



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

February 19, 1999

S. 313

Public Utility Holding Company Act of 1999

*As ordered reported by the Senate Committee on Banking, Housing, and Urban Affairs
on February 3, 1999*

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. 313 would reduce the need for appropriated funds for the Securities and Exchange Commission (SEC) by about \$1 million in fiscal year 2001 and by about \$2 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. The bill would not affect direct spending or receipts, so pay-as-you-go procedures would not apply. S. 313 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. 313. Based on information from the SEC, CBO estimates that this repeal would reduce the agency's costs by about \$1 million in fiscal year 2001 and by about \$2 million a year thereafter. Discretionary savings would total about \$7 million over the 2000-2004 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 \$2 million annually starting in 2001. 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 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. 313 contains no intergovernmental mandates as defined in UMRA. However, states could incur costs if they choose to issue new regulations or enact new legislation in order to fill any gaps created by the repeal of the Public Utility Holding Company Act.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 313 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. Moreover, by repealing the Public Utility Holding Company Act, the bill would terminate requirements for holding companies to report extensive financial data to the SEC. S. 313 also would exempt certain independent power producers, wholesale generators, and foreign utilities from having to make these data available to regulatory authorities.

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