



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 1, 2001

### **S. 206**

### **Public Utility Holding Company Act of 2001**

*As ordered reported by the Senate Committee on Banking, Housing, and Urban Affairs  
on April 24, 2001*

#### **SUMMARY**

The bill would repeal the Public Utility Holding Company Act and assign certain new responsibilities to the Federal Energy Regulatory Commission (FERC). CBO estimates that enacting S. 206 would reduce the need for appropriated funds for the Securities and Exchange Commission (SEC) by about \$2 million in fiscal year 2003 and by about \$3 million a year thereafter. Any additional costs imposed on the FERC would be offset by user fees the agency is mandated to charge to industries it regulates. S. 206 also would require the General Accounting Office (GAO) and an interagency task force to perform studies on competition within the electricity industry. Subject to the availability of appropriated funds, CBO estimates such studies would cost about \$500,000 over the 2002-2003 period.

The bill would not affect direct spending or receipts, so pay-as-you-go procedures would not apply. S. 206 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

Section 4 would repeal the Public Utility Holding Company Act, effective 18 months following enactment of S. 206. Based on information from the SEC, CBO estimates that this repeal would reduce the agency's costs by about \$2 million in fiscal year 2003 and by about \$3 million a year thereafter, assuming the necessary appropriation action. Discretionary savings would total about \$11 million over the 2002-2006 period.

Section 5 would authorize the FERC to have access to any records of public utilities and natural gas companies that are necessary for the commission to protect utility customers with respect to interstate transactions involving electricity and natural gas. Based on information from the FERC, CBO estimates this activity would cost the agency about \$3 million annually starting in 2003. This amount would be offset by fees that the agency is required to charge the industries it regulates. Therefore, the new responsibilities that the bill would create for the FERC would have no net budgetary impact.

The bill also would require the establishment of an interagency task force that would review competition within the electricity industry and report to the Congress within one year. CBO estimates that this study would cost about \$250,000, assuming the appropriation of the necessary amounts.

GAO would be required to perform a study on the success of the federal government and the states in preventing anticompetitive practices and promoting competition within the electricity industry. Such a report would be due to the Congress between 18 and 24 months following the bill's enactment. Based on information from GAO, CBO estimates that completing this study would cost about \$250,000, assuming appropriation of the necessary amounts.

The effects of this legislation fall within budget functions 270 (energy) and 370 (commerce and housing credit).

**PAY-AS-YOU-GO CONSIDERATIONS:** None.

## **ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

S. 206 contains no intergovernmental mandates as defined in UMRA. States could incur costs, however, if they choose to issue new regulations or enact new legislation to fill any regulatory gaps created by the repeal of the Public Utility Holding Company Act.

## **ESTIMATED IMPACT ON THE PRIVATE SECTOR**

S. 206 would impose no new private-sector mandates as defined in UMRA. The bill would transfer regulatory authority for certain business-related transactions of public utility holding companies from the Securities and Exchange Commission to the Federal Energy Regulatory Commission.

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