellate Division. On September 23, 2020, the Appellate Division issued an opinion affirming the trial court. Plaintiffs filed a motion with the Appellate Division seeking re-argument, which the Appellate Division denied. Then on May 6, 2021, the New York City Court of Appeals dismissed plaintiffs' motion for leave to appeal.

Hanford Site Natural Resources Damages

The Confederated Tribes of the Yakama Nation filed suit in September 2002 against DOE and DOW, alleging natural resources damages in the 1100 area of the Hanford site. The Yakama Nation has since amended its complaint to add the 100 and 300 areas to the suit, alleging additional natural resources damages. In addition, the states of Washington and Oregon, as well as the Confederated Tribes of the Umatilla and the Nez Perce Tribe, have joined the suit. Two of the four claims have been settled, the third claim remains stayed, and the fourth has been dismissed. The government reimbursed the Yakama Nation for its past response costs under claim one of the complaint. Under the settlement for claim two, the Trustees use the Trustee Council's administrative process to conduct a natural resource damage assessment through consensus activities, and DOE provides funding as appropriate through discretionary financial assistance agreements. Claim three, which seeks natural resource damages recovery, remains stayed, until the issue of resource damages (if any) is resolved. Claim four was dismissed. The case is still pending.

Los Alamos Environmental Clean-up Compliance

Nuclear Watch New Mexico (NWNM) filed suit in May 2016 in the U.S. District Court for the District of New Mexico against DOE and Los Alamos National Security, LLC (LANS), the operating contractor for LANL, pursuant to the citizen suit provision of the RCRA. NWNM alleges that DOE and LANS are in violation of a Compliance Order on Consent entered into in 2005 between the New Mexico Environment Department (NMED), DOE, and LANS, which established various milestones for environmental cleanup activity at Los Alamos. A new Compliance Order on Consent between DOE and NMED was entered into in June 2016, shortly after NWNM filed its lawsuit, which explicitly supersedes the 2005

order. In its complaint, NWNM sought declaratory and injunctive relief to bring DOE and LANS into compliance with the 2005 order and sought civil penalties under RCRA, which NWNM estimated to total up to $290 million. NMED intervened as a defendant, and NWNM twice amended its complaint. In late 2016, the defendants moved to dismiss the suit. In July 2018, the district court granted the motions to dismiss in part, dismissing all claims for declaratory and injunctive relief, but denied the motions to dismiss with respect to claims seeking civil penalties for alleged past violations. All parties filed cross-motions for summary judgment, which the court denied for NWNM and DOE but granted for LANS in November 2019. The parties commenced discovery and continued settlement discussions. The parties informed the court of a settlement agreement in principle. A status conference was held on October 5, 2021 and the parties continue to work toward finalizing a settlement. In February 2022, the parties fully executed a settlement agreement, which requires DOE to undertake certain environmental-related projects over the coming years. On March 17, 2022, the district court administratively closed the case at the parties' request and further ordered DOE to submit status reports at six-month intervals on the progress of its settlement performance. On September 16, 2022, DOE submitted its first status report noting DOE's ongoing compliance with the settlement agreement. On March 17, 2023, DOE submitted its second status report noting DOE's ongoing compliance with the settlement agreement. On September 15, 2023, DOE submitted its third status report noting DOE's ongoing compliance with the settlement agreement. On October 10, 2023, DOE and NWNM executed a minor amendment to the attachment to the settlement agreement pertaining to one of the environmental-related projects. On March 15, 2024, DOE submitted its fourth status report, noting certain challenges with two of the environmental-related projects provided for in the settlement agreement, and that DOE and NWNM were negotiating appropriate modifications to the settlement agreement to address those challenges. On September 16, 2024, DOE submitted its fifth status report, in which DOE noted that it remains in discussions with NWNM about modifications to the settlement agreement. On March 17, 2025, DOE submitted its sixth status report. On March 25, 2025, DOE and NWNM executed a second minor amendment to the settlement agreement. On September 17, 2025, DOE submitted its seventh status report.

Paducah and Portsmouth Natural Resource Damages

As a result of releases of hazardous substances at the Paducah and Portsmouth sites, the states of Ohio and Kentucky have potential claims against DOE under the CERCLA for damages to natural resources, e.g., groundwater, caused by such releases.

At the Paducah site, Kentucky has indicated that it desires a “tolling” agreement with respect to potential claims for natural resource damages. A tolling agreement would suspend the statute of limitations for the filing of the state’s claims for a mutually agreeable period of time. As of September 30, 2025, Kentucky has not pursued executing a tolling agreement. It is possible that DOE will be liable for some natural resource damages at this site. DOE is unable to prepare an estimate of such damages and has not included a provision for damages in the consolidated financial statements.

At the Portsmouth site, DOE and the Ohio Environmental Protection Agency have executed a Director’s Final Findings and Order settling the claims for natural resource damages. DOE will continue discussions with the remaining federal trustees to resolve any potential claims for natural resource damages to be pursued by them.

COMMITMENTS

Purchase Power and Transmission Commitments and Irrigation Assistance

The PMAs have entered into commitments to sell expected generation for future dates. When the PMAs forecast a resource shortage, they take a variety of operational and business steps to cover a potential shortage including entering into power purchase commitments. If appropriate, the PMAs will enter into long-term commitments to purchase power for future delivery. The PMAs record expenses associated with these purchases in the periods that power is received.

As directed by law, WAPA is required to establish rates sufficient to make cash distributions to the Treasury for the portion of BOR’s original capital construction costs allocated to irrigation purposes, which were determined by the Secretary of the Interior to be beyond the ability of the irrigation customers to pay. These irrigation distributions do not specifically relate to power generation. In establishing power rates, particular statutory provisions guide the assumptions that WAPA make as to the amount and timing of such distributions. As a result, WAPA includes a schedule of irrigation assistance costs in each respective power system’s power repayment study to demonstrate repayment of principal within the allowable repayment period. These repayment amounts do not incur or accumulate interest from the date that BOR determines the irrigators’ inability to pay. Future WAPA irrigation assistance payments are scheduled to total $677 million to the General Fund and $710 million to the Reclamation Fund.

Although these repayments will be recovered through power sales, they do not represent an operating cost of the individual power systems nor a liability on the consolidated balance sheets until the due date established by the Secretary of Interior.

The following table summarizes future purchase power and transmission commitments and irrigation assistance. The table includes firm purchase power agreements of known costs that are currently in place to assist in meeting expected

future obligations under long-term power sales contracts. BPA has several power purchase agreements with wind-powered and other generating facilities that are not included in the table below as payments are based on the variable amount of future energy generated and as such no minimum payments required. The irrigation assistance table does not include WAPA's future irrigation assistance of $710 million due to the Reclamation Fund since the Reclamation Fund is a component of WAPA and eliminated upon combination.

($ IN MILLIONS) FISCAL YEAR	PURCHASE POWER AND TRANSMISSION (ALL PMAs)	IRRIGATION ASSISTANCE (WAPA)
2026	143	1
2027	137	—
2028	142	—
2029	144	19
2030	148	—
2031+	208	657
Total	$ 922	$ 677

Integrated Fish and Wildlife Program

The Northwest Power Act directs BPA to protect, mitigate, and enhance fish and wildlife to the extent they are affected by the federal hydroelectric projects on the Columbia River and its tributaries from which BPA markets power. BPA makes expenditures and incurs other costs for fish and wildlife protection and mitigation that are consistent with the purposes of the Northwest Power Act and the Pacific Northwest Power and Conservation Council's Columbia River Basin Fish and Wildlife Program. In addition, certain fish and wildlife species that inhabit the Columbia River Basin are listed under the Endangered Species Act (ESA) as threatened or endangered. BPA makes expenditures and incurs other costs related to power purchases to comply with the ESA and implement certain biological opinions (BiOp) prepared by the National Oceanic and Atmospheric Administration Fisheries Service and the U.S. Fish and Wildlife Service in furtherance of the ESA, including results from the Columbia River System Operations (CRSO) Environmental Impact Statement. BPA's total commitment, including timing of payments under the Northwest Power Act, ESA, and BiOp, including CRSO Environmental Impact Statement impacts, is not fixed or determinable.

As of September 30, 2025, BPA has long-term fish and wildlife agreements with estimated commitments of $376 million, as described below, which excludes the Columbia Basin Fish Accords. BPA anticipates these agreements will result in future expenses or regulatory assets in the future as work progresses by the agreement partners in accordance with contractual terms.

In FY 2024, and as a result of commitments made in September 2023 P2IP Settlement Agreement, BPA signed two separate 10-year agreements with the Spokane Tribe of Indians and Coeur d'Alene Tribe to implement projects that promote the protection and restoration of fish and wildlife in the upper Columbia River Basin. Together these agreements originally committed approximately $311 million, after adjustment for inflation, expire in 2033 and will result in future expenses or regulatory assets. As of September 30, 2025, approximately $291 million is available under these agreements.

Additionally, in October 2024 BPA signed an agreement with the Kalispel Tribe of Indians which committed approximately $89 million through September 30, 2034. As of September 30, 2025, approximately $85 million is available under this agreement.

Columbia Basin Fish Accords

The Columbia Basin Fish Accord agreements expired September 30, 2025. BPA anticipates that much of the fish and wildlife mitigation that had previously been funded under the Accords will continue as part of BPA's annual implementation of the Fish and Wildlife Program. This ongoing mitigation will be funded through the BPA Fish and Wildlife Program's standards annual budget and procurement award processes. In addition, it is BPA's intent that certain of these projects (or other appropriate fish and wildlife mitigation actions that BPA may agree to) may also be eligible to receive a portion of up to approximately $51 million that was committed but not expended over the life of the Accords. Disbursement of such funds would depend on BPA's final agreement with the specific mitigation work proposed for implementation.

Note 20. Funds from Dedicated Collections

($ IN MILLIONS)	NUCLEAR WASTE FUND	D&D FUND	PMAs	OTHER	TOTAL (COMBINED)	ELIMINATIONS	TOTAL (CONSOLIDATED)
			2025				
BALANCE SHEET							
ASSETS							
Intragovernmental Assets:							
Fund Balance With Treasury	$ 6	$ 104	$ 6,147	$ 893	$ 7,150	$ —	$ 7,150
Investments, Net	51,428	977	50	—	52,455	—	52,455
Accounts Receivable, Net	—	—	273	4	277	(116)	161
Loans Receivable, Net	—	—	3,690	—	3,690	(3,690)	—
Advances and Prepayments	—	—	3	—	3	(3)	—
Total Intragovernmental Assets	$ 51,434	$ 1,081	$ 10,163	$ 897	$ 63,575	$ (3,809)	$ 59,766
Other than Intragovernmental Assets:							
Accounts Receivable, Net	2,803	—	605	13	3,421	—	3,421
Inventory, Net	—	—	192	237	429	—	429
General Property, Plant, and Equipment, Net	—	20	13,036	902	13,958	—	13,958
Advances and Prepayments	—	2	93	—	95	—	95
Other Assets	—	—	12,336	—	12,336	—	12,336
Total Other than Intragovernmental Assets	$ 2,803	$ 22	$ 26,262	$ 1,152	$ 30,239	$ —	$ 30,239
Total Assets	$ 54,237	$ 1,103	$ 36,425	$ 2,049	$ 93,814	$ (3,809)	$ 90,005
LIABILITIES AND NET POSITION							
Intragovernmental Liabilities:							
Accounts Payable	$ —	$ —	$ 123	$ —	$ 123	$ (116)	$ 7
Debt	—	—	10,031	—	10,031	(3,690)	6,341
Advances From Others and Deferred Revenue	—	—	2	—	2	(3)	(1)
Other Intragovernmental Liabilities	—	9	4,306	6	4,321	—	4,321
Total Intragovernmental Liabilities	$ —	$ 9	$ 14,462	$ 6	$ 14,477	$ (3,809)	$ 10,668
Other than Intragovernmental Liabilities:							
Accounts Payable	1	159	611	39	810	—	810
Federal Employee Salary, Leave, and Benefits Payable	—	—	93	—	93	—	93
Post Employment-Related Benefits	—	—	34	—	34	—	34
Environmental and Disposal Liabilities	—	30,846	35	—	30,881	—	30,881
Advances From Others and Deferred Revenue	54,232	—	2,527	1	56,760	—	56,760
Other Liabilities	—	11	9,682	31	9,724	—	9,724
Total Other than Intragovernmental Liabilities	$ 54,233	$ 31,016	$ 12,982	$ 71	$ 98,302	$ —	$ 98,302
Total Liabilities	$ 54,233	$ 31,025	$ 27,444	$ 77	$ 112,779	$ (3,809)	$ 108,970
Unexpended Appropriations	4	855	3	12	874	—	874
Cumulative Results of Operations	—	(30,777)	8,978	1,960	(19,839)	—	(19,839)
Total Liabilities And Net Position	$ 54,237	$ 1,103	$ 36,425	$ 2,049	$ 93,814	$ (3,809)	$ 90,005
STATEMENT OF NET COST							
Program Costs	$ 18	$ 1,629	$ 6,065	$ 248	$ 7,960	$ (791)	$ 7,169
Less Earned Revenues	(14)	(317)	(6,473)	(320)	(7,124)	791	(6,333)
Net Program Costs	$ 4	$ 1,312	$ (408)	$ (72)	$ 836	$ —	$ 836
Costs Not Assigned	—	(7)	—	(23)	(30)	—	(30)
Net Cost of Operations	$ 4	$ 1,305	$ (408)	$ (95)	$ 806	$ —	$ 806
STATEMENT OF CHANGES IN NET POSITION							
Unexpended Appropriations, Beginning Balance	$ 13	$ —	$ 12	$ 11	$ 36	$ —	$ 36
Appropriations Received	—	855	—	7	862	—	862
Other Adjustments	(1)	—	(1)	1	(1)	—	(1)
Appropriations Used	(8)	—	(8)	(7)	(23)	—	(23)
Unexpended Appropriations, Ending Balance	4	$ 855	$ 3	$ 12	$ 874	$ —	$ 874
Cumulative Results of Operations, Beginning Balance	$ —	$ (29,472)	$ 8,897	$ 1,890	$ (18,685)	$ —	$ (18,685)
Appropriations Used	8	—	8	7	23	—	23
Transfers - (in)/out Without Reimbursement	(4)	—	(498)	(1)	(503)	—	(503)
Donations and Forfeitures of Property	—	—	26	—	26	—	26
Imputed Financing	—	—	28	—	28	—	28
Other	—	—	109	(31)	78	—	78
Net Cost of Operations	(4)	(1,305)	408	95	(806)	—	(806)
Cumulative Results of Operations, Ending Balance	$ —	$ (30,777)	$ 8,978	$ 1,960	$ (19,839)	$ —	$ (19,839)
Net Position, End Of Period	$ 4	$ (29,922)	$ 8,981	$ 1,972	$ (18,965)	$ —	$ (18,965)

NUCLEAR WASTE FUND

The NWPA requires the owners and generators of nuclear waste to pay their share of disposal costs into the NWF and, to that end, establishes a fee for electricity generated and sold by civilian nuclear power. A special fund within Treasury was created to account for the collection of those fees. Fees collected are invested in Treasury securities and any interest collected is available to pay expenditures related to radioactive waste disposal activities covered by the NWF. The NWPA requires preparation of annual financial statements.

The president signed into law the Consolidated Appropriations Act, 2025, which authorized $12 million for nuclear waste disposal activities. The funds were derived from the NWF.

DECONTAMINATION AND DECOMMISSIONING FUND

The Energy Policy Act of 1992 established the D&D Fund to pay for the costs of D&D of gaseous diffusion facilities through collection of revenues derived from domestic utility assessments and government appropriations. As part of that Act, funds in excess of current needs are invested in U.S. Treasury securities, and the interest earned is available to pay the costs of the environmental remediation. The Consolidated Appropriations Act, 2025 authorized the transfer of funds into the D&D account, of which $285 million was transferred in 2025 from the Defense Environmental Cleanup account. Additionally, the Consolidated Appropriations Act, 2025 authorized $855 million deposited into and subsequently derived from the D&D Fund.

POWER MARKETING ADMINISTRATIONS

The PMAs have been funded primarily from four sources. These have included contract authority, borrowing authority, direct receipts generated from the sale of power and transmission services, and annual appropriations. SEPA and SWPA receive an annual appropriation from Treasury's General Fund. WAPA receives an annual appropriation from a receipt fund within the Reclamation Fund and may also receive funding from the General Fund.

Note 21. Program Costs and Earned Revenues by Major Program

($ IN MILLIONS)		2025
Major Programs		
Nuclear Security and NNSA		
Program Costs	$	18,447
Earned Revenues		(11)
Changes to Environmental Cleanup and Disposal Liability Estimates		(6,598)
Net cost of Nuclear Security and NNSA	$	11,838
Science		
Program Costs	$	14,423
Earned Revenues		(189)
Changes to Environmental Cleanup and Disposal Liability Estimates		9,477
Net Cost of Science	$	23,711
Energy		
Program Costs	$	14,737
Earned Revenues		(6,699)
Changes to Environmental Cleanup and Disposal Liability Estimates		5
Net Cost of Energy	$	8,043
Net Cost Of Major Programs	$	43,592
Other Programs		
Reimbursable Programs		
Program Costs	$	6,787
Earned Revenues		(6,730)
Net Cost of Reimbursable Programs	$	57
Other Programs		
Program Costs	$	3,831
Earned Revenues		(559)
Net Cost of Other Programs	$	3,272
Costs Applied to Reduction of Legacy Environmental Liabilities (Note 14)	$	(7,365)
Costs Not Assigned to Programs (Note 22)	$	26,169
Net Cost Of Operations	$	65,725

MAJOR PROGRAMS

NUCLEAR SECURITY AND NNSA

The general program costs and revenues related to Nuclear Security and NNSA allow DOE to strengthen national security by maintaining a safe, secure, and effective nuclear weapons stockpile that will deter any adversary and guarantee the defense of the nation and its allies; managing the research, development, and production activities and associated infrastructure needed to meet national nuclear security requirements; accelerating and expanding efforts to reduce the global threat posed by nuclear weapons, nuclear proliferation, and unsecured or excess nuclear materials; and providing safe and effective nuclear propulsion for the U.S. Navy. This also includes DOE's environmental cleanup and disposal liability cost estimates attributable to the Nuclear Security and NNSA program (see Note 14).

SCIENCE

The general program costs and revenues related to Science enable DOE to lead the world in research in the physical, chemical, biological, and computational sciences; contribute fundamental scientific discoveries and technological solutions that support American preeminence in science and innovation; and lead the national effort to maintain primacy in high-performance computing. This also includes DOE's environmental cleanup and disposal liability cost estimates attributable to the Science program (see Note 14).

ENERGY

The general program costs and revenues related to Energy allow DOE to lead the nation in cutting-edge R&D of an extensive range of energy technologies and identify and promote transformational technological advances to increase energy affordability and efficiency. The Energy program also enables DOE to lead national efforts to develop technologies to modernize the electric grid to improve its reliability and resilience; enhance the security, reliability, and resilience of energy infrastructure; improve domestic energy production and use; and expedite recovery from energy supply disruptions. This also includes DOE's environmental cleanup and disposal liability cost estimates attributable to the Energy program (see Note 14).

