



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 23, 2000

S. 2439

A bill to authorize the appropriation of funds for the construction of the Southeastern Alaska Intertie system, and for other purposes

*As ordered reported by the Senate Committee on Energy and Natural Resources
on June 7, 2000*

SUMMARY

S. 2439 would authorize the appropriation of such sums as may be necessary to assist in the construction of the Southeastern Alaska Intertie system. Based on information from a study by the Southeast Conference in Alaska, CBO estimates that construction costs for the entire intertie system would be \$500 million or more over a 30-year period. CBO estimates that the federal cost for the first phase of the project would be an additional \$20 million over the 2001-2005 period. (The project has already received \$20 million in prior appropriation acts.) The bill would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply. S. 2439 contains no intergovernmental or private-sector mandates as defined by the Unfunded Mandates Reform Act (UMRA).

According to the Southeast Conference, the intertie system is planned as a five-stage project, linking Alaskan power plants over more than 400 miles. The first stage of the Southeastern Alaska Intertie system would link the Swan Lake and Lake Tyee hydroelectric plants over 57 miles, and is estimated to cost around \$85 million. The state of Alaska has identified about \$65 million in funding for this project, including \$20 million that was appropriated through the Alaska Power Administration, the Denali Commission, and the Forest Service over fiscal years 1998 through 2000. Under S. 2439, the federal government could fund all of the remaining costs of the complete system, or it could share the costs with the state of Alaska.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 2439 over the next five years is shown in the following table. The costs of this legislation fall within budget function 270 (energy).

	By Fiscal Year, in Millions of Dollars				
	2001	2002	2003	2004	2005
SPENDING SUBJECT TO APPROPRIATION^a					
Estimated Authorization Level	20	0	0	0	0
Estimated Outlays	8	8	8	8	8

a. The table shows estimated incremental funding needed for the federal share of the first stage of the Southeastern Alaska Intertie system and estimated outlays over the next five years. Outlays include balances from previously appropriated funds. CBO estimates that completing the system would cost at least \$400 million over a 30-year period, with nearly all of the costs coming after 2005. Some of those costs would be borne by the state and local governments in Alaska.

BASIS OF ESTIMATE

The state of Alaska has identified about \$65 million in funding for the first stage of the intertie system. Assuming appropriation of \$20 million, the remaining amount needed to complete the first stage, CBO estimates that spending on construction could start in 2001. Estimated outlays are based on historical spending patterns for similar activities.

S. 2439 would authorize the federal government to fund all segments of the intertie system. We estimate that the remaining four segments of the project would cost at least \$400 million over 30 years. Outlays in later years could be large, depending on future appropriations and the amount funded by the state of Alaska.

PAY-AS-YOU-GO CONSIDERATIONS: None.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 2439 contains no intergovernmental mandates as defined in UMRA. The state of Alaska and some local governments in that state would benefit from federal funding to assist in constructing the intertie system. Any costs incurred by the state or local governments to construct and manage the intertie system would be voluntary.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

This bill contains no new private-sector mandates as defined in UMRA.

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