



January 29, 2009

Mr. Greg Turner  
Chief Financial Officer  
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**FY2008 SUPPORT COST BY FUNCTIONAL ACTIVITY REPORT (SCFAR) PEER REVIEW – OAK RIDGE NATIONAL LABORATORY (ORNL)**

Dear Mr. Turner:

We have reviewed the FY2008 Support by Functional Activity Report (SCFAR) of ORNL. The purpose of the review was to confirm that the data reported by ORNL complied with the guidelines and definitions issued by the United States Department of Energy (DOE) and to fulfill a DOE-HQ requirement to have all of the reporting sites independently reviewed by a SCFAR Peer Review Team on a periodic basis.

**ORNL FY2008 Support Cost by Functional Activity Report Process:**

The methodology adopted by ORNL in preparing the FY2008 SCFAR utilized cost elements and Level 4 Organizational codes to categorize their support and mission direct costs for the first cut of data. If needed, they look at the WBS to further breakdown and categorize cost by function.

**Implementation of Recommendations from Previous SCFAR Peer Reviews:**

The recommendations from the last SCFAR Peer Review January 26, 2006 for FY05 have been implemented

**Issues Identified During the Peer Review:**

1. Beryllium Issue in 4500N/S categorized as Executive Direction for \$489K

Team Recommendation: This cost should be categorized as Environmental.  
Site Response: Site agrees with the recommendation.

2. Lawn Mowers and Kubota categorized as Facilities Management \$35K

Team Recommendation: This cost should be categorized as Maintenance.  
Site Response: Site agrees with this recommendation.

3. 851\* related cost (Fire barrier etc) categorized as Other \$977K

Team Recommendation: This cost should be categorized as Safety & Health

Site Response: Site agrees with this recommendation.

4. HMMP Costs categorized as Other \$155K

Team Recommendation: This cost should be categorized as Environmental

Site Response: Site agrees with this recommendation.

5. Building 79\* renovation categorized as Other \$624K

Team Recommendation: This cost should be categorized as Facilities Management

Site Response: Site agrees with this recommendation.

6. IPGE categorized as Facilities Management \$3.1M

Team Recommendation: This cost should be excluded from Overhead as this cost is already included in Capital.

Site Response: Site agrees with this recommendation.

7. BTA Tickets categorized as Information Outreach \$1.5M

Team Recommendation: This cost should be categorized as Other

Site Response: Site agrees with this recommendation.

8. Hoisting and Rigging categorized as maintenance \$1.6M

Team Recommendation: This cost should be categorized as Safety and Health

Site Response: Site agrees with this recommendation.

9. Machine Shop categorized as Maintenance \$2.4M

Team Recommendation: This cost should be categorized as Laboratory/Tech Support

Site Response: Site agrees with this recommendation.

10. Various costs categorized as other \$202K

Team Recommendation: This cost can be categorized into other functional cost categories such as Environmental, Facilities Management, and Safeguards and Security.

Site Response: Site agrees with this recommendation.

11. Business Analysis costs categorized as Program/Project Control \$693K

Team Recommendation: This cost should be categorized as CFO

Site Response: Site agrees with this recommendation.

**Accuracy Assessment:**

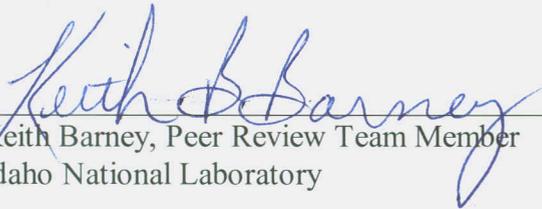
The SCFAR Peer Review Team has concluded that ORNL has met the intent of the SCFAR guidelines and definitions and has achieved a level of accuracy at or above 90%.

We would like to thank DeAnn Ingram and Katie Medlock for their effort and outstanding support in assisting the Peer Review Team.



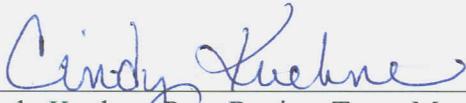
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K. David McClure, Peer Review Team Lead  
Pacific Northwest National Laboratory



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Keith Barney, Peer Review Team Member  
Idaho National Laboratory



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Cindy Kuehne, Peer Review Team Member  
Strategic Petroleum Reserve



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Mr. Greg Turner, CFO  
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