REIMBURSABLE PROGRAMS

DOE performs work for, and provides services to, other federal agencies and private companies on a reimbursable work basis and a cooperative work basis.

For research and other activities, including the provision of materials and services for the benefit of non-DOE entities, DOE's general pricing policy is to charge full cost as defined in section 3137 of the Strom Thurmond National Defense Authorization Act for FY 1999, 42 U.S.C. § 7259a. The general pricing policy does not apply when prices or charges are otherwise established or prohibited by statute or regulation, and in some cases the full cost information provided by DOE in accordance with SFFAS 4, *Managerial Cost Accounting Concepts and Standards for the Federal Government*, may exceed revenues.

OTHER PROGRAMS

DOE's other programs allow the agency to employ effective management and refine operational and support capabilities to support Departmental missions. Costs included in the Other Programs line support the activities reported in all of DOE's major programs.

COSTS APPLIED TO REDUCTION OF LEGACY ENVIRONMENTAL LIABILITIES

The costs applied to reduction of legacy environmental liabilities are current year operating expenditures for the remediation of contaminated facilities and wastes generated from past operations. These amounts are excluded from the current year environmental liabilities estimate since the expenses have been accrued.

Note 22. Costs Not Assigned to Programs

($ IN MILLIONS)		2025
Spent Nuclear Fuel Contingency (Note 19)		
Judgment Fund Payments	$	1,122
Change in Estimate		1,084
Current Year Spent Nuclear Fuel Contingency Costs	$	2,206
Changes in Contractor Pension and PRB Estimates		(2,024)
Change in Environment, Safety, and Health Compliance Activities (Note 15)		59
Change in Occupational Illness Program		26,199
Other		(271)
Total Costs Not Assigned To Programs (Note 21)	$	26,169

CHANGES IN CONTRACTOR PENSION AND PRB ESTIMATES

The changes in contractor pension and PRB estimates are comprised of all the components of contractor pension and PRB net periodic costs except for service costs, i.e., interest costs; expected return on plan assets; (gain)/loss due to curtailments, settlements, or special termination benefits; net prior service cost/(credit); and net (gain)/loss including impacts of changes in actuarial assumptions. Service costs are not included since they are recorded by program (see Notes 17 and 23).

COMPENSATION PROGRAM FOR OCCUPATIONAL ILLNESSES

The Energy Employees Occupational Illness Compensation Program Act (EEOICPA) authorized compensation for certain illnesses suffered by employees of DOE, its predecessor agencies, and contractors who performed work for the nuclear weapons program (see Note 23). EEOICPA covers illnesses associated with exposure to radiation, beryllium, or silica. In general, each eligible employee and survivors of deceased employees will receive compensation for the disability or death of that employee in the amount of $150,000 plus the costs of medical care.

The National Defense Authorization Act of 2005 amended the EEOICPA to grant workers' compensation benefits to covered employees and their families for illness and death arising from exposure to toxic substances at DOE's facilities. The amendment also makes it possible for uranium workers, as defined under Section 5 of the Radiation Exposure Compensation Act, to receive compensation for illnesses due to toxic substance exposure at a uranium mine or mill covered under that Act.

As of September 30, 2005, the law makes payments under these programs the responsibility of DOL. Therefore, the liability is recorded by the DOL, and changes in the total liability are recognized by DOE as an imputed cost and an imputed financing source.

Note 23. Inter-Entity Costs

Goods and services are received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed by DOE are recognized as imputed cost in the Statement of Net Cost and are offset by imputed financing in the Statement of Changes in Net Position. Such imputed costs and financing relate to EEOICPA payments by the DOL (see Note 22), employee benefits, and claims paid by the Treasury Judgment Fund (see Note 22).

Note 24. Combined Statement of Budgetary Resources

The SBR is presented on a combined, rather than consolidated, basis in accordance with OMB guidance.

Net Adjustments to Unobligated Balance, Brought Forward, October 1:

($ IN MILLIONS)	2025
Unobligated Balance Brought Forward, October 1	$ 73,307
Unobligated Balance Transferred to Other Accounts	(33)
Unobligated Balance Transferred From Other Accounts	90
Adjustment to Unobligated Balance Brought Forward, October 1	9
Recoveries of Prior Year Unpaid Obligations	16,348
Unobligated Balances Applied to Repay Debt	(205)
Unobligated Balance of Borrowing Authority Withdrawn	(13,431)
Other Balances Withdrawn to Treasury	(36)
Recoveries of Prior Year Paid Obligations	19
Total Adjusted Unobligated Balance Brought Forward	$ 76,068

BORROWING AUTHORITY

DOE's borrowing authority reflected in the Combined SBR represents the amount of borrowing authority for the current FY's obligations, which may or may not have been converted to cash. The amount of borrowing authority available as of September 30, 2025, for DOE's loan program is $81.6 billion, WAPA is $3.2 billion, BPA is $7.5 billion, and the Transmission Facilitation Program is $2.1 billion. The amounts available are authority that has not been converted to cash.

CONTRACT AUTHORITY

Congress intended BPA to operate in a businesslike manner and to carry out its mission free from the uncertainty inherent in the annual appropriations process.

Therefore, Congress permitted BPA to enter into multiyear contracts, including when BPA received annual appropriations. The Bonneville Project Act provides the following authority:

832a(f) - "Subject only to the provisions of this chapter, the Administrator is authorized to enter into such contracts, agreements and arrangements, including the amendment, modification, adjustment, or (cancellation) thereof and the compromise or final settlement of any claim arising thereunder, and to make such expenditures, upon, such terms and conditions and in such manner as he may deem necessary."

The amount of contract authority reflected as available in the Combined SBR is $1.1 billion as of September 30, 2025.

Undelivered Orders at the End of the Period

($ IN MILLIONS)	2025	
	FEDERAL	NON-FEDERAL
Undelivered Orders - Unpaid	$ 9,334	$ 159,071
Undelivered Orders - Paid	128	537
Total Undelivered Orders	$ 9,462	$ 159,608

Permanent Indefinite Appropriations

($ IN MILLIONS)	2025
Definite Appropriations	$ 53,294
Permanent Indefinite Mandatory Appropriations	3
Total Appropriations	$ 53,297

DOE is authorized to use indefinite appropriations per the FCRA. These amounts are used to fund upward reestimates on the FCRA loans. Permanent indefinite mandatory appropriations are appropriations that are available until expended. The permanent indefinite mandatory appropriations are attributable to the Title 17 Innovative Technology Loan Guarantee Program and the ATVM Loan Program.

Legal Arrangements Affecting the Use of Unobligated Balances

($ IN MILLIONS)	2025
Loan Funds Reserved for Future Defaults	$ 6,725
Unapportioned Amounts	988
Expired Authority	140
Total Unobligated Balances Not Available	$ 7,853

Explanation of Differences Between the SBR and the Budget of the U.S. Government

($ IN MILLIONS)	TOTAL BUDGETARY RESOURCES	NEW OBLIGATIONS AND UPWARD ADJUSTMENTS (TOTAL)	DISTRIBUTED OFFSETTING RECEIPTS	NET OUTLAYS
Combined Statements of Budgetary Resources as Published	$ 167,287	$ 93,981	$ (2,997)	$ 52,319
Unavailable receipt account included in President's Budget, not on SBR	—	—	(6)	—
Expired Accounts	(140)	—	—	—
Non-Budgetary Credit Reform Financing Accounts - Disbursements, Net	—	—	—	663
Other	(11)	(9)	(1)	(3)
Budget Of The United States Government	$ 167,136	$ 93,972	$ (3,004)	$ 52,979

The FY 2024 Combined SBR are reconciled to the President's Budget that was published in June 2025. Budgetary resources, new obligations and upward adjustments, and net outlays as well as distributed offsetting receipts are reconciled to DOE balances as published in the Appendix to the Budget.

Unobligated balances in expired accounts are reported in the SBR but are not included in the President's Budget. The FY 2025 SBR will be reconciled to the President's Budget in the FY 2026 AFR.

Subsequent Event

In May 2025, the Department announced that it was reviewing financial assistance awards and the individual projects to ensure that the projects are "financially sound and economically viable, aligned with national and economic security interests, and consistent with federal law and this Administration's policies and priorities and program goals and priorities." In October 2025, as a result of these reviews, that the Department issued termination notices for some projects.

Note 25. Custodial Activities

($ IN MILLIONS)	2025
SOURCES OF COLLECTIONS:	
Cash Collections:	
Power Marketing Administrations	$ 431
Federal Energy Regulatory Commission	100
Total Cash Collections	$ 531
Accrual Adjustment	20
Total Custodial Revenue	$ 551
DISPOSITION OF REVENUE:	
Transferred to Others:	
Bureau of Reclamation	$ (200)
Department of the Treasury	(187)
Army Corps of Engineers	(68)
Others	(73)
Decrease/(Increase) in Amounts to be Transferred	(23)
Net Custodial Activity	$ —

POWER MARKETING ADMINISTRATIONS

The SEPA, SWPA, and WAPA are responsible for collecting and remitting to Treasury, USACE, and the DOI revenues attributable to the hydroelectric power projects owned and operated by the DOW, USACE; DOI, BOR; and the state, IBWC. These revenues are reported as custodial activities of DOE.

FEDERAL ENERGY REGULATORY COMMISSION

FERC is responsible for billing regulated companies annual charges as a custodian for certain federal agencies. These include: (1) the USACE for licensees to provide maintenance and operations of dams owned by the U.S. and maintenance for operations of headwater or other navigable waters owned by the U.S.; (2) the BOR for the occupancy and use of public lands and national parks owned by the U.S. and for Indian Tribal Trust Funds from licensees for the reservation of Indian land; (3) Treasury for revenues collected based on penalties, interest, and administrative charges for overdue accounts receivables and for civil penalties; and (4) payments to states collected from licensees for the occupancy and use of national forests and public lands from development within the boundaries of any state.

Note 26. Reconciliation of Net Cost to Net Outlays

($ IN MILLIONS)	2025 INTRA-GOVERNMENTAL	2025 OTHER THAN INTRA-GOVERNMENTAL	2025 TOTAL
Net Cost	$ 21,900	$ 43,825	$ 65,725
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Depreciation and Amortization	$ —	$ (3,019)	$ (3,019)
Property, Plant, and Equipment Disposal & Reevaluation	—	73	73
Lessee Lease Amortization	—	(206)	(206)
Cost of Goods Sold	—	(55)	(55)
Cost Capitalization Offset	—	422	422
Year-End Credit Reform Subsidy Reestimates	364	—	364
President's Adjustment to Reestimates	27	—	27
Gains/Losses on all Other Investments	—	(2)	(2)
Other	—	(557)	(557)
Increase/(Decrease) in Assets:			
Cash	$ —	$ (2)	$ (2)
Accounts Receivable	(534)	129	(405)
Investments	(15)	—	(15)
Advances and Prepayments	33	853	886
Other Assets	—	140	140
(Increase)/Decrease in Liabilities:			
Accounts payable	$ 48	$ (129)	$ (81)
Loan Guarantee Liability (Non-FCRA)	122	—	122
Lessee Lease Liability	—	40	40
Environmental and Disposal Liabilities	—	5,937	5,937
Federal Employee Salary, Leave, and Benefits Payable	—	(191)	(191)
Post-Employment Benefits Payable	—	2	2
Advances From Others and Deferred Revenue	(65)	(463)	(528)
Other Liabilities	228	(436)	(208)
Financing Sources			
Imputed Cost	$ (27,705)	$ —	$ (27,705)
Other	(188)	—	(188)
Total Components Of Net Operating Cost Not Part Of Budget Outlays	$ (27,685)	$ 2,536	$ (25,149)
Components of the Budget Outlays Not Part of Net Operating Cost			
Acquisition of Capital Assets	$ (10)	$ 9,820	$ 9,810
Acquisition of Inventory	—	4,222	4,222
Effect of Prior Year Agencies Credit Reform Subsidy Reestimate	(296)	—	(296)
Other	(1,960)	(121)	(2,081)
Financing Sources:			
Donated Revenue	$ —	$ (18)	$ (18)
Transfers Out (In) Without Reimbursement	259	—	259
Total Components Of The Budget Outlays Not Part Of Net Operating Cost	$ (2,007)	$ 13,903	$ 11,896
Miscellaneous Items:			
Custodial/Non-Exchange Revenue	$ —	$ (343)	$ (343)
Non-Entity Activity	162	—	162
Total Other Reconciling Items	$ 162	$ (343)	$ (181)
Total Net Outlays (Calculated Total)	$ (7,630)	$ 59,921	$ 52,291
Related Amounts on the Statement of Budgetary Resources:			
Outlays, Net (Total)			$ 55,345
Distributed Offsetting Receipts			(3,054)
Agency Outlays, Net			$ 52,291

This reconciliation explains the relationship between the entity's net outlays on a budgetary basis and the net cost of operations during the reporting period. It serves not only to identify costs paid for in the past, and those that will be paid for in the future, but also to assure integrity between budgetary and financial accounting. According to OMB Circular A-136, FCRA financing fund activity is excluded from this reconciliation.

The table illustrates the key reconciling items between net operating cost and net outlays, which includes three sections: (1) The components of net cost not part of budgetary outlays includes proprietary accounts that do not result in net outlays during the current fiscal year. This includes items such as depreciation, cost of goods sold, credit reform items, changes to certain assets and liabilities, and imputed financing. (2) The components of the budget outlays that are not part of net operating cost accounts for budgetary outlays that do not result in proprietary costs for the current fiscal year. This includes acquisition of capitalized assets, and inventory, both of which have disbursements without associated costs, as well as the effect of prior year agencies' credit reform subsidy reestimates and transfers. (3) The miscellaneous items section includes the custodial/non-exchange revenue and non-entity activity.

Note 27. Public-Private Partnerships

Beginning in FY 2019, SFFAS 49, Public-Private Partnerships (P3), requires the disclosure of risk-sharing arrangements with expected lives greater than five years between public and private sector entities. Per SFFAS 49, “Such arrangements or transactions provide a service or an asset for government and/or general public use where in addition to the sharing of resources, each party shares in the risks and rewards of said arrangements or transactions.” DOE has determined that Energy Savings Performance Contracts (ESPC) and Utility Energy Service Contracts (UESC) meet the P3 criteria outlined in SFFAS 49; the disclosure details for DOE’s ESPC and UESC arrangements are provided below.

Initially authorized by the Energy Policy Act of 1992 and subsequently codified as 42 U.S.C. 8287 and 42 U.S.C. 8256, respectively, ESPCs and UESCs represent partnerships with energy service companies (ESCO) and utility companies in the form of fixed-price, performance-based arrangements that are paid back over time through generated energy cost savings. In particular, ESPCs enable DOE to partner with an ESCO for a period not to exceed 25 years to improve energy efficiency in one or more DOE facilities at no direct capital cost to the U.S. government and without special congressional appropriations. The ESCO finances the upfront costs of implementing energy conservation measures — often borrowing the necessary funding for the investment from a third-party financier — and receives, in return, a contractually determined share of the cost savings that result. The ESCO provides a guarantee that the improvements will generate sufficient energy cost savings to pay for the project over the expected life of the arrangement, and after the arrangement ends, DOE fully retains all subsequent cost savings. Ultimately, ESPCs and UESCs provide DOE with the overall ability to implement energy efficient infrastructure upgrades at little to no upfront expense to the government and to generate future energy cost savings. Similar to ESPCs, UESCs are partnerships between a federal agency and its serving utility company in which the utility company arranges financing to cover the upfront costs of energy efficiency projects and the agency’s subsequent payments are based on energy cost savings; unlike ESPCs, however, cost savings are not guaranteed by the utility company.

Risks for ESPC and USEC arrangements include the potential in lost or unachieved energy cost savings and/or reduced payments to ESCOs. Also, standard contract language generally allows DOE to terminate ESPC and UESC arrangements for convenience, any such action is considered by DOE to be remote and often requires, at a minimum, payment by DOE of the remaining unamortized principal, the total of which, as of September 30, 2025, is primarily represented by the "Energy savings performance contracts and utility energy service contracts" liability figure below, as well as other termination fees based on the financial details of each arrangement. Early termination could potentially lead to increased costs related to ownership — for example, maintenance and repairs previously performed by the ESCO or utility company needing to be performed by DOE or another contractor. Lastly, some arrangements contain contractual clauses specifically clarifying that the government will be responsible for losses due to remote risks such as accidents or "force majeure" events. To mitigate the risk, ESPC and UESC arrangements are structured to minimize the level of risk to which DOE and the government are exposed, general processes such as a mutual understanding of each entity’s role and responsibilities within the partnership, proper and timely project planning, installation and functionality oversight, and participation in the measurement and verification of equipment performance are all key components to helping ensure that energy cost savings are successfully realized.

As of September 30, 2025, DOE has 19 ESPC arrangements/modifications that are active or for which implementation is currently in process and one active UESC arrangement. The period of performance range for the 20 total arrangements is between 10 and 24 years in length, with the calculation of the period of performance largely dependent upon the amount of predicted annual cost savings in conjunction with the amount of annual payments, not to exceed the amount of annual cost savings in the case of ESPCs, required to eventually fund the overall value of the project. Payments related to these types of arrangements are generally made by DOE indirectly to the ESCO or utility company through a trustee on an annual basis.

The below table provides the amount of funding related to the non-federal partners' implementation of DOE's ESPC and UESC arrangements; the combined total DOE payments to be made over the expected life of arrangements, including principal repayment, interest, and performance period expenses; and the total cumulative amount of payments made by DOE as of September 30, 2025.

	2025		
($ IN MILLIONS)	NON-FEDERAL PARTNERS' IMPLEMENTATION AMOUNT	TOTAL DOE PAYMENTS TO BE MADE OVER THE EXPECTED LIFE OF ARRANGEMENT	TOTAL CUMULATIVE PAYMENTS
ESPCs	$ 621	$ 1,984	$ 1,252
UESCs	7	9	5
Total	$ 628	$ 1,993	$ 1,257

The following table presents the actual payments in FY 2025, and the estimated amount to be paid in FY 2026 and beyond.

