



Report: DOE not following its own standards in loan process

By Gregory Korte, USA TODAY

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WASHINGTON – The [Department of Energy's](#) standards for loan guarantees — like the \$535 million it put up to back the now-bankrupt Solyndra LLC — are as high or higher than any in the private sector, a government watchdog reported Monday.

The problem, the [Government Accountability Office](#) said, is that the DOE may not be following its own standards. And missing or incomplete steps in the review process could lead the department to make riskier loans than it otherwise would.

The non-partisan congressional investigative agency said the [Energy Department](#) "skipped applicable review steps" and that poor documentation leaves DOE "open to criticism that it exposed taxpayers to unacceptable financial risks."

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"This report underscores the principle that you can't manage what you can't measure," said Sen. [Tom Coburn](#), R-Okla., in a statement. "It will be difficult for the administration and Congress to tell taxpayers they have gotten a good deal when DOE can't document how loans have performed."

Coburn and Sen. [John McCain](#), R-Ariz., introduced a bill last year that would prohibit loan guarantees that don't give the government first position in financing.

"While we appreciate the GAO's report," Energy Department spokesman Damien LaVera said in an e-mail, the report did not address "the merits and

creditworthiness" of any specific loan guarantee. He said the department is deploying an improved management system.

The loan guarantee program, first established by Congress in 2005, has come under fire from Republicans after solar panel maker Solyndra ran into financial trouble.

[White House](#) documents turned over to congressional investigators show the announcement of the loan guarantee was rushed to coincide with Vice President Biden's appearance at a company groundbreaking.

But GOP members of Congress, too, have urged the department to approve loan guarantees for projects in their districts — notably a \$2 billion loan guarantee, still pending, for USEC Inc.'s American Centrifuge Project.

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In all, GAO says, the Energy Department has guaranteed \$15.1 billion in loans and has committed to another \$15 billion.

In a letter to the GAO, a DOE official said its findings might have been valid in 2009 or 2010, but that it's wrong to say that "oversight was in any way ineffective."

The program "succeeded in making an unprecedented level of clean energy investments while maintaining standards that are as high or higher than major financial institutions," wrote David Frantz, the acting director of the program.

But the author of the GAO report, Frank Rusco, noted that the DOE didn't update its manual until last October — the month after Solyndra declared bankruptcy — and that some applications were still missing documentation as late as February.

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Allen L. Smith · Top Commenter

When did we need the DOE? How about start reducing the employment numbers there, Then the Dept of Education. It should be handled by the States.

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Kevin C Shadden · Top Commenter · Saint Louis, Missouri

Why is the Federal government even in the loan business? If the idea or company is not good enough to get private backing, we don't need it. Stop this madness.

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Tracy Farthing · Top Commenter · Dallas Christian College

When new energy sources are in the best interest of the nation, I agree that the government should invest but obviously making loans, especially to companies like Solyndra, shows poor judgement and accountability. The DOS has gone too far and this is another example of our current administration's socialist agenda.

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Kevin C Shadden · Top Commenter · Saint Louis, Missouri

Tracy Farthing Hope. If it is in the best interest in the country, and profitable—investors will come to invest. The government does very little right, and is always going to pick right or left, depending on who is in control. Let the free market prevail. You have just witnessed 3 years of the above. The Chevy Volt? Halted production, and the others you describe. Pave the roads, protect the country, and leave us alone Mr. Government.

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David Nelson · Top Commenter

It was interesting to note the USAT took great pains to mention that GOP members have asked for loan guarantees. That ignores that the DOE didn't follow protocol, skipped steps and rushed loans. Not all loan guarantees are equal, guaranteed loans to projects that have demonstrated a high probability of success are different than Solyndra and other green energy projects where the GAO's determined that these business had a very low probability of success.

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John Lucas · Top Commenter · Saint Leo University

Where is "The Donald" !! Get Trump in here ASAP!! Someone Needs Fired! -- And it starts at the top !!! Can't even follow their own rules - and lost \$billions...

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Bruce L Davis · Cornell University

The DOE is like a whale - it just keeps on growing and growing, getting bigger and bigger, and full of blubber. - Wouldn't a whale just half as big yield all the blubber needed to keep the lamps lit in DC?

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Mario Luna · Top Commenter

Once again, Obama gets a pass from the media on his failed administration and his failed energy plan - his recently released White House Report on Energy is a complete joke.....but it makes him look princely. Instead of the 105% increase in gas prices since he assumed office focus for fear of the connection to his fat cat oil company buddies he focuses on the VOLT???funny

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Larry Hubble · Top Commenter · Phoenix, Arizona

Another government agency that is nothing but wasteful spending. Get rid of the department of energy. they do nothing but hold us back!!

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