



# It Takes a Rocket Scientist

MANAGING DOE FINANCES

BY DARRELL DELAMAIDE



Stephen J. Isakowitz  
Source: NASA

YOU MAY NOT absolutely need to be a full-fledged rocket scientist to manage the budget at a large federal bureaucracy, but it probably helps, and that's what the Department of Energy is getting as their new chief financial officer. In addition to his degrees in aeronautics and astronautics from MIT and his reference guide on space launch devices, ex-NASA manager Stephen J. Isakowitz has a solid background in financial management, including a long stint at the Office of Management and Budget.

The son of Holocaust survivors breezed through his nomination hearing this spring and looked set for an easy confirmation in the full Senate to fill the year-old vacancy for chief financial officer at DOE, which has an annual budget of more than \$23 billion.

A 1990 law mandates that CFOs in government departments provide more efficient financial practices. When asked by Sen. Jeff Bingaman (D-N.M.) what this means in practice, Isakowitz cited an example from his time as comptroller and deputy CFO at NASA. Each of 10 laboratories at NASA had its own financial management system, he explained. "We discovered problems across the board in tracking contractors," Isakowitz told the senators, contributing to the \$4.5 billion cost overrun in the space program. Isakowitz implemented a centralized management and audit system that significantly reduced the cost overruns, he said.

In a Washington week when former Vice President Al Gore's appearance before House and Senate panels to talk about global warming occupied center stage, Isakowitz's confirmation hearing was a low-key affair. As is customary at these affairs, the nominee, a Virginia resident, introduced his family – his wife and three of his four children.

The senators took the opportunity to vent about two issues they have with the DOE – one regarding a perceived slowness in implementing the loan guarantee program called for in the energy act of 2005 and the other regarding cost growth in the FutureGen project.

The senior senator from New Mexico, Republican Pete Domenici, who is ranking member on the Energy Committee, said the DOE seemed negligent in not setting up the appropriate framework for implementing the loan guarantee program. Isakowitz said he would make it a priority of his if confirmed, while quietly noting that it took the U.S. Department of Agriculture three years to "stand up" a similar program. Domenici conceded that the House may have been slow in appropriating the necessary funds.

Regarding the FutureGen project, the public-private initiative to build the world's first integrated sequestration and hydrogen production research power plant with the goal of achieving zero emissions in a fossil fuel plant, estimated costs – still two years before construction is to begin – have crept over the \$1 billion mark from an originally projected \$870 million.

In response, Isakowitz said that the role of the CFO is to make sure a project sets milestones for performance and then tracks that performance as part of the budget process in order maintain a discipline on costs. "Problems will occur, but if you catch them at the front end [through this process], it's a lot easier to fix them," he said.

In his opening testimony, Isakowitz described the motivation for his career. "During my childhood, I was inspired by the Apollo program as I watched in amazement as this nation, galvanized by a president's vision, landed a man on the moon." As a result, he said, "Throughout my career, I have been driven and motivated by the desire to fulfill large national goals. In particular, I am drawn to big goals that require the innovative application of science and technology to get it done."

Isakowitz, who moved from the comptroller's job to work in NASA's Exploration Systems Mission Directorate in 2005, was one of those swept out in the space agency's purge when Michael Griffin became the new director later that year. He landed at the Central Intelligence Agency, where he worked in the Science & Technology Directorate before his nomination to the DOE post. Prior to joining OMB and beginning his government career, Isakowitz worked in the private sector for Lockheed Martin and Booz, Allen & Hamilton. ☐

## NewsFLASH

### NATIONAL GRID GAINS UNION SUPPORT

National Grid wants to give pay raises to 3,210 unionized employees in upstate New York to secure union support for its merger with KeySpan Energy, according to the *Buffalo News*.

Earlier, union officials had criticized the deal. The workers will get wage increases of 3 percent a year for 3 years under the proposal tied to completion of the merger and union ratification of the wage deal.

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