	2025	FUTURE PERIODS
($ IN MILLIONS)	ACTUAL AMOUNT PAID	ESTIMATED AMOUNT TO BE PAID IN FY 2026+
ESPCs	$ 118	$ 732
UESCs	—	3
Total	$ 118	$ 735

Note 28. Reclassification of Financial Statement Line Items for Financial Report of the U.S. Government Compilation Process

($ IN MILLIONS)

FY 2025 STATEMENT OF NET COST		FY 2025 RECLASSIFIED				LINE ITEMS USED TO PREPARE FY 2025 GOVERNMENTWIDE STATEMENT OF NET COST
FINANCIAL STATEMENT LINE	AMOUNTS	DEDICATED COLLECTIONS COMBINED	DEDICATED COLLECTIONS ELIMINATIONS	ALL OTHER AMOUNTS (W/ ELIMINATIONS)	TOTAL	RECLASSIFIED FINANCIAL STATEMENT LINE
Gross Costs (Note 21)	$ 79,913	$ 6,579	$ —	$ 42,334	$ 48,913	**Non-Federal Gross Cost**
						Intragovernmental Costs
		$ 60	$ —	$ 592	$ 652	Benefit Program Costs
		28	—	27,677	27,705	Imputed Costs
		911	(680)	992	1,223	Buy/Sell Costs
		1	—	(13)	(12)	Purchase of Assets
		348	(111)	1,012	1,249	Borrowing and Other Interest Expense
		3	—	—	3	Borrowing Losses
		—	—	168	168	Other Expenses (Without Reciprocals)
		1,351	$ (791)	$ 30,428	$ 30,988	**Total Intragovernmental Costs**
Total Gross Costs	$ 79,913	$ 7,930	$ (791)	$ 72,762	$ 79,901	**Total Reclassified Gross Costs**
Earned Revenue (Note 21)	$ 14,188	$ 3,660	$ —	$ 2,134	$ 5,794	**Non-Federal Earned Revenue**
						Intragovernmental Revenue
		$ 1,099	$ (680)	$ 5,415	$ 5,834	Buy/Sell Revenue
		1	—	(13)	(12)	Purchase of Asset Offset
		2,011	—	—	2,011	Federal Securities Interest Revenue Including Associated Gains/Losses (Exchange)
		112	(111)	307	308	Borrowing and Other Interest Revenue
		241	—	—	241	Borrowing Gains
		$ 3,464	$ (791)	$ 5,709	$ 8,382	**Total Intragovernmental Revenues**
Total Earned Revenue	$ 14,188	$ 7,124	$ (791)	$ 7,843	$ 14,176	**Total Reclassified Earned Revenue**
Net Cost	$ 65,725	$ 806	$ —	$ 64,919	$ 65,725	
Exchange Statement of Custodial Activity						
Exchange Custodial Collections From the SCA		$ 156	$ —	$ 120	$ 276	**Non-Federal Earned Revenue**
Total Exchange Custodial Collections		$ 156	$ —	$ 120	$ 276	**Total Reclassified Exchange Custodial Collections**
		$ 134	$ —	$ 118	$ 252	Custodial Collections Transferred to a TAS Other Than the General Fund - Exchange
		—	—	2	2	Accrual of Custodial Collections Yet to be Transferred to a TAS Other Than the General Fund - Exchange
Total Disposition of Exchange Custodial Collections		$ 134	$ —	$ 120	$ 254	**Total Reclassified Disposition of Custodial Collections**
		$ 22	$ —	$ —	$ 22	**Net Custodial Activity**
		$ 784	$ —	$ 64,919	$ 65,703	**Total Reclassified Net Cost**

($ IN MILLIONS)

FY 2025 STATEMENT OF CHANGES IN NET POSITION		FY 2025 RECLASSIFIED				LINE ITEMS USED TO PREPARE FY 2025 GOVERNMENT-WIDE STATEMENTS OF CHANGES IN NET POSITION
FINANCIAL STATEMENT LINE	AMOUNTS	DEDICATED COLLECTIONS COMBINED	DEDICATED COLLECTIONS ELIMINATIONS	ALL OTHER AMOUNTS (WITH ELIMINATIONS)	TOTAL	RECLASSIFIED FINANCIAL STATEMENT LINE
UNEXPENDED APPROPRIATIONS						**UNEXPENDED APPROPRIATIONS**
Beginning Balances	$ 107,159	$ 36	$ —	$ 107,123	$ 107,159	**Net Position, Beginning of Period**
Appropriations Received (Note 24)	66,492	862	—	65,630	66,492	Appropriations Received as Adjusted
Appropriations Transferred In/(Out)	78	—	$ —	78	78	Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Sources
Other Adjustments	(13,472)	(1)	—	(13,466)	(13,467)	Appropriations Received as Adjusted
		—	$ —	(5)	(5)	Prior period adjustment to unexpended appropriations - federal
Appropriations Used	(52,938)	(23)	—	(52,915)	(52,938)	Appropriations Used
Total Unexpended Appropriations	$ 107,319	$ 874	$ —	$ 106,445	$ 107,319	**Total Unexpended Appropriations**
CUMULATIVE RESULTS OF OPERATIONS						**CUMULATIVE RESULTS OF OPERATIONS**
Beginning Balances	$ (475,354)	$ (18,685)	$ —	$ (456,669)	$ (475,354)	**Net Position, Beginning of Period**
Other Adjustments	4	—	—	(1)	(1)	Revenue and Other Financing Sources - Cancellations
		—	—	5	5	Prior period adjustment to expended appropriations - federal
Appropriations Used	52,938	23	—	52,915	52,938	Appropriations Expended
Non-Exchange Revenues	1	—	—	1	1	Other Taxes and Receipts
Donations and Forfeitures of Property	26	26	—	—	26	Other Taxes and Receipts
Transfers - In/(Out) Without Reimbursement	$ (457)	$ (126)	$ —	$ —	$ (126)	Appropriation of Unavailable Special/Trust Fund Receipts Transfers-Out
		4			4	Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Sources
		(5)	—	—	(5)	Non-Expenditure Transfers-Out of Unexpended Appropriations and Financing Sources
		(254)	—	—	(254)	Expenditure Transfers-Out of Financing Sources
		123	—	13,893	14,016	Transfers-In Without Reimbursement
		(245)	—	(13,847)	(14,092)	Transfers-Out Without Reimbursement
Total Transfers In/Out w/o Reimbursement- Other	$ (457)	$ (503)	$ —	$ 46	$ (457)	
Other	$ (451)	$ (112)	$ —	$ (433)	$ (545)	Non-entity Collections Transferred to the General Fund
		76	—	—	76	Other Taxes and Receipts
		—	—	(96)	(96)	Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund
		160	—	—	160	Other Financing Sources with Budgetary Impact
		(74)	—	—	$ (74)	Other Non-Budgetary Financing Sources for Debt Accruals/Amortization
		28	—		28	Other Non-Budgetary Financing Sources
Total Other	$ (451)	$ 78	$ —	$ (529)	$ (451)	
Donations and Forfeitures of Cash	18	—	—	18	18	Other Taxes and Receipts
Imputed Financing	27,705	28	—	27,677	27,705	Imputed Financing Sources
Total Donations, Transfers, Other and Imputed Financing	$ 26,841	$ (371)	$ —	$ 27,212	$ 26,841	
Net Cost of Operations	$ (65,725)	$ (806)	$ —	$ (64,919)	$ (65,725)	
Total Cumulative Results Of Operations	$ (461,295)	$ (19,839)	$ —	$ (441,456)	$ (461,295)	**Cumulative Results Of Operations**
Net Position	$ (353,976)	$ (18,965)	$ —	$ (335,011)	$ (353,976)	**Net Position**
					$ 22	**Net Custodial Activity Reclassified From Net Cost**
Non-Exchange Custodial Collections from the SCA		$ 177	$ —	$ 12	$ 189	**Other Taxes and Receipts**
Disposition of Non-Exchange Custodial Collections From the SCA		(16)	—	—	(16)	Collections Transferred to a TAS Other Than the General Fund
		(7)	—	—	(7)	Accrual of Collections Yet to be Transferred to a TAS Other Than the General Fund of the U.S. Government - Nonexchange
		(176)	—	(11)	(187)	Non-Entity Collections Transferred to the General Fund
		—	—	(1)	(1)	Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund
		$ (199)	$ —	$ (12)	$ (211)	**Total Reclassified Disposition Of Non-exchange Custodial Collections**
					$ (22)	**Net Custodial Activity**
					$ (353,976)	**Total Reclassified Net Position**

To prepare the Financial Report, Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by USSGL account that appear in the financial statements. Treasury uses the trial balance information reported in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified SNC and a Reclassified SCNP for each agency, which are accessed using GTAS. Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the Financial Report statements. This note shows DOE's financial statements and DOE's reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated Financial Report line items. A copy of the 2025 Financial Report will be posted to the Department's website as soon as it is released.

The term "intragovernmental" is used in this note to refer to amounts that result from other components of the federal government.

The term "non-federal" is used in this note to refer to federal government amounts that result from transactions with non-federal entities. These include transactions with individuals, businesses, non-profit entities, and state, local, and foreign governments.

Required Supplementary Information (Unaudited)

This section of the report provides required supplementary information for DOE on deferred maintenance, government land, and budgetary resources by major budget account.

DEFERRED MAINTENANCE

Identifying the level of DOE's deferred maintenance and repairs is a requirement under SFFAS No. 42, *Deferred Maintenance and Repairs* (DM&R). SFFAS No. 42 defines deferred maintenance as "maintenance and repairs that were not performed when they should have been or were scheduled to be and which are put off or delayed for a future period." DM&R reporting enables the government to be accountable to citizens for the proper administration and stewardship of its assets. Specifically, DM&R reporting assists by providing organizations' realistic estimate of DM&R amounts and the effectiveness of asset maintenance practices the entities employ in fulfilling their missions.

DOE manages over 21,000 buildings and other structures & facilities with an estimated replacement value of $333 billion. DOE's portfolio of PP&E supports preeminent federal research laboratory campuses; user facilities; production, special purpose, and legacy cleanup activities; and facilities used predominantly for office space and warehousing. Estimates reported include DM&R for capitalized or not capitalized, and fully depreciated and not fully depreciated buildings and other structures managed by DOE including heritage assets. DOE categorizes assets designated as a National Historic Landmark, or listed in the National Register of Historical Places, or those included in the Manhattan Project National Historic Park as a Heritage Asset or Stewardship Land. DOE does not accrue DM&R on general or stewardship land parcels.

Maintenance and Repair Policies

Departmental policy is to maintain real property assets in a manner that promotes operational safety, worker health, environmental protection and compliance, property preservation, and cost-effectiveness while meeting program missions. To develop a picture of asset-level maintenance and repair requirements, departmental policy requires sites to conduct asset-level maintenance and repair requirements, and asset-level condition assessments at least once every five years. These condition assessments involve visually inspecting each asset and its systems with the exception of some structures where a physical barrier prevents visual assessments, e.g., underground pipe systems. In such cases, sites may employ other methods to identify deficiencies. The inspection requirement applies to active and inactive/ excess assets. Inactive assets must remain in a safe enough state to protect life safety and the environment, to support eventual disposition, and to not endanger the mission responsibilities of other nearby assets. These condition assessments result in a list of repair needs for each asset and facility managers then estimate the costs to implement those repair needs.

Departmental policy also requires sites to consistently and reliably estimate those costs using either the DOE Condition Assessment Information System or another nationally recognized cost estimating system, such as R.S. Means. Using a consistent system based on industry standard methods helps ensure that estimates reflect current material and labor costs. To address annual inflation in years between condition assessments, DOE publishes annual inflation and escalation factors based on analyses within OMB's annual *Analytical Perspectives*.

Ranking and Prioritizing Maintenance and Repair Activities

DOE does not rank or prioritize the maintenance and repair activities of its component programs and sites at a single Department-wide level. Instead, it relies on its programs and site managers to apply the maintenance budget based on the role each asset has in supporting the site's various missions. Ranking factors vary among DOE's sites and can include mission dependency, criticality, status, use, ownership, and risks presented by any noted deficiencies, among other considerations. DOE's implementation of OMB Memorandum M-20-03, *Implementation of Agency-wide Real Property Capital Planning,* includes identifying projects and activities that reduce deferred maintenance in developing the President's Budget submission. As part of the real property planning process, DOE's annual budget guidance requires departmental programs to capture projected annual operating, maintenance, and repair costs for all assets and to identify project-level out-year budget requirements for maintenance and repair projects as well as new construction projects and facility disposal projects.

Factors Considered in Setting Acceptable Condition

In 2023, OMB established a common asset condition rating scale across all federal agencies as part of its Federal Real Property Portfolio database. This new rating scale is based on the Condition Index performance measure which is calculated using following equation: (1-(Repair Needs ÷ RPV))*100, where RPV is the replacement plant value. The OMB rating scale then classifies the condition of an asset as follows: 95 and above is Excellent Condition, 90 to 94.99 is Good Condition, 70 to 89.99 is Fair Condition, and below 70 is Poor Condition. In 2025, 80% of active DOE buildings and other structures and facilities were in the good to excellent range. Note that Repair Needs for a given asset encompass the set of all repairs identified to bring the asset back to its full, original design specification while Deferred Maintenance

includes those Repair Needs that the site intends to correct. An asset's Deferred Maintenance is always equal to or less than its Repair Needs. There are numerous reasons that a site may not choose to correct an identified repair need including evolving mission requirements and expected remaining asset life.

Mission Criticality

DOE has started tracking DM&R in terms of mission support to illuminate how much deferred maintenance is associated with real property that is critical to DOE's mission. DOE breaks real property mission critically into the following three categories:

- Mission Critical - assets deemed necessary to perform the primary missions assigned to a particular site. This includes any facility or infrastructure primarily used to perform scientific, production, environmental restoration, or stockpile stewardship and without which, operations would be disrupted or placed at risk.
- Mission Dependent, Not Critical - assets that play a supporting role in meeting the primary missions assigned to a particular site. Loss of a Mission Dependent, Not Critical asset would not immediately disrupt operations and the site could reasonably restore the asset or its capabilities prior to impacting operations.
- Not Mission Dependent - assets that do not support the primary missions assigned to a particular site but support secondary missions and/or quality of workplace initiatives. Loss of a Not Mission Dependent asset results in inconvenience and indirectly impacts operations if unavailable for an extended period. Further, assets determined to be excess to the site mission fall under this category.

In 2025, about $6 billion (37%) of DOE's DM&R was associated with Mission Critical assets and represents the minimum amount needed to ensure mission critical assets remain mission capable, 18% was associated with Mission Dependent Not Critical assets, and 45% was associated with Not Mission Dependent assets.

MISSION CRITICALITY ($ IN MILLIONS)	2025 ENDING BALANCE DM&R	2025 BEGINNING BALANCE DM&R
MISSION CRITICAL DM&R	$ 5,965	$ 5,040
MISSION DEPENDENT, NON CRITICAL DM&R	2,952	3,186
NON MISSION CRITICAL DM&R	7,187	3,969
TOTAL	$ 16,104	$ 12,195

Significant Changes from the Prior Year

As of September 30, 2025, DOE had an estimated $16.104 billion in total deferred maintenance which is an increase of about $3.9 billion. DOE applies a year-to-year variance threshold of 10% and considers overall increases or decreases beyond that threshold as significant. This increase was concentrated at NNSA which saw a $3.87 billion increase in deferred maintenance as follows:

- At certain locations (Las Vegas Site, LANL, Nevada National Security Site, and Pantex Plant) additional facility components and information were added to the condition modeling systems which provided more granular detailed DM&R estimations.
- Due to the organizational changes at the SRS, NNSA applied facility condition repair needs to those facilities to mirror the repair needs cost estimating process at other NNSA sites.
- At certain sites (Lawrence Livermore National Lab, and Pantex Plant) cost modifiers and pricing for DM&R estimations were adjusted.
- The cost estimating modifiers for repair needs were updated at the Las Vegas Site and LANL.
- At the Sandia National Labs general site cost modifiers and additional specialty facility cost modifiers were updated to better reflect the cost of doing work at the site and within specialty facilities such as labs and fabrication facilities.
- At the Y-12 site repair need cost estimating modifiers and added additional facility components and information were updated to the condition modeling systems for more granular detailed DM&R cost estimating. In addition, for some facilities, maintenance modeling software increased DM&R costs based on age thresholds and on field inspection results of the facilities.

Capital Equipment

Pursuant to the cost/benefit considerations provided in SFFAS No. 42, DOE has determined that the requirements for deferred maintenance reporting on personal property (capital equipment) are not applicable to property items with an acquisition cost of less than $100,000, except in situations where maintenance is needed to address worker and public health and safety concerns.

Various methods were used for measuring deferred maintenance and determining acceptable operating condition for DOE's capital equipment, including periodic condition assessments, physical inspections, review of work orders, manufacturer and engineering specification, and other methods, as appropriate.

An amount of $610 million of deferred maintenance was estimated to be needed as of September 30, 2025, to return capital equipment assets to acceptable operating condition.

Deferred Maintenance and Repair Costs

Estimates of the beginning and ending balances of DM&R for each major category of real property for which maintenance and repairs have been deferred include:

($ IN MILLIONS)	2025 ENDING BALANCE DM&R	2025 BEGINNING BALANCE DM&R
ACTIVE:		
General PP&E:		
Buildings	$ 7,354	$ 6,450
Structures	8,173	5,226
Subtotal - General PP&E - Active	$ 15,527	$ 11,676
Heritage Assets	$ 40	$ 5
Subtotal - All Active	$ 15,567	$ 11,681
INACTIVE AND EXCESS:		
General PP&E:		
Buildings	$ 416	$ 387
Structures	84	91
Subtotal - General PP&E - Inactive and Excess	$ 500	$ 478
Heritage Assets	$ 37	$ 36
Subtotal - All Inactive And Excess	$ 537	$ 514
Total Deferred Maintenance And Repair Cost:	**$ 16,104**	**$ 12,195**

GOVERNMENT LAND

Federal land reporting is a required by SFFAS No. 59, *Accounting and Reporting of Government Land*. This standard provides requirements to report the estimated size (acres) of federal land use by intent/purpose and ownership status. The following tables provide the required reporting detail: Table 1 is a breakdown of all of the land DOE owns by General PP&E Land and Stewardship Land followed by a subsequent breakout into three predominant use subcategories (commercial, conservation and preservation, and operational) and it shows the estimated land held for disposal or exchange; Table 2a shows the land rights into three predominant use subcategories and the cost to maintain those land rights; Table 2b shows the permanent land rights by subcategories by predominant use; and Table 3 supports Treasury data collection and includes DOE's owned land as well as its permanent land rights. BPA data is excluded from these tables.

Table 1 - DOE Land

	COMMERCIAL USE (ACRES)	CONSERVATION & PRESERVATION USE (ACRES)	OPERATIONAL USE (ACRES)	TOTAL (ACRES)
General PP&E				
Start of Fiscal Year 2025	8,123	7,295	672,147	687,565
End of Fiscal Year 2025	8,118	10,430	672,464	691,012
Stewardship Land				
Start of Fiscal Year 2025	4,676	1,280	1,492,586	1,498,542
End of Fiscal Year 2025	4,676	1,280	1,490,282	1,496,238
Held for Disposal/Exchange				
End Of Fiscal Year 2025				2,399

Table 2a - Land Rights

PERMANENT LAND RIGHTS	TEMPORARY LAND RIGHTS (ACRES)	TOTAL LAND RIGHTS (ACRES)	TOTAL COST TO MAINTAIN LAND RIGHTS ($)
42,782	312,808	355,590	950,170

Table 2b - Permanent Land Rights Sub-Categorized by Predominant Use

COMMERCIAL USE (ACRES)	CONSERVATION & PRESERVATION (ACRES)	OPERATION (ACRES)	TOTAL PERMANENT LAND RIGHTS (ACRES)
28,872	999	12,911	42,782

Table 3 - DOE Land and Permanent Land Rights

	COMMERCIAL USE (ACRES)	CONSERVATION & PRESERVATION USE (ACRES)	OPERATIONAL USE (ACRES)	TOTAL (ACRES)
General PP&E				
Start of Prior Year 2024	36,995	8,294	697,406	742,695
Start of Fiscal Year 2025	36,995	8,294	685,059	730,348
End of Fiscal Year 2025	36,990	11,430	685,375	733,795
Stewardship Land				
Start of Prior Year 2024	4,676	1,280	1,488,766	1,494,722
Start of Fiscal Year 2025	4,676	1,280	1,492,586	1,498,542
End of Fiscal Year 2025	4,676	1,280	1,490,282	1,496,238
Held for Disposal/Exchange				
Start of Prior Year 2024				1,488
End of Fiscal Year 2025				2,399

Budgetary Resources by Major Account - IIJA Funding Only
For the Year Ended September 30, 2025

($ IN MILLIONS)	CLEAN ENERGY DEMONSTRATIONS	ENERGY EFFICIENCY AND RENEWABLE ENERGY	FOSSIL ENERGY RESEARCH AND DEVELOPMENT	ELECTRICITY	AMERICAN ENERGY INDEPENDENCE FUND, ENERGY PROGRAMS, ENERGY
BUDGETARY RESOURCES:					
Unobligated Balance from Prior Year Budget Authority, Net	$ 9,917	$ 6,352	$ 3,724	$ 1,606	$ 2,030
Appropriations	4,474	1,925	1,433	1,605	690
Borrowing Authority	—	—	—	—	—
Contract Authority	—	—	—	—	—
Spending Authority from Offsetting Collections	—	—	—	—	—
Total Budgetary Resources	$ 14,391	$ 8,277	$ 5,157	$ 3,211	$ 2,720
STATUS OF BUDGETARY RESOURCES:					
New Obligations and Upward Adjustments (Total)	$ 3,979	$ 5,619	$ 291	$ 2,045	$ 12
Unobligated Balance, End of Year:					
Apportioned, Unexpired Accounts	$ 10,412	$ 2,658	$ 4,866	$ 1,166	$ 2,708
Exempt from Apportionment, Unexpired Accounts	—	—	—	—	—
Unapportioned, Unexpired Accounts	—	—	—	—	—
Unexpired, Unobligated Balance, End of Year	$ 10,412	$ 2,658	$ 4,866	$ 1,166	$ 2,708
Expired, Unobligated Balance, End of Year	—	—	—	—	—
Unobligated Balance, End of Year (Total)	$ 10,412	$ 2,658	$ 4,866	$ 1,166	$ 2,708
Total Budgetary Resources	$ 14,391	$ 8,277	$ 5,157	$ 3,211	$ 2,720
Agency Outlays, Net	$ 510	$ 994	$ 216	$ 178	$ 1

	TRANSPORTATION INFRASTRUCTURE FINANCE AND INNOVATION PROGRAM ACCOUNT	TRANSMISSION FACILITATION FUND, ENERGY PROGRAMS, ENERGY	NUCLEAR ENERGY	CYBERSECURITY, ENERGY SECURITY, AND EMERGENCY RESPONSE	OFFICE OF THE INSPECTOR GENERAL
BUDGETARY RESOURCES:					
Unobligated Balance from Prior Year Budget Authority, Net	$ 2,090	$ 716	$ 443	$ 150	$ 77
Appropriations	—	—	507	100	22
Borrowing Authority	—	375	—	—	—
Contract Authority	—	—	—	—	—
Spending Authority from Offsetting Collections	—	—	—	—	—
Total Budgetary Resources	$ 2,090	$ 1,091	$ 950	$ 250	$ 99
STATUS OF BUDGETARY RESOURCES:					
New Obligations and Upward Adjustments (Total)	$ 1	$ 1,091	$ 5	$ 35	$ 4
Unobligated Balance, End of Year:					
Apportioned, Unexpired Accounts	$ 2,083	$ —	$ 945	$ 215	$ 95
Exempt from Apportionment, Unexpired Accounts	—	—	—	—	—
Unapportioned, Unexpired Accounts	6	—	—	—	—
Unexpired, Unobligated Balance, End of Year	$ 2,089	$ —	$ 945	$ 215	$ 95
Expired, Unobligated Balance, End of Year	—	—	—	—	—
Unobligated Balance, End of Year (Total)	$ 2,089	$ —	$ 945	$ 215	$ 95
Total Budgetary Resources	$ 2,090	$ 1,091	$ 950	$ 250	$ 99
Agency Outlays, Net	$ 1	$ —	$ 4	$ 55	$ 5

	TECHNOLOGY TRANSITIONS, ENERGY PROGRAMS, ENERGY	SCIENCE	DEPARTMENTAL ADMINISTRATION	ALL OTHER	COMBINED STATEMENT OF BUDGETARY RESOURCES TOTAL
BUDGETARY RESOURCES:					
Unobligated Balance from Prior Year Budget Authority, Net	$ 21	$ 22	$ 18	$ —	$ 27,166
Appropriations	54	11	11	—	10,832
Borrowing Authority	—	—	—	—	375
Contract Authority	—	—	—	—	—
Spending Authority from Offsetting Collections	—	—	—	—	—
Total Budgetary Resources	$ 75	$ 33	$ 29	$ —	$ 38,373
STATUS OF BUDGETARY RESOURCES:					
New Obligations and Upward Adjustments (Total)	$ —	$ —	$ 11	$ —	$ 13,093
Unobligated Balance, End of Year:					
Apportioned, Unexpired Accounts	$ 75	$ 33	$ 18	$ —	$ 25,274
Exempt from Apportionment, Unexpired Accounts	—	—	—	—	—
Unapportioned, Unexpired Accounts	—	—	—	—	6
Unexpired, Unobligated Balance, End of Year	$ 75	$ 33	$ 18	$ —	$ 25,280
Expired, Unobligated Balance, End of Year	—	—	—	—	—
Unobligated Balance, End of Year (Total)	$ 75	$ 33	$ 18	$ —	$ 25,280
Total Budgetary Resources	$ 75	$ 33	$ 29	$ —	$ 38,373
Agency Outlays, Net	$ —	$ 15	$ 11	$ —	$ 1,990

Budgetary Resources by Major Account - IRA Funding Only

For the Year Ended September 30, 2025

($ IN MILLIONS)	TITLE 17 INNOVATIVE TECHNOLOGY DIRECT LOAN FINANCING ACCOUNT	ADVANCED TECHNOLOGY VEHICLES MANUFACTURING DIRECT LOAN FINANCING ACCOUNT	ENERGY EFFICIENCY AND RENEWABLE ENERGY	CLEAN ENERGY DEMONSTRATIONS	ADVANCED TECHNOLOGY VEHICLES MANUFACTURING LOAN PROGRAM ACCOUNT
BUDGETARY RESOURCES:					
Unobligated Balance from Prior Year Budget Authority, Net	$ 241	$ 761	$ 9,244	$ 5,676	$ 2,639
Appropriations	—	—	(51)	(1,215)	(1,675)
Borrowing Authority	57,985	25,793	—	—	—
Contract Authority	—	—	—	—	—
Spending Authority from Offsetting Collections	338	978	—	—	—
Total Budgetary Resources	$ 58,564	$ 27,532	$ 9,193	$ 4,461	$ 964
STATUS OF BUDGETARY RESOURCES:					
New Obligations and Upward Adjustments (Total)	$ 52,859	$ 26,269	$ 8,660	$ 4,459	$ 964
Unobligated Balance, End of Year:					
Apportioned, Unexpired Accounts	$ 759	$ —	$ 532	$ 2	$ —
Exempt from Apportionment, Unexpired Accounts	—	—	—	—	—
Unapportioned, Unexpired Accounts	4,946	1,263	1	—	—
Unexpired, Unobligated Balance, End of Year	$ 5,705	$ 1,263	$ 533	$ 2	$ —
Expired, Unobligated Balance, End of Year	—	—	—	—	—
Unobligated Balance, End of Year (Total)	$ 5,705	$ 1,263	$ 533	$ 2	$ —
Total Budgetary Resources	$ 58,564	$ 27,532	$ 9,193	$ 4,461	$ 964
Agency Outlays, Net	$ —	$ —	$ 265	$ 91	$ 71
Disbursements, Net (Total)	$ 3,263	$ 10,714	$ —	$ —	$ —

	NUCLEAR ENERGY	ELECTRICITY	TITLE 17 INNOVATIVE LOAN GUARANTEE PROGRAM	SCIENCE	FEDERAL ENERGY REGULATORY COMMISSION
BUDGETARY RESOURCES:					
Unobligated Balance from Prior Year Budget Authority, Net	$ 670	$ 2,830	$ 8,311	$ 156	$ 94
Appropriations	—	(2,437)	(7,980)	—	—
Borrowing Authority	—	—	—	—	—
Contract Authority	—	—	—	—	—
Spending Authority from Offsetting Collections	—	—	—	—	—
Total Budgetary Resources	$ 670	$ 393	$ 331	$ 156	$ 94
STATUS OF BUDGETARY RESOURCES:					
New Obligations and Upward Adjustments (Total)	$ 168	$ 392	$ 330	$ 156	$ 6
Unobligated Balance, End of Year:					
Apportioned, Unexpired Accounts	$ 502	$ 1	$ —	$ —	$ 88
Exempt from Apportionment, Unexpired Accounts	—	—	—	—	—
Unapportioned, Unexpired Accounts	—	—	1	—	—
Unexpired, Unobligated Balance, End of Year	$ 502	$ 1	$ 1	$ —	$ 88
Expired, Unobligated Balance, End of Year	—	—	—	—	—
Unobligated Balance, End of Year (Total)	$ 502	$ 1	$ 1	$ —	$ 88
Total Budgetary Resources	$ 670	$ 393	$ 331	$ 156	$ 94
Agency Outlays, Net	$ 62	$ 14	$ 190	$ 275	$ 6
Disbursements, Net (Total)	$ —	$ —	$ —	$ —	$ —

	ENVIRONMENTAL REVIEWS	FOSSIL ENERGY RESEARCH AND DEVELOPMENT	OFFICE OF THE INSPECTOR GENERAL	ALL OTHER	COMBINED STATEMENT OF BUDGETARY RESOURCES TOTAL
BUDGETARY RESOURCES:					
Unobligated Balance from Prior Year Budget Authority, Net	$ 70	$ 67	$ 71	$ 91	$ 30,921
Appropriations	—	—	(36)	(70)	(13,464)
Borrowing Authority	—	—	—	—	83,778
Contract Authority	—	—	—	—	—
Spending Authority from Offsetting Collections	—	—	—	4	1,320
Total Budgetary Resources	$ 70	$ 67	$ 35	$ 25	$ 102,555
STATUS OF BUDGETARY RESOURCES:					
New Obligations and Upward Adjustments (Total)	$ 28	$ 3	$ 4	$ 10	$ 94,308
Unobligated Balance, End of Year:					
Apportioned, Unexpired Accounts	$ 41	$ 64	$ 31	$ —	$ 2,020
Exempt from Apportionment, Unexpired Accounts	—	—	—	—	—
Unapportioned, Unexpired Accounts	1	—	—	14	6,226
Unexpired, Unobligated Balance, End of Year	$ 42	$ 64	$ 31	$ 14	$ 8,246
Expired, Unobligated Balance, End of Year	—	—	—	1	1
Unobligated Balance, End of Year (Total)	$ 42	$ 64	$ 31	$ 15	$ 8,247
Total Budgetary Resources	$ 70	$ 67	$ 35	$ 25	$ 102,555
Agency Outlays, Net	$ 17	$ 26	$ 5	$ 76	$ 1,098
Disbursements, Net (Total)	$ —	$ —	$ —	$ (6)	$ 13,971

Budgetary Resources by Major Account - Total Funding

For the Year Ended September 30, 2025

($ IN MILLIONS)	WEAPONS ACTIVITIES	ENERGY EFFICIENCY AND RENEWABLE ENERGY	CLEAN ENERGY DEMONSTRATIONS	SCIENCE	DEFENSE ENVIRONMENTAL CLEANUP
BUDGETARY RESOURCES:					
Unobligated Balance from Prior Year Budget Authority, Net	$ 1,195	$ 17,482	$ 15,655	$ 1,356	$ 1,372
Appropriations	23,180	5,241	3,309	8,548	7,571
Borrowing Authority	—	—	—	—	—
Contract Authority	—	—	—	—	—
Spending Authority from Offsetting Collections	5,318	97	—	582	—
Total Budgetary Resources	$ 29,693	$ 22,820	$ 18,964	$ 10,486	$ 8,943
STATUS OF BUDGETARY RESOURCES:					
New Obligations and Upward Adjustments (Total)	$ 26,256	$ 17,130	$ 8,441	$ 9,951	$ 8,206
Unobligated Balance, End of Year:					
Apportioned, Unexpired Accounts	$ 3,416	$ 5,657	$ 10,523	$ 534	$ 726
Exempt from Apportionment, Unexpired Accounts	—	—	—	—	—
Unapportioned, Unexpired Accounts	17	31	—	—	5
Unexpired, Unobligated Balance, End of Year	$ 3,433	$ 5,688	$ 10,523	$ 534	$ 731
Expired, Unobligated Balance, End of Year	4	2	—	1	6
Unobligated Balance, End of Year (Total)	$ 3,437	$ 5,690	$ 10,523	$ 535	$ 737
Total Budgetary Resources	$ 29,693	$ 22,820	$ 18,964	$ 10,486	$ 8,943
OUTLAYS, NET					
Outlays, Net (Total)	$ 18,915	$ 4,318	$ 607	$ 8,536	$ 7,630
Distributed Offsetting Receipts (-)	—	—	—	—	—
Agency Outlays, Net	$ 18,915	$ 4,318	$ 607	$ 8,536	$ 7,630
Disbursements, Net (Total)	$ —	$ —	$ —	$ —	$ —

	FOSSIL ENERGY RESEARCH AND DEVELOPMENT	ELECTRICITY	NUCLEAR ENERGY	BONNEVILLE POWER ADMINISTRATION FUND	OTHER BUDGETARY ACCOUNTS
BUDGETARY RESOURCES:					
Unobligated Balance from Prior Year Budget Authority, Net	$ 5,553	$ 6,534	$ 1,483	$ 8	$ 24,011
Appropriations	2,272	(559)	2,247	121	1,367
Borrowing Authority	—	—	—	1,365	375
Contract Authority	—	—	—	1,142	—
Spending Authority from Offsetting Collections	1	857	392	2,273	3,536
Total Budgetary Resources	$ 7,826	$ 6,832	$ 4,122	$ 4,909	$ 29,289
STATUS OF BUDGETARY RESOURCES:					
New Obligations and Upward Adjustments (Total)	$ 1,560	$ 5,358	$ 2,146	$ 4,898	$ 15,089
Unobligated Balance, End of Year:					
Apportioned, Unexpired Accounts	$ 6,263	$ 1,430	$ 1,972	$ —	$ 13,180
Exempt from Apportionment, Unexpired Accounts	—	—	—	11	9
Unapportioned, Unexpired Accounts	2	44	—	—	889
Unexpired, Unobligated Balance, End of Year	$ 6,265	$ 1,474	$ 1,972	$ 11	$ 14,078
Expired, Unobligated Balance, End of Year	1	—	4	—	122
Unobligated Balance, End of Year (Total)	$ 6,266	$ 1,474	$ 1,976	$ 11	$ 14,200
Total Budgetary Resources	$ 7,826	$ 6,832	$ 4,122	$ 4,909	$ 29,289
OUTLAYS, NET					
Outlays, Net (Total)	$ 958	$ 534	$ 1,774	$ 654	$ 11,419
Distributed Offsetting Receipts (-)	—	—	—	—	—
Agency Outlays, Net	$ 958	$ 534	$ 1,774	$ 654	$ 11,419
Disbursements, Net (Total)	$ —	$ —	$ —	$ —	$ —

	SUBTOTAL OF BUDGETARY ACCOUNTS	TITLE 17 INNOVATIVE TECHNOLOGY DIRECT LOAN FINANCING ACCOUNT	ADVANCED TECHNOLOGY VEHICLES MANUFACTURING DIRECT LOAN FINANCING ACCOUNT	ALL OTHER FINANCING ACCOUNTS	COMBINED STATEMENT OF BUDGETARY RESOURCES TOTAL
BUDGETARY RESOURCES:					
Unobligated Balance from Prior Year Budget Authority, Net	$ 74,649	$ 516	$ 803	$ 100	$ 76,068
Appropriations	53,297	—	—	—	53,297
Borrowing Authority	1,740	58,104	25,918	(1)	85,761
Contract Authority	1,142	—	—	—	1,142
Spending Authority from Offsetting Collections	13,056	892	964	8	14,920
Total Budgetary Resources	$ 143,884	$ 59,512	$ 27,685	$ 107	$ 231,188
STATUS OF BUDGETARY RESOURCES:					
New Obligations and Upward Adjustments (Total)	$ 99,035	$ 53,411	$ 26,399	$ 10	$ 178,855
Unobligated Balance, End of Year:					
Apportioned, Unexpired Accounts	$ 43,701	$ 759	$ —	$ —	$ 44,460
Exempt from Apportionment, Unexpired Accounts	20	—	—	—	20
Unapportioned, Unexpired Accounts	988	5,342	1,286	97	7,713
Unexpired, Unobligated Balance, End of Year	$ 44,709	$ 6,101	$ 1,286	$ 97	$ 52,193
Expired, Unobligated Balance, End of Year	140	—	—	—	140
Unobligated Balance, End of Year (Total)	$ 44,849	$ 6,101	$ 1,286	$ 97	$ 52,333
Total Budgetary Resources	$ 143,884	$ 59,512	$ 27,685	$ 107	$ 231,188
OUTLAYS, NET					
Outlays, Net (Total)	$ 55,345				$ 55,345
Distributed Offsetting Receipts (-)	(3,054)				(3,054)
Agency Outlays, Net	$ 52,291				$ 52,291
Disbursements, Net (Total)	$ —	$ 2,973	$ 8,979	$ 1	$ 11,953

Auditors' Report: Independent Auditors' Report

U.S. DEPARTMENT OF ENERGY
Office of Inspector General

DOE-OIG-26-03 December 11, 2025

The Department of Energy's Fiscal Year 2025 Consolidated Financial Statements

AUDIT REPORT

Consistent with standing Office of Inspector General (OIG) policy, the attached report is provided for your action/information prior to being released publicly. As such, the report should not be discussed or distributed outside the Department prior to public release. Generally, the report will be released to the public by posting it on the OIG website 2 to 3 days after it is provided to management. Please refer to the OIG website (http://www.energy.gov/ig/calendar-year-reports) to ensure that the report has been posted prior to discussing/distributing the report outside the Department.

Department of Energy
Washington, DC 20585

December 11, 2025

MEMORANDUM FOR THE SECRETARY

SUBJECT: Audit Report: *The Department of Energy's Fiscal Year 2025 Consolidated Financial Statements*

The Office of Inspector General (OIG) contracted with the independent public accounting firm KPMG LLP (KPMG) to conduct the audit, subject to our review. KPMG is responsible for expressing an opinion on the Department of Energy's financial statements and reporting on applicable internal controls and compliance with laws and regulations. The OIG monitored audit progress and reviewed the audit report and related documentation. This review disclosed no instances where KPMG did not comply, in all material respects, with generally accepted government auditing standards.

KPMG audited the consolidated financial statements of the Department, which comprise the consolidated balance sheet as of September 30, 2025, and the related consolidated statements of net cost, changes in net position, and combined statement of budgetary resources for the year then ended, and the related notes to the consolidated financial statements. KPMG concluded that except for matters pertaining to the estimated environmental cleanup liabilities for the Portsmouth Paducah Project Office, Waste Isolation Pilot Plant, Savannah River Site, and Hanford Site, the consolidated financial statements are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles for the year ended September 30, 2025.

As part of this review, the auditors also considered the Department's internal controls over financial reporting and tested for compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. During the audit, KPMG identified a material weakness over the environmental management liability estimate. KPMG was unable to obtain sufficient appropriate audit evidence to support the liability and cost estimates for Portsmouth Paducah Project Office and Waste Isolation Pilot Plant, the contingency estimate for Savannah River Site, and the changes in liability and cost estimates for the Hanford Site as of and for the year ended September 30, 2025. Consequently, they were unable to determine whether any adjustments to the amounts were necessary. Additionally, the audit identified certain deficiencies in internal control that KPMG considered to be a significant deficiency related to access controls over the Department's various financial systems.

The OIG issued notices of findings and recommendations to management throughout the audit. All findings and recommendations will be detailed in a separate Management Letter that will be

DOE-OIG-26-03

provided to the Department. The audit disclosed no instances of noncompliance or other matters required to be reported under applicable audit standards and requirements. There are no formal recommendations that need to be tracked in the Departmental Audit Report Tracking System; therefore, an additional response is not required.

KPMG is responsible for the attached audit report dated December 11, 2025, and the conclusions expressed therein. The OIG did not express an independent opinion on the Department's financial statements.

We appreciated the cooperation of your staff during the audit.

Sarah B. Nelson
Assistant Inspector General
for Management
Performing the Duties of the Inspector General
Office of Inspector General

cc: Deputy Secretary
Chief of Staff
Under Secretary for Science, S4
Under Secretary for Nuclear Security and Administrator of the National Nuclear Security Administration, S5
Acting Under Secretary of Energy, S3
Assistant Secretary, Office of Environmental Management, EM-1
Chief Financial Officer, CF-1
Chief Information Officer, IM-1
Deputy Chief Financial Officer, CF-2

DOE OIG HIGHLIGHTS

The Department of Energy's Fiscal Year 2025 Consolidated Financial Statements

Why The Audit Was Performed

This audit was performed by the independent public accounting firm KPMG LLP (KPMG) on behalf of the Department of Energy Office of Inspector General. KPMG audited the consolidated financial statements of the Department, which comprise the consolidated balance sheet as of September 30, 2025, and the related consolidated statements of net cost, changes in net position, and combined statement of budgetary resources for the year then ended, and the related notes to the consolidated financial statements.

The audit's objective was to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that included an opinion.

KPMG performed the audit in accordance with generally accepted government auditing standards.

DOE-OIG-26-03

What the Audit Found

KPMG concluded that except for matters pertaining to the estimated environmental cleanup liabilities for the Portsmouth Paducah Project Office, Waste Isolation Pilot Plant, Savannah River Site, and Hanford Site, the consolidated financial statements are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles for the year ended September 30, 2025.

As part of this review, the auditors also considered the Department's internal controls over financial reporting and tested for compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. During the audit, KPMG identified a material weakness over the environmental management liability estimate. KPMG was unable to obtain sufficient appropriate audit evidence to support the liability and cost estimates for Portsmouth Paducah Project Office and Waste Isolation Pilot Plant, the contingency estimate for Savannah River Site, and the changes in liability and cost estimates for the Hanford Site as of and for the year ended September 30, 2025. Consequently, KPMG was unable to determine whether any adjustments to the amounts were necessary. Additionally, the audit identified certain deficiencies in internal control that KPMG considered to be a significant deficiency related to access controls over the Department's various financial systems.

What the Audit Recommends

The Office of Inspector General issued notices of findings and recommendations to management throughout the audit. All findings and recommendations will be detailed in separate Management Letters that will be provided to the Department. There are no formal recommendations that need to be tracked in the Departmental Audit Report Tracking System; therefore, an additional response is not required.

Attachment

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

The Inspector General, United States Department of Energy, and
The Secretary, United States Department of Energy

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of the United States (U.S.) Department of Energy (Department), which comprise the consolidated balance sheet as of September 30, 2025 and the related consolidated statements of net cost, changes in net position, and combined statement of budgetary resources for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Department as of September 30, 2025, and its net cost, changes in net position, and budgetary resources for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Qualified Opinion

The Department's balance sheet as of September 30, 2025 includes estimated environmental cleanup liabilities for the Portsmouth Paducah Project Office (PPPO), Waste Isolation Pilot Plant (WIPP), Savannah River Site (SRS) and Hanford Site. Changes in these liabilities are reflected in the Department's net cost for the year then ended. Information regarding these liabilities and related costs is detailed in Note 14. Environmental and Disposal Liabilities and Note 21. Program Costs and Earned Revenues by Major Program. We were unable to obtain sufficient appropriate audit evidence to support the liability and cost estimates for PPPO and WIPP, the contingency estimate for SRS, and the changes in liability and cost estimates for the Hanford Site as of and for the year ended September 30, 2025. Consequently, we were unable to determine whether any adjustments to the amounts were necessary.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter - Interactive Data

Management has elected to reference to information on websites or other forms of interactive data outside the Agency Financial Report to provide additional information for the users of its consolidated financial statements. Such information is not a required part of the consolidated financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

Attachment

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 24-02 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Attachment

Other Information

Management is responsible for the other information included in the Agency Financial Report. The other information comprises the About This Report, Table of Contents, Message from the Secretary of Energy, Message from the Deputy Chief Financial Officer, Memorandum for The Secretary from the Inspector General, Other Information, Glossary of Acronyms and Abbreviations, and Photo Captions, sections but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements as of and for the year ended September 30, 2025, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Exhibits, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in Exhibit I as item 2025-01 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Exhibit II as item 2025-02 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's consolidated financial statements as of and for the year ended September 30, 2025 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 24-02.

Attachment

We also performed tests of the Department's compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement* Act of 1996 (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances in which the Department's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

Department's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Department's response to the findings identified in our audit and described in the accompanying Exhibits. The Department's response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, D.C.
December 11, 2025

Attachment

Department of Energy
Independent Auditor's Report
Internal Control Over Financial Reporting

Exhibit I
MATERIAL WEAKNESS

2025-01 Material Weakness in Internal Controls Over the Environmental Liability

Background

The Department of Energy's Office of Environmental Management (EM) is responsible for the cleanup of legacy waste generated during World War II and the Cold War. EM has completed cleanup at 92 of 107 sites. The remaining 15 sites are geographically dispersed and require activities to clean up largely diverse types of waste, including cleanup of tank waste, transuranic and solid waste disposition, soil and groundwater remediation, spent nuclear fuel and nuclear materials cleanup, and facility deactivation and decommissioning. These activities are large scale, technically challenging, and logistically complex.

EM field sites have the responsibility to formulate, review, and record changes to their EM environmental liability that are probable and reasonably, estimable based on supporting documentation, in the period in which changes are known. Field personnel and site managers have the responsibility to review and approve changes to their site EM lifecycle and environmental liability estimates. Because of the unique complexities associated with the cleanup sites, EM Headquarters (EM HQ) plays a key oversight role in ensuring that the environmental liability estimate is reasonable, well supported, in compliance with accounting standards, and considers the latest available information (including estimates developed by the site that are submitted in the lifecycle change control process). The EM environmental liability is centrally compiled by EM HQ and includes the full scope of EM without duplication or omissions.

Criteria

The Federal Accounting Standards Advisory Board's Statement of Federal Financial Accounting Standards, Standard 5: Accounting for Liabilities of the Federal Government.

The U.S. Government Accountability Office (GAO) Standards for Internal Control in the Federal Government (Green Book), sets the standards for an effective internal control system and provides an overall framework for designing, implementing, and operating effective internal control systems. Relevant criteria include the following principles: Principle 3, Establish Structure, Responsibility, and Authority; Principle 4, Demonstrate Commitment to Competence; Principle 5, Enforce Accountability; Principle 10, Design Control Activities; Principle 12, Implement Control Activities; Principle 13, Use Quality Information; Principle 16, Perform Monitoring Activities.

Office of Management and Budget Circular A-123 defines management's responsibility for internal control in Federal Agencies.

The Department issues handbooks and standard operating policies and procedures, specifically Standard Operating Policies and Procedures #35 Annual Environmental Liability Estimate, to set forth accounting policy, provide uniform guidance and best practices for use when developing cost estimates, and establish the process used by EM in the preparation and review of EM's liability.

Condition

Since FY2024, a material weakness in internal controls has been reported for the Department over Environmental Liabilities and control deficiencies were identified at the field sites. We continue to identify deficiencies at the field sites in FY2025, including:

- The Portsmouth Paducah Project Office did not complete corrective actions over the review and approval of risks and baseline estimates for Portsmouth and Paducah Gaseous Diffusion Plants. As such, we were unable to conclude on these estimates. The Portsmouth and Paducah Depleted Uranium Hexafluoride (DUF6) projects continued to have issues with the alignment of the support provided for risks with the recorded risk liability. Additionally, errors were identified in DUF6 baseline testing and, due to dependencies of DUF6 on the Portsmouth and Paducah Gaseous Diffusion Plants baselines, we were unable to conclude on the DUF6 baseline.

- Management did not have adequate supporting documentation for assumptions included in the Waste Isolation Pilot Plan estimate.
- The Hanford Site current year changes in estimate were not consistently supported, as certain calculations were found to be inconsistent, underlying data was inaccurately recorded, and sufficient documentation was not provided to substantiate certain final calculations. Additionally, Hanford did not follow EM HQ's guidance for roll forwards to include providing a narrative for the changes by project.
- Savannah River Site controls were not designed and operating effectively over the review and approval of risks.

In addition, none of these control deficiencies were detected by EM HQ's monitoring controls. EM HQ controls did not operate effectively to ensure field sites recorded base and contingency estimates that were reasonable, probable, accurate, well-documented, and complete as of June 30 and September 30.

As a result of the above deficiencies, there is a reasonable possibility that a material misstatement in the Department's financial statements would not be prevented, or detected, and corrected on a timely basis.

Cause

This deficiency occurred because EM HQ management lacked sufficient resources to adequately perform all control activities identified in Standard Operating Policies and Procedures #35. Additionally, field sites did not design and implement policies and controls to maintain supporting documentation, adequately follow existing guidance, thoroughly perform review and approval controls, and develop contingency plans for the loss of subject matter experts and key personnel.

Effect

A material portion, $66.1 billion, of the DOE Environmental and Disposal Liability balance as of September 30, 2025 was unsupported or inaccurate. This was comprised of the following amounts by field site:

- The Portsmouth Paducah Project Office's baseline and contingency estimate of $40.6 billion was unsupported. Due to dependencies, the funding delay contingency of $1.8 billion and long-term stewardship liability of $1.6 billion were also unsupported.
- The Waste Isolation Pilot Plant's baseline and contingency estimate of $9.6 billion was unsupported.
- The Hanford Site estimate current year changes were not accurately calculated and certain elements were unsupported, resulting in $2.8 billion of unsupported activity for projects and $464 million in funding delay contingency.
- The Savannah River Site's contingency estimate of $9.2 billion was unsupported.

Recommendations

To address the deficiencies noted above, we recommend that EM HQ management and the Portsmouth Paducah Project Office, Waste Isolation Pilot Plant, Hanford Site, and Savannah River Site Managers:

1. Conduct a comprehensive assessment of resource needs and establish a process to ensure sufficient staff are allocated based on needs, which includes contingency planning to address unexpected turnover;
2. Ensure consistent implementation of policies and procedures at all site locations and EM HQ;
3. Design and implement review controls to maintain documentation over assumptions, inputs, and subject matter expert judgments made in the creation of, or updates to, baseline estimates and risks; and

Attachment

4. Ensure EM estimates are reasonable, documented, align with the most current and available information, and meet the scope of EM's clean-up mission in accordance with Standard Operating Policies and Procedures #35 and cost estimating guidance.

Management Response

Management concurs and will take corrective action to address the noted deficiencies.

Attachment

Department of Energy
Independent Auditor's Report
Internal Control Over Financial Reporting

Exhibit II
SIGNIFICANT DEFICIENCY

2025 – 02: Weaknesses in General Information Technology Controls

Background

The Department utilizes various information technology systems to achieve its mission and to record, process, and compile financial information for its consolidated financial statements. Systems vary across the Department's field offices, semi-autonomous components and laboratories based on their individual missions.

These systems include but are not limited to, a user profile and access control system, financial reporting systems, procurement systems, inventory systems, personnel data systems, and environmental management systems to record transactions and underlying data relevant to the preparation of the consolidated financial statements.

Criteria

The U.S. Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government* (Green Book), sets the standards for an effective internal control system and provides an overall framework for designing, implementing, and operating effective internal control systems. Relevant criteria include the following principles: Principle 3, Establish Structure, Responsibility, and Authority; Principle 7, Identify, Analyze, and Respond to Risks; Principle 9, Identify, Analyze, and Respond to Change; Principle 10, Design Control Activities; Principle 11, Design Activities for the Information System; Principle 12, Implement Control Activities; Principle 13, Use Quality Information; and Principle 14, Communicate Internally.

NIST Special Publication 800-53, Revision 5, *Security and Privacy Controls for Information Systems and Organizations*, dated September 2020, provides specific guidance to Federal agencies on implementation of management, operating, and technical controls that should be in place on Federal information systems.

The Department issues internal policies at an enterprise, element, site, and system level to set forth requirements and responsibilities for the cybersecurity program and to define information technology controls and standard operating procedures.

Condition

Access control deficiencies exist within the systems mentioned above as follows:

- Controls over access to certain systems, including controls associated with provisioning of new or modified user access, recertification of existing user access, and terminating user access, including temporary access and privileged accounts were not effectively designed and implemented.
- Controls over access to certain systems, including controls associated with provisioning of new or modified user access, recertification of existing user access, and removal of terminated user access, including privileged accounts were not operating effectively.
- Controls over access to certain systems, including controls over providing least privileged access and segregation of duties were not designed and implemented.
- Controls over access to certain systems, including controls over providing least privileged access were not operating effectively.

Cause

Management has not consistently designed and implemented nor operated controls to ensure compliance with standards for effective internal control systems and internal policies. Management has inconsistently:

- Assigned key control responsibilities in an effective and reliable manner

Attachment

- Assessed and responded to risks associated with inappropriate access
- Assessed and responded to changes in risks associated with inappropriate access
- Designed appropriate control activities for the internal control system
- Considered segregation of duties so that incompatible duties are segregated
- Utilized relevant and reliable data in support of control activities
- Communicated quality information within the entity to achieve access control objectives

Effect

User accounts with inappropriate access may allow for unauthorized use, disclosure, modification or destruction of system data. This could result in the disruption of normal business operations and misstatements in the consolidated financial statements.

Recommendations

We recommend that management:

1. Design and implement controls over application and privileged access to certain systems, including provisioning new or modified access, periodic recertification of accounts, and terminating user access;
2. Review assigned responsibilities for current control owners to ensure they are able to perform required activities effectively and reliably;
3. Re-enforce control requirements to ensure consistent approval and documentation of new or modified user account, user termination, and recertification requests as required by internal policies and standards for effective internal control systems;
4. Enforce internal policies and standards for effective internal control system practices for segregation of duties and least privileged access roles to users; and
5. Enforce internal policies and standards for effective internal control system practices for review of privileged user activity logs.

Management Response

Management concurs.

FEEDBACK

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OTHER INFORMATION

FY 2025 Summary of Financial Statement Audit and Management Assurances

Summary of Financial Statement Audit	
Audit Opinion	Modified
Restatement	No

MATERIAL WEAKNESSES	BEGINNING BALANCE	NEW	RESOLVED	CONSOLIDATED	ENDING BALANCE
EM Environmental Liability	1	0	0	0	1
Total Material Weaknesses	1	0	0	0	1

Summary of Management Assurances	
Effectiveness of Internal Control Over Financial Reporting (FMFIA Section II) – Statement of Assurance	Modified

MATERIAL WEAKNESSES	BEGINNING BALANCE	NEW	RESOLVED	CONSOLIDATED	REASSESSED	ENDING BALANCE
EM Environmental Liability	1	0	0	0	0	1
Total Material Weaknesses	1	0	0	0	0	1

Effectiveness of Internal Control Over Operations (FMFIA Section II) – Statement of Assurance	Unmodified

MATERIAL WEAKNESSES	BEGINNING BALANCE	NEW	RESOLVED	CONSOLIDATED	REASSESSED	ENDING BALANCE
Total Material Weaknesses	0	0	0	0	0	0

Conformance with Federal Financial Management System Requirements (FMFIA Section IV) – Statement of Assurance	Federal Systems conform to financial management system requirements

NONCONFORMANCES	BEGINNING BALANCE	NEW	RESOLVED	CONSOLIDATED	REASSESSED	ENDING BALANCE
Total Nonconformances	0	0	0	0	0	0

CONFORMANCE WITH SECTION 803(A) OF THE FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT (FFMIA)		
	AGENCY	AUDITOR
Federal Financial Management System Requirements	No lack of substantial compliance noted	No lack of substantial compliance noted
Applicable Federal Accounting Standards	No lack of substantial compliance noted	No lack of substantial compliance noted
USSGL at Transaction Level	No lack of substantial compliance noted	No lack of substantial compliance noted

Management Challenges at the Department of Energy Fiscal Year 2026

The Office of Inspector General is required by statute to annually identify what it considers to be the most significant management challenges facing the Department of Energy. The Office of Inspector General's goal is to focus attention on significant issues with the objective of working with Department officials to enhance the effectiveness of agency programs.

This year's management challenges report provides a high-level view of five challenge areas with specific challenges facing the Department in each area. We identified the different challenges based on our completed and ongoing work, including audits, inspections, investigations, our prior Management Challenges reporting, our risk assessments, and our assessment of ongoing national and Congressional interest. Our intent is to provide the Secretary, other policymakers, and the public with a brief overview of the challenges facing the Department and a starting point to learn more.

This report should assist the Secretary and senior Department officials in addressing its challenges, as well as illustrate the progress the Department has made to address the challenges.

Enterprise-Wide Challenges

Primary Offices
DOE;
NNSA

DOE faces cross-functional, complex issues that may impact its ability to meet its mission. With such an extensive mission, program and human capital management are critical to organizational success. Ensuring effective oversight of programs while maintaining a right-sized and right-skilled workforce is a challenge.

Challenges

Program Management

DOE manages multiple unique programs/projects across a wide variety of topics spanning weapons systems research and development, weapons production, stockpile stewardship, environmental management, loans and grants, grid reliability, and national laboratory administration. While each program/project may be unique, the basic approach to project management and oversight is similar. If the Department does not effectively manage projects, it can lead to cost increases and schedule delays. With such a high number of diverse programs it is imperative that the Department continue to improve its management of major projects in terms of cost, scope, and performance.

Human Capital

Human Capital Management is a critical challenge that can significantly impact the ability of organizations to meet performance goals and successfully execute missions. Ineffective leadership, poor communication, low employee engagement and inadequate talent development can all lead to decreased productivity, misalignment with strategic objectives, and ultimately, mission failure. Addressing human capital management issues is essential to building cohesive teams, optimizing performance, and ensuring organizational success. Given the Department's unique and technical mission, recent changes in the federal workforce may present agency-wide challenges in FY 2026 to maintain a highly skilled and specialized workforce, ensure critical roles are filled, avoid significant skill gaps, and effectively plan for the future. As such, the Department will need to engage in active workforce planning in order to sustain a federal workforce with the science, technology, engineering, and mathematics skills and experience for its highly technical mission.

Identified Areas of Concern

Program Management and Oversight

In 2025, the OIG identified a number of instances where the Department could better manage its programs. For example, the OIG found that OCED did not adequately plan, resource, or develop controls to help ensure the Regional Clean Hydrogen Hubs, H2Hubs, Program met its goals and objectives. Additionally, the OIG found that the Department did not implement strong internal controls for the Paycheck Protection Program loans and the Advanced Industrial Facilities Deployment Program. A clear focus by the Department on internal controls, risk assessments, and program performance plans will improve its program management and oversight.

The OIG also identified inadequate project planning and management of the Safety, Analytics, Forecasting, Evaluation, and Reporting system by NNSA. For instance, NNSA did not develop key performance indicators to measure

Department Progress

- The Office of Clean Energy Demonstrations (OCED) in coordination with the CFO and other Departmental Elements, are working to establish a process to monitor risks that affect program execution which will include assessments at major milestones.
- OCED is developing a workforce plan to ensure proper project management oversight of the hydrogen hubs project.
- According to an official in HC, the Department is in the process of migrating to an integrated talent management system that is intended to increase operational efficiency and leverage available AI tools to streamline recruitment, onboarding, performance management, and employee development.
- The Department initiated a Senior Executive Service rotational pilot program aimed at providing leadership with diverse experiences across Department functions to develop a more versatile leadership cadre.
- According to an official in the Office of Human Capital, the Department is prioritizing mission critical hiring to ensure key positions are filled and support mission priorities. The Department is also using incentives for recruitment of critical positions.

project success. In addition, NNSA did not establish user acceptance criteria to measure the success of the development process and ensure that delivered functionality aligned with user requirements. Further, a required Contractor Performance Assessment Report was not completed for the base year of the contract but was completed in subsequent years.

Human Capital Management

In calendar year 2025, the Department experienced a significant workforce reduction, with a decrease of more than 3,500 of the 15,705 federal employees (more than 20 percent of the workforce), due to the Deferred Resignation Programs, retirements, and other human resource actions. The Department was also operating under a government-wide hiring freeze from January 2025 - October 2025, to effectuate the president's directive for a more effective and efficient government. As a result, the Department must undertake additional strategic initiatives to ensure that critical positions essential to mission continuity remain staffed.

OIG Related Resources

- Regional Clean Hydrogen Hubs Program, DOE-OIG-25-23.
- Paycheck Protection Program Loans at the Hanford Site, DOE-OIG-25-22.
- Opportunities to Improve Internal Control Gaps for the Office of Clean Energy Demonstrations' Implementation of the Advanced Industrial Facilities Deployment Program, DOE-OIG-25-26.
- Allegation Concerning the National Nuclear Security Administration's Mismanagement of Its $90 Million Safety, Analytics, Forecasting, Evaluation, and Reporting System. DOE-OIG-25-24.

For more information on this topic, contact: OIGpublicaffairs@hq.doe.gov

National Security

Primary Offices
Science;
NNSA

DOE plays an important role in national security through maintaining a safe, secure, reliable, and effective nuclear stockpile which includes the challenge of producing new weapons. In addition, the Department oversees the national labs, which must protect U.S. interests in the form of intellectual property.

Challenges

Restoring Plutonium Pit Production

NNSA is responsible for maintaining a safe, secure, reliable, and effective nuclear weapons stockpile. Plutonium pits are a vital component in U.S. nuclear weapons. Since the closure of the Rocky Flats Plant in 1992, the U.S. has lacked the capability to produce significant quantities of new plutonium pits. Maintaining confidence in the nuclear warheads that compose the Nation's nuclear deterrent requires the Department to re-establish a plutonium pit manufacturing capability.

Newly manufactured pits are required to improve warhead safety and security, mitigate the risk of erosion of confidence in the deterrent posed by plutonium/pit aging, and support potential changes to future warheads due to threats posed to the U.S. nuclear deterrent from renewed peer competition.

Intellectual Property Theft

Safeguarding the agency's intellectual property and its national security information is critically important to the Department. According to the Congressional Research Service, the Department budgeted about $21 billion for research and development in FY 2025. Additionally, the Department's increased loan authority created an additional area of risk whereby the Department must ensure that neither funds nor the intellectual property resulting from increased research ends up in the hands of foreign adversaries.

As a result, research security is necessary to protect the Department against the theft of valuable research and development and ensure the Nation's interests both economically and for national security. The Department disseminates over 90 percent of its funding to contractors, who are responsible for maintaining an effective research security program while also working with national laboratories and academia. In alignment with National Security Presidential Memorandum 33, these programs must employ tools such as cybersecurity and physical security measures to protect against nefarious actors. The decentralized environment with multiple stakeholders makes research security increasingly difficult.

In addition, the large volume of research grants funded by the Department, many of which involve cutting-edge research in emerging, critical technologies, presents a risk of its own. Multiple, overlapping grants management systems, inconsistent terms and conditions, and inadequate oversight increase the risk that sensitive and valuable research provided by Department grantees may fall into the hands of our adversaries.

Department Progress

- LANL completed the first W87-1 pit on October 1, 2024, ensuring compliance with all certification tests, and is on track to meet all baseline D&D activities.
- SRS has issued 246 of 310 glovebox fabrication contracts for future pit production.
- Department officials stated that they improved its process for vetting of foreign nationals seeking to access Department sites (including labs), information, or technologies; and included the development of a risk management framework to provide greater fidelity and consistency of reviews across the complex.
- The Office of Intelligence and Counterintelligence established a new Program Protection Division with a focus on developing programs to protect national security science and technology.
- Department officials stated that the Department applies a risk-based approach to evaluate and mitigate intellectual property theft. The approach includes vetting through the Research, Technology, and Economic Security vetting center; information sharing restrictions as part of the award terms; or the removal of an entity from a project.

Identified Areas of Concern

Pit Production Schedule

NNSA is working to develop the capability to manufacture plutonium pits at the rate of at least 80 war-reserve pits per year. To reach that capacity, NNSA implemented a two-site solution to produce 30 pits per year at LANL's Plutonium Facility-4 and 50 pits per year at SRS's Savannah River Plutonium Processing Facility (SRPPF). NNSA stated that its production requirement of 80 pits per year by 2030 is not achievable. As such, NNSA needs to follow an integrated master schedule to limit disruptions and delays and strive to meet key design milestones. In 2023, the Savannah River Nuclear Solutions (SRNS) Performance Evaluation Summary identified that the SRNS has not been able to perform to the Performance Measurement baseline for the SRPPF. In 2025, the SRPPF project achieved 60 percent design completion milestone, but SRNS must remain attentive to the design production to recover and maintain the SRPPF design performance baseline.

Pit Production Environmental Assessment

In September 2024, a U.S. District Court ruled that NNSA had violated the National Environmental Policy Act by failing to conduct an appropriate programmatic environmental impact assessment. The ruling requires NNSA to conduct a new environmental review, complete a new nationwide Programmatic Environmental Impact Statement (PEIS) and issue a Record of Decision within 2.5 years. According to officials, until the PEIS is finalized, NNSA faces significant restrictions on pit production activities at the SRPPF, including prohibitions on handling special nuclear material or installing classified equipment. The PEIS process is scheduled to conclude with a Record of Decision by March 2027, with identified risks to this aggressive timeline being actively managed.

Mitigation of Intellectual Property Theft

With the increase in funding over recent years, it is important for the Department to coordinate the review of proposals to mitigate the risk of theft of intellectual property. As such, the Department must provide sufficient resources to its vetting center. In addition, the Department needs to formalize the conflict of interest/commitment language for funding recipients. The Department adopted the policy in 2021, however, formal language has yet to be completed.

Many challenges remain for the Department to fully implement National Security Presidential Memorandum 33, which requires, among other things, that the Department create a standardized set of required certifications and disclosures for all funding applicants. Such standardized language would aid in preventing foreign actors from illicitly obtaining Department intellectual property and would provide the OIG a stronger basis to successfully prosecute offenders.

OIG Related Resources

- The Department of Energy Did Not Consistently Comply With Department Order 486.1A Requirements, DOE-OIG-25-29
- Allegation Regarding National Nuclear Security Administration Laboratories Not Following Export Control Regulations, DOE-OIG-25-28.

For more information on this topic, contact: OIGpublicaffairs@hq.doe.gov

Domestic Challenges

Primary Offices
EM;
GDO

A large portion of DOE's mission is focused on its responsibilities within the United States. The Department is committed to managing the clean-up of radioactive and chemical waste that may endanger citizens, while also deploying innovative solutions to meet the growing demand for clean, reliable, secure, and resilient power transmission.

Challenges

Environmental Clean-up and Waste Disposal

The Department has the responsibility to safely dispose of large volumes of nuclear waste, safeguard and prepare for disposition of nuclear materials that could be used in nuclear weapons, deactivate and decommission several thousand radiologically and chemically contaminated facilities no longer needed to support the Department's mission, and remediate extensive surface and groundwater contamination. EM is responsible for managing and directing the cleanup of contaminated nuclear weapons manufacturing and testing sites across the United States resulting from five decades of nuclear weapons development and government-sponsored nuclear energy research. This includes the safe and cost-effective management, treatment, and disposition of high-level radioactive waste generated through legacy-spent nuclear fuel reprocessing and other plutonium processing activities. EM is currently responsible for approximately 90 million gallons of tank waste stored in underground tanks at the Hanford Site (Washington), SRS (South Carolina), and the INL site (Idaho). In addition to environmental risks, the waste represents a significant financial liability of approximately $545 billion, according to the Department's FY 2024 Agency Financial Report.

Infrastructure and Grid Resilience

Communities in the United States rely on dependable electricity. In recent years, natural disasters and increasing demand have put a strain on the electrical infrastructure and grid resilience. The Department published the National Transmission Needs Study in 2023 that showed there is a pressing need for additional transmission infrastructure, and that nearly all regions in the United States would gain improved reliability and resilience from these investments and would help lower consumer prices in high priced locations. Additionally, according to a Congressional Research Service report published in 2025, aging infrastructure and the changing generation mix pose potential reliability risks due to operational challenges, and utilities are anticipating demand growth, which is a change from the flat demand of the previous decade. Accordingly, electricity supply shortages could increase if demand outpaces capacity.

The Department, specifically the GDO works to catalyze the development of new and upgraded electric infrastructure across the country by maintaining and investing in critical generation facilities; developing and upgrading high-capacity electric transmission lines nationwide; and deploying transmission and distribution technologies. GDO acts as a partner with states, tribes, territories, industry, communities, and other energy sector stakeholders to deploy solutions to lower energy costs and improve grid reliability and resilience.

Department Progress

- According to an official from EM, hot commissioning of the Hanford LAW facility is scheduled for October 15, 2025, and Hanford's Tank Side Cesium Removal System has staged over 800,000 gallons of low-activity waste to send to the facility.
- The Department, Washington State Department of Ecology, and the U.S. The Environmental Protection Agency finalized an agreement that outlines a course for cleaning up millions of gallons of waste from tanks at Hanford.
- In June 2025, SRS's Defense Waste Processing Facility was authorized to increase curie loading rates to decrease the number of canisters. To date, SRS has processed about 11.8 million gallons of salt waste.
- The Idaho IWTU was designed to treat about 900,000 gallons of liquid waste held in three tanks. To date, the unit has treated about 279,000 gallons and has achieved "cease-use" on one of the tanks.

Identified Areas of Concern

Environmental Liability

The OIG identified that EM had not ensured that the environmental liability estimate was adequately supported with valid cost estimates, schedules, and assumptions. At one of the EM sites, an inadequate field site management review led to a $1.8 billion overstatement of the liability.

Managing Radioactive Liquid Waste

The Department needs to complete startup and commissioning of the facilities involved in processing LAW and identify and develop technically achievable, cost-effective, and viable approaches to treat the high-activity waste at Hanford and prepare for disposition. For SRS and Idaho National Laboratory, the Department needs to focus on continued improvement and effective management.

Grid Infrastructure and Resiliency

In FY 2025, the OIG identified that the GDO did not have adequate internal controls to administer the Grid Resilience and Innovation Partnerships Program. Without a robust internal controls system, GDO may not identify risks that could negatively impact the Grid Resilience and Innovation Partnerships Program's outcomes, and the GDO may not be able to identify and address program performance issues.

OIG Related Resources

- The Department of Energy's Fiscal Year 2024 Consolidated Financial Statements, DOE-OIG-25-13.
- Grid Deployment Office's Implementation of the Grid Resilience and Innovation Partnerships Program, DOE-OIG-25-19.

For more information on this topic, contact: OIGpublicaffairs@hq.doe.gov

Technology and Innovation

Primary Offices
OCIO

DOE plays an important role in cutting edge research and development and the adoption of new technologies. Part of its mission is ensuring the cybersecurity of critical infrastructure and high value assets. In addition, the Department is at the forefront of new technologies and the adoption of Artificial Intelligence.

Challenges

Cybersecurity

Cybersecurity is a critical aspect of the Department's overall security posture and one of the Department's highest risks. While the usual attacks by adversaries remain persistent challenges, threats are increasingly coming from state-sponsored military and intelligence organizations, terrorist groups, and international crime organizations. Protecting and enhancing the security of the Department's information technology and operational technology assets, including critical infrastructure and high value assets, is crucial to fulfilling the Department's unique mission set.

Artificial Intelligence

The rapid advancement and adoption of AI technologies present significant challenges to the Department. With the development of new technologies, the Department should establish a comprehensive governance framework to guide the development and deployment of the new technologies and ensures it appropriately addresses the challenge of leveraging the work done by the National Laboratories and the Department. The development of common standards, promotion of best practices, and mitigation of potential risks may encourage consistent and effective AI implementation.

Identified Areas of Concern

Cybersecurity

The Department continues to encounter challenges implementing federal mandates, addressing evolving threats, and mitigating shortages in the cyber workforce. Additionally, the Department's existing governance structure impacts its ability to respond to cybersecurity evolving risks and mandates. According to a Department official, program offices, sites, and laboratories utilize Department Order 205.1D, *Cybersecurity Program*. This order empowers Heads of Departmental Elements and provides them with the flexibility to tailor and implement cybersecurity risk mitigation controls considering threats and potential harms, acceptable risks, mission needs, and environmental and operational factors.

The Department lacks a centralized organizational structure to oversee enterprise-level risks and to obtain, process, and correlate real-time cyber data. This decentralized structure impedes the OCIO's ability to manage security across the enterprise. The governance structure is exacerbated by a general lack of correlating authoritative data and using performance metrics to enhance cybersecurity oversight.

Work conducted by the OIG found that the Department continues to fall behind changing cybersecurity requirements and enhancements. Despite Department directives requiring implementation of the latest federal cybersecurity guidance, various contractors performing work on behalf of the

Department Progress

- According to a Department official, the Department continues to make progress implementing National Institute of Standards and Technology Special Publication 800-53 Revision 5 to support risk-based decision making against a backdrop of competing priorities.
- The Department updated its privacy program requirements to solidify privacy as a direct contributor to the management of cybersecurity risk.
- OCIO launched the Enterprise Cybersecurity Collaboration Office program to provide a centralized view of enterprise cybersecurity data.
- According to an official, in October 2025, the Enterprise Cybersecurity Collaboration Office will deploy dashboards to cover critical cybersecurity priorities for enterprise-scale posture analysis.
- According to a Department official, the Department is currently developing an AI Strategy and Compliance Plan that addresses ethical, security, and use concerns; framework for governance and risk management; and maturity goals.
- The Department implemented an enterprise data management system to allow for unified data engineering and AI at scale.

Department and at Department-owned facilities continue to implement and assess their cybersecurity environments against outdated requirements. In many cases, officials indicated that while new requirements need to be implemented, they are underfunded or not funded at all. Officials have also expressed concerns that lines of authority are not clear. Some sites are taking cybersecurity direction from the site offices overseeing them but not taking direction from the Department's OCIO. Some site officials have also resisted OCIO efforts as so-called "unfunded mandates" and continue to pursue locally focused solutions for problems that require an enterprise approach.

Artificial Intelligence

The Department's 2025 AI Strategy involves carefully selecting and developing AI applications that have the most significant impact across its diverse missions with a focus on AI for Departmental Operations, National Security, Discovery and Innovation, and Energy Dominance. The Department is deploying AI to model energy systems, automate permitting (PermitAI), enhance grid stability, and secure critical infrastructure via platforms like Lantern at Oak Ridge National Laboratory. It is also exploring the siting of AI data centers on Department lands—16 sites identified in 2025—for co-location with high-performance computing assets. These efforts align with federal mandates in the January 2025 EO 14179, *Removing Barriers to American Leadership in Artificial Intelligence*, which directs agencies to streamline AI deployment, the America's AI Action Plan, which calls for investment in AI-enabled science and building American AI infrastructure, as well as OMB guidance. Together, these policies underscore the Department's dual challenge: leveraging AI to advance the nation's energy and science missions while safeguarding systems that underpin them.

Effective enterprise data access, management, and governance are critical enablers for AI success. Data that is accessible, authoritative, and organized is the precursor for successful AI efforts that lead to the most accurate insights. There is a need for an enterprise data management system, including a catalog, shared taxonomy, and metadata management processes and standards, to support AI development and deployment. These data management and governance investments will form a solid foundation for AI applications.

OIG Related Resources

- The Department of Energy's Unclassified Cybersecurity Program – 2024, DOE-OIG-25-30.
- Progress is Needed to Support the Department of Energy's Integration of Artificial Intelligence Into Intelligence Activities, DOE-OIG-25-07.

For more information on this topic, contact: OIGpublicaffairs@hq.doe.gov

Financial Assistance

Primary Offices

Science; EM; NNSA;
LPO;
OCED

DOE is the largest civilian contracting agency within the federal government and provides financial awards in the form of grants and loans to projects across the United States. As such, the Department must ensure that the public's interests are effectively protected.

Challenges

Contract Oversight

DOE is the largest civilian contracting agency in the federal government and spends upwards of 90 percent of its annual budget on contracts to operate its scientific laboratories, engineering and production facilities, and environmental restoration sites and to acquire capital assets. Oversight of the Department's contracts is necessary to ensure that contractors meet the established requirements, and to ensure that the Government receives procured products and services and the public interest is effectively protected.

The Department has been challenged to improve the efficiency and effectiveness of its contract oversight. Since 1990, GAO has designated the Department's contract management as a high-risk area. In 2009, GAO narrowed the scope of the Department's high-risk designation to contracts in the EM and NNSA. In 2013, GAO further narrowed the area to focus in these two offices on major projects and contracts valued at $750 million or more. Additionally, subcontract management is a component of contract management that requires attention.

Financial Assistance Program Oversight

In 2021 and 2022, the passage of four pieces of legislation led to historic expansions of DOE programs. The legislation provided the Department with $99 billion in new appropriations, $30.5 billion in new authorizations, and an enhanced loan authority of over $400 billion. With funding received from recent legislation, the Department stood up 72 new programs and significantly expanded other programs and published more than $67 billion in funding announcements.

The change of Administrations then shifted the priorities of the Department, and Congress recently passed new legislation to rescind unobligated funds allocated to energy programs and revised the types of projects eligible for energy infrastructure reinvestment financing. Department leadership, as stewards for the taxpayer dollars, has a duty to ensure that they are used as intended by Congress. Managing the expansion of the financial assistance programs and changing priorities of the Department is a significant challenge.

Department Progress

- Over recent years, NNSA improved its insight into sustainment decisions for subcontract costs, the process of reviewing subcontract costs, and the classification of subcontracts.
- The Department is working to implement effective internal controls frameworks and performance plans.
- In May 2025, the Department announced that it was reviewing 179 financial awards to determine whether or not to continue funding.
- LPO instituted a new process to enhance compliance with organizational conflicts of interest requirements under its contract.
- LPO instituted processes to ensure that its prime contractor is properly handling conflicts of interest.

Identified Areas of Concern

Contract Oversight

In FY 2025, the OIG identified internal control deficiencies that are material weaknesses in the environmental management liability estimate. Specifically, the EM had not ensured that the environmental liability estimate was adequately supported with valid cost estimates, schedules, and assumptions. Additionally, the OIG found that the Office of Nuclear Energy constrained competition throughout the pre-award and award phases for the HALEU Demonstration Project and ultimately awarded a sole-source contract to a contractor with financial risks and questionable viability at the time. As a result, the Department may not have received the best value for taxpayer resources. In a third report, the OIG found that while the Department and NNSA improved the handling of subcontracts at Sandia National Laboratories, additional improvements still remain.

IIJA and Puerto Rico Energy Resilience Fund Oversight

The OIG previously reported that appropriately managing the combination of risks to the taxpayer that are present in the massive expansion of lending authorities, together with the historic expansion of financial assistance award programs, are the most significant management challenge facing Department leadership today. As a result of the massive expansion of funds, the Department must shift to preventing the theft and waste of the funds rather than follow the "pay and chase" model. In addition, the shifting finances and priorities from the current Administration and Congress create more challenges to the Department as the spending of these funds may exist in a turbulent state with some recipients continuing with projects, some projects cancelled, and other projects ceased by the recipient.

In May 2025, the Department announced that it was reviewing financial assistance award recipients and the individual projects to ensure that they are "financially sound and economically viable, aligned with national and economic security interests, and consistent with federal law and this Administration's policies and priorities and program goals and priorities." As a result of these reviews, the Department has terminated several projects.

OIG Related Resources

- The Department of Energy's Fiscal Year 2024 Consolidated Financial Statements, DOE-OIG-25-09.
- The Office of Nuclear Energy's Contract Award to American Centrifuge Operating, LLC (Centrus) for the High Assay Low Enriched Uranium Demonstration Project, DOE-OIG-25-25.
- The Department of Energy and Sandia National Laboratories Took Corrective Actions, but Additional Actions Would Further Improve Subcontract Management, DOE-OIG-25-27.
- The Loan Programs Office's Management of Contractor Conflicts of Interest, DOE-OIG-25-32.
- Opportunities to Improve Internal Control Gaps for the Office of Clean Energy Demonstrations' Implementation of the Advanced Industrial Facilities Deployment Program, DOE-OIG-25-26.
- Regional Clean Hydrogen Hubs Program, DOE-OIG-25-23.
- Improved Oversight and Enforcement Would Help the Department of Energy Implement the Weatherization Assistance Program Under the Infrastructure Investment and Jobs Act, DOE-OIG-25-01.

For more information on this topic, contact: OIGpublicaffairs@hq.doe.gov

Payment Integrity Reporting (FY 2025 Reporting of FY 2024 Payments)

PIIA, or Public Law 116-117, enacted March 2, 2020, repeals the Improper Payments Information Act of 2002, PL 107-300, as amended by the Improper Payments Elimination and Recovery Act of 2010, and the Improper Payments Elimination and Recovery Improvement Act of 2012. PIIA requires federal agencies to annually review their programs and activities to identify those susceptible to significant improper payments and to measure and report improper payment rates and amounts for programs that are found to be susceptible to improper payments.

Detailed information on improper payments and information reported in the prior AFR can be found on the Payment Accuracy website: https://PaymentAccuracy.gov.

RISK ASSESSMENTS

When performing risk assessments, DOE evaluates eight OMB suggested risk assessment factors, per OMB Circular A-123, Appendix C, plus four other risk factors, as determined by DOE:

1. Evaluate whether the payment process(es) over the payment category is new. (OMB Risk Factor 1)
2. Evaluate the complexity of the payment process for each type of payment, especially with respect to determining the correct payment amounts. (OMB Risk Factor 2)
3. Evaluate the volume and dollar amount of FY 2024 payments. (OMB Risk Factor 3)
4. Evaluate whether payments or payment eligibility decisions are made by those outside the payment reporting site. (OMB Risk Factor 4)
5. Evaluate whether there have been any significant changes in program outlays, authorities, practices, or procedures. (OMB Risk Factor 5)
6. Evaluate the level, experience, and quality of training of personnel responsible for determining program eligibility, certifying payments are accurate, and conducting post-payment reviews. (OMB Risk Factor 6)
7. Evaluate the inherent risk of improper payments due to the nature of agency programs or operations. (Other Risk Factor 1)
8. Evaluate the results of OIG, GAO, Defense Contract Audit Agency, and other external audits/reviews or management findings that might hinder accurate payment certifications. (OMB Risk Factor 7)
9. Evaluate the results of OMB Circular A-123 assessments and other internal reviews designed to prevent or detect improper payments (Other Risk Factor 2)
10. Evaluate contractor payment processing oversight. (Other Risk Factor 3)
11. Evaluate the availability of information or data systems to confirm eligibility, conduct post-payment reviews, or provide for other payment integrity needs. (OMB Risk Factor 10)
12. Evaluate the impact, or anticipated impact, of supplemental funding or authorizations from a payment integrity perspective. (Other Risk Factor 4)

In accordance with requirements, DOE performs a risk assessment at least once every three years. DOE's most recent assessment was performed in FY 2024. In FY 2025, DOE's payment reporting sites were not required to perform a risk assessment unless there were:

- significant changes in legislation, including legislation related to Supplemental Funding,
- a significant increase in site outlays (10 percent or more compared to the last FY),
- significant changes to the site's payment processes that would make the site susceptible to significant improper payments, or
- a significant impact from natural disasters, national emergencies, or a change to site structure that increases the payment integrity risk.

DOE conducts risk assessments at the payment site and payment type level. In FY 2025, payment reporting sites that met one or more of the four criteria for any payment type performed a risk assessment, as required. DOE is considered one program for improper payment reporting. Based on the site risk assessments performed in FY 2025 and consolidated at the departmental level, DOE determined that it was not susceptible to making significant improper payments.

IMPROPER PAYMENTS

DOE continues to maintain a <1% overall improper payment rate (0.08%). Actual improper payments, plus unknown payments[1] for payments made in FY 2024 are below OMB's $100 million threshold. The Departmental improper payment rate has remained below 1% since the inception of its program in FY 2002.

[1] Per OMB Circular A-123, Appendix C, (M-21-19), Requirements for Payment Integrity Improvement, an Unknown Payment is a payment that could be either proper or improper, but the agency is unable to discern whether the payment was proper or improper at the time of reporting.

For FY 2024 payment information reported in FY 2025, DOE's total payment outlays were $64.95 billion, identifying $53.6 million of improper payments and unknown payments, of which $33.7 million were overpayments identified for recapture. The remaining improper payments included underpayments of $5.3 million, lost discounts of $307 thousand, and technically improper payments[2] of $13.6 million, all of which cannot be recaptured. Unknown payments of $639 thousand were also identified.

RECAPTURE OF IMPROPER PAYMENTS

DOE's low improper payment rate of 0.08% reported in FY 2025 for FY 2024 payments, and the high recapture rate of 94.22% reported for the same period, support DOE's determination that it is not cost-effective to employ traditional payment recapture audit contracts. DOE notified OMB of this fact in September 2015. As of FY 2025, $200 thousand was deemed uncollectible due to approved debt waivers, lower court settlements, discharges of debt due to bankruptcy, inability to recover funds from terminated employees or payment recipients, or the outstanding amount being below the minimum threshold established for pursuing recapture.

DOE conducts site-specific reviews and analysis of accounting and financial records, supporting documentation, and other pertinent information supporting payments. These activities are intended to be preventative, detective, and corrective in nature and are designed to prevent, identify and recapture overpayments. Activities include prepayment review and approval of invoices; performing quarterly prompt-payment reviews, post-payment reviews, and contractor internal audits; leveraging the results of cost allowability audits of integrated contractors and interim and close-out reviews of contracts and grants, reviews of grant credits in the Automated Standard Application for Payments, and results from travel audits. DOE will continue to scrutinize improper payment activity and controls through its internal control program by emphasizing, evaluating, and strengthening the controls as needed to maintain DOE's record of low payment errors and to continue the effective stewardship of public funds.

Table 1 identifies FY 2024 overpayments identified and recaptured outside of payment recapture audits reported in FY 2025, and Table 2 identifies root causes of overpayments identified for recapture in FY 2024.

Table 1

FY 2024 OVERPAYMENTS IDENTIFIED AND RECAPTURED OUTSIDE OF PAYMENT RECAPTURE AUDITS REPORTED IN FY 2025 ($ MILLIONS)[1]

PROGRAM/PAYMENT TYPE	AMOUNTS IDENTIFIED FOR RECAPTURE OF PAYMENTS MADE IN FY 2024	AMOUNTS IDENTIFIED FOR RECAPTURE OF PAYMENTS MADE IN FY 2023 AND PRIOR YEARS	TOTAL AMOUNTS IDENTIFIED FOR RECAPTURE OF PAYMENTS MADE IN FY 2024 AND PRIOR YEARS	AMOUNT RECAPTURED FOR PAYMENTS MADE IN FY 2024 AND REPORTED IN 2025	AMOUNT RECAPTURED FOR PAYMENTS MADE IN FY 2023 AND PRIOR YEARS AND REPORTED IN FY 2025	TOTAL AMOUNTS RECAPTURED FOR PAYMENTS MADE IN FY 2023 AND PRIOR YEARS AND REPORTED IN FY 2025
Vendors/Contracts	$16.92	$15.78	**$32.70**	$15.42	$14.59	**$30.01**
Benefits - Payroll	$4.70	$19.56	**$24.26**	$4.27	$18.64	**$22.91**
Benefits - Travel	$0.40	$0.04	**$0.44**	$0.38	$0.05	**$0.43**
Grants	$11.67	$0.05	**$11.72**	$11.67	$0.05	**$11.72**
Loans	$—	$—	**$—**	$—	$—	**$—**
Other	$0.05	$—	**$0.05**	$0.05	$—	**$0.05**
Total	$33.74	$35.43	**$69.17**	$31.79	$33.33	**$65.12**

[1] DOE reports prior-year payment activity in its current year AFR, per OMB approval received on May 25, 2011. In addition, DOE is considered one program for improper payment reporting, and assesses the payment types included in this table for its 47 payment reporting sites, per OMB approval received on August 10, 2011.

[2] Per OMB Circular A-123, Appendix C, (M-21-19), Requirements for Payment Integrity Improvement, a Technically Improper Payment is a payment made to an otherwise qualified recipient for the right amount, but the payment failed to meet all regulatory and/or statutory requirements. A Technically Improper Payment is a non-monetary loss type of improper payment.

Table 2

ROOT CAUSES OF OVERPAYMENTS MADE IN 2024 AND PRIOR THAT WERE IDENTIFIED IN THE CURRENT REPORTING YEAR AS SUBJECT TO RECAPTURE ($ IN MILLIONS)	
ROOT CAUSE OF IMPROPER PAYMENTS	TOTAL IDENTIFIED FOR RECAPTURE
Confirmed Fraud	$20.04
Duplicate Payment	$6.98
Funds used for Purposes other than allowed by law or Departmental Policies	$0.38
Goods or Services Not Received	$2.07
Incorrect Amount	$14.62
Ineligible Good or Service	$1.43
Ineligible Recipient	$2.49
Insufficient Documentation	$2.28
Other	$8.02
Settlement as the Result of Litigation	$6.14
Unallowable Cost	$4.72
Total	$69.17

Grants Programs

All reporting entities with grant programs must submit a brief high-level summary of expired, but not closed, grants. A summary table of the total number of federal grant and cooperative agreement awards and balances for which closeout has not yet occurred, but for which the period of performance has elapsed by two years or more prior to September 30, 2025, appears on the right.

One hundred sixteen grant/cooperative agreements remain open for the following reasons:

- Seventy-six grant/cooperative agreements are under management review and will be closed when the review is completed.
- One cooperative agreement is undergoing an audit and will be closed after the audit is complete.
- Four grant/cooperative agreements remain open pending review of outstanding questioned costs and will close when resolved.
- Sixteen grant/cooperative agreements remain open due to ongoing litigation with the awardee and the U.S. government and will close when the litigation is resolved.
- Nineteen grant/cooperative agreements remain open due to waiting on documentation from the awardee necessary to close out the award and will close once the documentation is received.

CATEGORY	2-3 YEARS	3-5 YEARS	>5 YEARS
Number of Grant/ Cooperative Agreements with Zero Dollar Balances	71	22	4
Number of Grant/ Cooperative Agreements with Undisbursed Balances	16	3	0
Total Amount of Undisbursed Balances ($ in Millions)	$0.56	$0.07	$0.00

Civil Monetary Penalty Adjustment for Inflation

Federal Energy Regulatory Commission

FERC CIVIL MONETARY PENALTY ADJUSTMENT FOR INFLATION

STATUTORY AUTHORITY	DESCRIPTION OF PENALTY	YEAR ENACTED	LATEST YEAR OF ADJUSTMENT	CURRENT PENALTY LEVEL	SUB-AGENCY/ BUREAU/ UNIT	LOCATION FOR PENALTY UPDATE: FEDERAL REGISTER VOL. 88, NO. 8 (JANUARY 12, 2023) RULES AND REGULATIONS PAGES 1989-1991
16 U.S.C. § 825o-1(b), Sec. 316A of the Federal Power Act	Violation of any provision of Part II of the FPA or related rule or order.	2005	2025	$1,584,648 per violation, per day	Federal Energy Regulatory Commission/ Office of Enforcement	https://www.federalregister.gov/documents/2025/01/14/2025-00516/civil-monetary-penalty-inflation-adjustments
16 U.S.C. § 823b(c), Sec. 31(c) of the Federal Power Act	Violation of or failure/refusal to comply with any rule or regulation issued under Part I of the FPA or any related order or term of a license, permit, or exemption.	1986	2025	$28,618 per violation, per day	Federal Energy Regulatory Commission/ Office of Enforcement	https://www.federalregister.gov/documents/2025/01/14/2025-00516/civil-monetary-penalty-inflation-adjustments
16 U.S.C. § 825n(a), Sec. 315(a) of the Federal Power Act	Violation of or willful failure to comply with any order of the Commission; file any report required under the FPA; or submit any information or document or respond to subpoena required by the Commission in the course of an investigation conducted under the FPA.	1935	2025	$3,738 per violation	Federal Energy Regulatory Commission/ Office of Enforcement	https://www.federalregister.gov/documents/2025/01/14/2025-00516/civil-monetary-penalty-inflation-adjustments
15 U.S.C. § 717t-1, Sec. 22 of the Natural Gas Act	Violation of any provision of the NGA or any related rule, regulation, restriction, condition, or order.	2005	2025	$1,584,648 per violation, per day	Federal Energy Regulatory Commission/ Office of Enforcement	https://www.federalregister.gov/documents/2025/01/14/2025-00516/civil-monetary-penalty-inflation-adjustments
15 U.S.C. § 3414(b)(6)(A)(i), Sec. 504(b)(6)(A)(i) of the Natural Gas Policy Act of 1978	Violation of any provision of the NGPA or any related rule or order.	2005	2025	$1,584,648 per violation, per day	Federal Energy Regulatory Commission/ Office of Enforcement	https://www.federalregister.gov/documents/2025/01/14/2025-00516/civil-monetary-penalty-inflation-adjustments
49 App. U.S.C. § 6(10) (1988), Sec. 6(10) of the Interstate Commerce Act	Violation of or failure/refusal to comply with regulations or orders concerning posting and filing rate schedules issued by the Commission under section 6 of the ICA.	1910	2025	$1,659 per offense and $83 per day after the first day	Federal Energy Regulatory Commission/ Office of Enforcement	https://www.federalregister.gov/documents/2025/01/14/2025-00516/civil-monetary-penalty-inflation-adjustments
49 App. U.S.C. § 16(8) (1988), Sec. 16(8) of the Interstate Commerce Act	Violation of or failure to comply orders issued by the Commission under sections 3, 13, or 15 of the ICA.	1910	2025	$16,590 per violation, per day	Federal Energy Regulatory Commission/ Office of Enforcement	https://www.federalregister.gov/documents/2025/01/14/2025-00516/civil-monetary-penalty-inflation-adjustments
49 App. U.S.C. § 19a(k) (1988), Sec. 19a(k) of the Interstate Commerce Act	Violation of or failure to comply with Commission's requirements to provide information in connection with the Commission's valuation of a pipeline carrier's property under section 19(a) of the ICA.	1913	2025	$1,659 per offense, per day	Federal Energy Regulatory Commission/ Office of Enforcement	https://www.federalregister.gov/documents/2025/01/14/2025-00516/civil-monetary-penalty-inflation-adjustments
49 App. U.S.C. § 20(7)(a) (1988), Sec. 20(7)(a) of the Interstate Commerce Act	Violation of or failure to keep or submit certain accounts, records, or memoranda required by the Commission under authority granted in section 20 of the ICA.	1940	2025	$1,659 per offense, per day	Federal Energy Regulatory Commission/ Office of Enforcement	https://www.federalregister.gov/documents/2025/01/14/2025-00516/civil-monetary-penalty-inflation-adjustments

U.S. Department of Energy

DOE CIVIL MONETARY PENALTY ADJUSTMENT FOR INFLATION

AUTHORITY	DESCRIPTION OF PENALTY	YEAR ENACTED	LATEST YEAR OF ADJUSTMENT	CURRENT PENALTY LEVEL	SUB-AGENCY/ BUREAU/ UNIT	LOCATION FOR PENALTY UPDATE: FEDERAL REGISTER VOL. 89, NO. 6 (JANUARY 9, 2024) RULES AND REGULATIONS PAGES 1025-1029
Energy Supply and Environmental Coordination Act of 1974, 10 CFR 207.7	Enforcement/Sanctions	1974	2025	$13,273	N/A	https://www.govinfo.gov/content/pkg/FR-2024-12-27/pdf/2024-30697.pdf
Energy Policy and Conservation Act, 10 CFR 218.42	Enforcement/Sanctions	1975	2025	$28,748	N/A	https://www.govinfo.gov/content/pkg/FR-2024-12-27/pdf/2024-30697.pdf
Energy Policy and Conservation Act, 10 CFR 429.120	Enforcement/Maximum civil penalty	1975	2025	$575	N/A	https://www.govinfo.gov/content/pkg/FR-2024-12-27/pdf/2024-30697.pdf
Energy Policy and Conservation Act, 10 CFR 431.382	Enforcement/Prohibited Acts	1975	2025	$575	N/A	https://www.govinfo.gov/content/pkg/FR-2024-12-27/pdf/2024-30697.pdf
Energy Policy Act of 1992, 10 CFR 490.604	Enforcement/Penalties and Fines	1992	2025	$11,128	N/A	https://www.govinfo.gov/content/pkg/FR-2024-12-27/pdf/2024-30697.pdf
Powerplant and Industrial Fuel Use Act of 1978, 10 CFR 501.181	Civil penalties/Sanctions	1978	2025	$117,608; $9/mcf; $46/bbl	N/A	https://www.govinfo.gov/content/pkg/FR-2024-12-27/pdf/2024-30697.pdf
31 U.S.C. 1352(c), 10 CFR 601.400 and App A	Limitation on use of appropriated funds to influence certain Federal contracting and financial transactions/Penalties	1989	2025	$25,132 (minimum); $251,322 (maximum)	N/A	https://www.govinfo.gov/content/pkg/FR-2024-12-27/pdf/2024-30697.pdf
Atomic Energy Act of 1954, 10 CFR 810.15	Violations of licensing requirements	2018	2025	$127,973	N/A	https://www.govinfo.gov/content/pkg/FR-2024-12-27/pdf/2024-30697.pdf
Price-Anderson Amendments Act of 1988, 10 CFR 820.81	Civil monetary penalties for violation of DOE safety regulations/Amount of penalty	1988	2025	$262,614	N/A	https://www.govinfo.gov/content/pkg/FR-2024-12-27/pdf/2024-30697.pdf
Atomic Energy Act of 1954, 10 CFR 824.1 and App A	Civil monetary penalties for violations of DOE Regulations regarding security of classified or sensitive information or data/Purpose and scope	1999	2025	$187,668	N/A	https://www.govinfo.gov/content/pkg/FR-2024-12-27/pdf/2024-30697.pdf
Atomic Energy Act of 1954, 10 CFR 824.4 and App A	Civil monetary penalties for violations of DOE Regulations regarding security of classified or sensitive information or data/Civil penalties	1999	2025	$187,668	N/A	https://www.govinfo.gov/content/pkg/FR-2024-12-27/pdf/2024-30697.pdf
Atomic Energy Act of 1954, 10 CFR 851.5 and App B	Worker health and safety rules for DOE nuclear facilities/ Enforcement	2002	2025	$121,876	N/A	https://www.govinfo.gov/content/pkg/FR-2024-12-27/pdf/2024-30697.pdf
Program Fraud Civil Remedies Act of 1986, 10 CFR 1013.3	False claims and statements; liability/Basis for civil penalties and assessments	1986	2025	$14,308	N/A	https://www.govinfo.gov/content/pkg/FR-2024-12-27/pdf/2024-30697.pdf
Atomic Energy Act of 1954, 10 CFR 1017.29	Dissemination of unclassified information/Civil penalty	1981	2025	$337,966	N/A	https://www.govinfo.gov/content/pkg/FR-2024-12-27/pdf/2024-30697.pdf
5 U.S.C. 7342(h), 10 CFR 1050.303	Receipt and disposition of foreign gifts and decorations/ Enforcement	1977	2025	$25,622	N/A	https://www.govinfo.gov/content/pkg/FR-2024-12-27/pdf/2024-30697.pdf
50 U.S.C. 2731(b)(2)	Worker protection at nuclear weapons facilities	1991	2025	$11,489	N/A	https://www.govinfo.gov/content/pkg/FR-2024-12-27/pdf/2024-30697.pdf

Other Statutory Reporting: Management's Response to Audit Reports

Pursuant to the Inspector General Act Amendments of 1988 (Public Law 100-504), agency heads are to report to Congress on the status of final action taken on Inspector General audit recommendations. This report is provided consistent with the requirements of the Inspector General Act and complements a separate report prepared by DOE's Inspector General that provides: 1) information on audit reports issued during the period, 2) the status of management decisions made on previously issued OIG audit reports, and 3) information on the disposition of funds put to better use (cost avoidance) and questioned contract or grant costs. The OIG report is available at http://www.ig.energy.gov.

This report also contains information on the closure of Government Accountability Office (GAO) audits. There are no unresolved GAO audit reports as of September 30, 2025, according to the definition of resolution in OMB Circular A-50, Audit Follow Up.

INSPECTOR GENERAL AUDIT REPORTS

DOE resolves OIG audit reports by evaluating the recommendations they contain, formally responding to the OIG, and implementing agreed-upon corrective actions. In some instances, DOE takes corrective action immediately, and in others, longer-term action plans are developed and implemented. Actions taken by management on audit recommendations increase the efficiency and effectiveness of operations and strengthen standards of accountability.

At the beginning of FY 2025, there were 51 OIG reports awaiting final actions. In FY 2025, DOE received 39 OIG reports, of which 27 contained recommendations for corrective actions and 12 had no recommendations. Thus, there were 78 reports pending final action during FY 2025, of which DOE took final action on 22. Three of the reports for which DOE took final action identified cost impacts, including questioned contract or grant costs and recommended cost avoidance (funds put to better use). At the end of FY 2025, 56 OIG reports awaited final action. Taking final action on a report includes the development of an agreed-upon management decision and completion of the corrective actions.

GOVERNMENT ACCOUNTABILITY OFFICE AUDIT REPORTS

GAO audits also are included in DOE's audit follow-up program, consistent with the requirements of OMB Circular A-50. At the beginning of FY 2025, there were 79 GAO reports awaiting final action. In FY 2025, DOE received 91 additional final GAO audit reports, of which 32 contained recommendations for corrective actions by DOE and 59 had no recommendations to DOE. In total, there were 111 GAO reports pending final action during FY 2025. DOE completed its planned corrective actions for 15 audits during FY 2025, leaving 96 GAO reports awaiting final action at year-end.

STATUS OF FINAL ACTION ON OIG AND GAO AUDIT REPORTS FOR FY 2025

The following chart provides a summary of closure actions for OIG and GAO audit and inspection reports during FY 2025.

AUDIT REPORTS	NUMBER OF OIG REPORTS	NUMBER OF GAO REPORTS
Reports Pending Final Action at the End of FY 2024*	**51**	**79***
Reports Issued in FY 2024 Requiring Corrective Actions	**27**	**32**
Total Reports Pending Final Action During FY 2025	**78**	**111**
Reports Closed During FY 2025	**22**	**15**
Total Reports Pending Final Action as of the End of FY 2025	**56**	**96**

*Reflects adjustments to previously reported amounts for GAO reports pending final actions at the end of FY 2024. During FY 2025, DOE reopened seven reports after meeting with GAO to discuss disagreement with the closing of audit recommendations.

Glossary of Acronyms and Abbreviations

2012 REP Settlement Agreement

2012 Residential Exchange Program Settlement Agreement

AFR

Agency Financial Report

AI

Artificial Intelligence

APPR

Annual Performance Report/Annual Performance Plan

APS

Advanced Photon Source

ARO

Asset Retirement Obligation

ARPA-E

Advanced Research Projects Agency-Energy

ASAP

Automated Standard Application for Payments

ASCR

Advanced Scientific Computing Research

ATR

Advanced Test Reactor

ATVM

Advanced Technology Vehicles Manufacturing

BETC

Business Event Type Code

BFS

U.S. Treasury Bureau of the Fiscal Service

BiOp

Biological Opinion

BNL

Brookhaven National Laboratory

BOR

Bureau of Reclamation

BPA

Bonneville Power Administration

BS

Balance Sheet

CAP

Corrective Action Plan

CERCLA

Comprehensive Environmental Response, Compensation, and Liability Act

CESER

Office of Cybersecurity, Energy Security, and Emergency Response

CFO

Chief Financial Officer

CGS

Columbia Generating Station

CHRIS

Corporate Human Resources Information System

CIFIA

Carbon Dioxide Transportation Infrastructure Financing Innovation

CMs

Critical Minerals

CRSO

Columbia River System Operations

CSRS

Civil Service Retirement System

CTCP

Office of Counterterrorism and Counterproliferation

CURIE

Converting UNF Radioisotopes Into Energy

D&D

Decontamination and Decommissioning

DATA Act

Digital Accountability and Transparency Act of 2014

DM&R

Deferred Maintenance and Repairs

DNP

Do Not Pay

DOE

U.S. Department of Energy (or Department)

DOL

U.S. Department of Labor

DOT

U.S. Department of Transportation

DOW

U.S. Department of War

DSS

Decontaminated Salt Solution

EAGLE-I

Environment for the Analysis of Geo Located Energy Information

EEOICPA

Energy Employees Occupational Illness Compensation Program Act

EERE

Office of Energy Efficiency and Renewable Energy

EGS

Enhanced Geothermic System

EIA

Energy Information Agency

EM

Office of Environmental Management

EO

Executive Order

EPAct05

Energy Policy Act of 2005

ERISA

Employee Retirement Income Security Act

ERM

Enterprise Risk Management

ES&H

Environment, Safety, and Health

ESA

Endangered Species Act

ESCO

Energy Service Company

ESPC

Energy Savings Performance Contract

Evidence Act

Foundations for Evidence-Based Policymaking Act of 2018

FASAB

Federal Accounting Standards Advisory Board

FASB

Financial Accounting Standards Board

FASB ASC

Financial Accounting Standards Board's Accounting Standards Codification

FBWT

Fund Balance with Treasury

FCRA

Federal Credit Reform Act of 1990

FCRPS

Federal Columbia River Power System

FE

Office of Fossil Energy

FECA

Federal Employees' Compensation Act

Federal CSF

Federal Consolidated Interim Storage

FERC

Federal Energy Regulatory Commission

FERS

Federal Employees Retirement System

FFB

U.S. Treasury Federal Financing Bank

FFMIA

Federal Financial Management Improvement Act of 1996

Financial Report

Financial Report of the U.S. Government

FISMA

Federal Information Security Modernization Act

FMFIA

Federal Managers' Financial Integrity Act of 1982

FPA

Federal Power Act

FY

Fiscal Year

GAAP

Generally Accepted Accounting Principles

GAO

Government Accountability Office

GBD

Global Burst Detector

GDO

Grid Deployment Office

GDP

Gaseous Diffusion Plants

GMRA

Government Management Reform Act of 1994

GPRA

Government Performance and Results Act of 1993

GPRAMA

Government Performance and Results Act Modernization Act of 2010

GPUs

Graphics Processing Units

GTAS

Governmentwide Treasury Account Symbol Adjusted Trial Balance System

GTO

Geothermal Technology Office

HALEU

High-Assay Low Enriched Uranium

HC

Office of the Chief Human Capital Officer

HEU

Highly Enriched Uranium

HLW

High-Level Waste

HR

Human Resources

IAEA

International Atomic Energy Agency

IBWC

International Boundary and Water Commission

ICA

Interstate Commerce Act

IIJA

Infrastructure Investment and Jobs Act

INL

Idaho National Laboratory

IOU

Investor-Owned Utilities

IRA

Inflation Reduction Act

ISFSI

Independent Spent Fuel Storage Installation

IWMS

Integrated Waste Management System

IWTU

Integrated Waste Treatment Unit

kWh

kilowatt-hour

LANL

Los Alamos National Laboratory

LANS

Los Alamos National Security, LLC

LAW

Low-activity Waste

LBNL

Lawrence Berkeley National Lab

LEEP

Lab Embedded Entrepreneurship Program

LEU

Low-Enriched Uranium

Li-Ion

Lithium-Ion

LLW

Low-Level Waste

LM

Office of Legacy Management

LNG

Liquified Natural Gas

LPO

Loan Programs Office

LSST

Legacy Survey of Space and Time

LTS&M

Long Term Surveillance and Maintenance

LW

Liquid Waste

MAGNITO

Magnetic Acceleration Generating New Innovations and Tactical Outcomes

MARVEL

Microreactor Application Research Validation and Evaluation

MJ

Megajoule

ML

Machine Learning

MLL

Mixed Low-Level

MTU

Metric Tons of Uranium

MW

Megawatt

NAV

Net Asset Value

NE

Office of Nuclear Energy

NEST

Nuclear Emergency Support Team

NEWTON

Nuclear Energy Waste Transmutation Optimized Now

NGA

Natural Gas Act

NGPA

Natural Gas Policy Act

NGSR

Northeast Gasoline Supply Reserve

NIF

National Ignition Facility

NIFC

Northwest Infrastructure Financing Corporation

NMED

New Mexico Environmental Department

NNSA

National Nuclear Security Administration

Northwest Power Act

Pacific Northwest Electric Power Planning and Conservation Act

NR

Office of Naval Reactors

NRC

Nuclear Regulatory Commission

NSF

National Science Foundation

NWF

Nuclear Waste Fund

NWNM

Nuclear Watch New Mexico

NWPA

Nuclear Waste Policy Act of 1982

OCED

Office of Clean Energy Demonstrations

OCIO

Office of the Chief Information Officer

OE

Office of Electricity

OIG

Office of the Inspector General

OMB

Office of Management and Budget

ONWARDS

Optimizing Nuclear Waste and Advanced Reactor Disposal Systems

OPM

U.S. Office of Personnel Management

OPR

Office of Petroleum Reserves

ORNL

Oak Ridge National Laboratory

P2IP

Phase 2 Implementation Plan

P3

Public-Private Partnership

PDP

Prescription Drug Plan

PEIS

Programmatic Environmental Impact Statement

PIIA

Payment Integrity Information Act of 2019

PluS Lab

The Plutonium Science Lab at Los Alamos National Laboratory

PMA

Power Marketing Administration

PP&E

Property Plant and Equipment

PPPO

Portsmouth Paducah Project Office

PRB

Post Retirement Benefits Other Than Pensions

R&D

Research and Development

RCBA

Resilient Columbia Basin Agreement

RCRA

Resource Conservation and Recovery Act of 1976

RDT&E

Research, Development, Test & Evaluation

RECOVER

Realize Energy-rich Compound Opportunities Valorizing Extraction from Refuse Waters

Refinancing Act

Omnibus Consolidated Rescissions and Appropriations Act of 1996

REP

Residential Exchange Program

ROCKS

Reliable Ore Characterization with Keystone Sensing

RPA

Robotic Process Automation

RREs

Rare Earth Elements

RTU

Right-to-Use

S&T

Science and Technology

SBR

Statement of Budgetary Resources

SC

Office of Science

SCNP

Statement of Changes in Net Position

SEPA

Southeastern Power Administration

SFFAS

Statement of Federal Financial Accounting Standard

SMR

Small Modular Reactor

SNC

Statement of Net Cost

SNF

Spent Nuclear Fuel

SPR

Strategic Petroleum Reserve

SRNS

Savannah River Nuclear Solutions

SRPPF

Savannah River Plutonium Processing Facility

SRS

Savannah River Site

SWPA

Southwestern Power Administration

TAS

Treasury Account Symbol

TEFP

Tribal Energy Financing Program

Treasury

U.S. Department of the Treasury

TRU

Transuranic

TSP

Federal Thrift Savings Plan

U.S.

United States

U.S.C.

U.S. Code

UESC

Utility Energy Service Contracts

UF6

Uranium Hexafluoride

USACE

U.S. Army Corps of Engineers

USSGL

U.S. Standard General Ledger

USTC

The Uranium Science and Technology Center at Oak Ridge National Laboratory

WAPA

Western Area Power Administration

WIPP

Waste Isolation Pilot Plant

Y-12

Y-12 National Security Complex

ZT

Zero Trust

Photo Captions

ANNUAL FINANCIAL REPORT FRONT COVER

View from the base of an electricity pylon, also known as an electricity transmission tower. These structures support high-voltage overhead power lines, which transmit electricity over long distances. Image courtesy of DOE's Grid Deployment Office.

POWER GRID AT SUNSET

Image courtesy of the Office of Nuclear Energy

MANAGEMENT'S DISCUSSION AND ANALYSIS TITLE PAGE:

Idaho National Laboratory's Advanced Test Reactor which provides unmatched national priority nuclear fuel and materials testing capabilities for military, federal, university and industry partners and customers. Idaho National Laboratory- Advanced Test Reactor

ENERGY WORD MAP

Generated from content in the Secretary of Energy's introductory speech to DOE staff in 2025.

NATIONAL LABORATORY SYSTEM

Infographic of the DOE National Labs courtesy of the DOE's Laboratory Operations Board

NNSA'S B61-13 NUCLEAR GRAVITY BOMB

NNSA completes assembly of the first B61-13 nuclear gravity bomb ahead of schedule. NNSA News Release

TOKAMAK

Negative triangularity plasma produced in the DIII-D tokamak during an experimental campaign dedicated to exploring the innovative scenario. Inverted Plasma Shame Shows Promise for Future Fusion Power Plant Design

PALISADES NUCLEAR PLANT

Palisades Nuclear Plant in Michigan. Image courtesy of DOE's Loan Programs Office

FINANCIAL RESULTS TITLE PAGE

For large-volume ocean transport, Liquefied Natural Gas is loaded onto double-hulled ships, which are used for both safety and insulating purposes. Office of Fossil Energy.

OTHER INFORMATION TITLE PAGE

El Capitan Supercomputer at Lawrence Livermore National Laboratory.

ANNUAL REPORT BACK COVER

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