



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

January 28, 2010

S. 1757

A bill to provide for the prepayment of a repayment contract between the United States and the Uintah Water Conservancy District, and for other purposes

As ordered reported by the Senate Committee on Energy and Natural Resources on December 16, 2009

S. 1757 would authorize the Uintah Water Conservancy District in Utah to prepay the net present value of certain amounts the district owes to the U.S. Treasury for its share of the cost to build the Jensen Unit of the Central Utah Project. Under current law, the district is expected to make annual payments totaling about \$5 million over the 2010-2020 period and about \$12 million more after 2020.

Based on information from the Bureau of Reclamation, CBO estimates that enacting S. 1757 would result in two payments from the district of about \$4 million in 2010 and \$6 million in 2016. Following those payments, the district would no longer make annual payments to the Treasury. The net effect of those changes would be an increase in offsetting receipts (a credit against direct spending) totaling \$2 million over the 2010-2015 period and \$4 million over the 2010-2020 period.¹ Over the 2010-2037 period the bill would result in a net loss in offsetting receipts totaling about \$7 million. Enacting the legislation would not affect revenues.

For this estimate, CBO assumes that S. 1757 will be enacted near the middle of fiscal year 2010. The bill would allow the district to repay the costs by the end of fiscal year 2019 but requires payment of costs currently allocated to the project as well as those expected to be included in the project's final cost allocation. Based on information from the district, CBO expects that the district would make one payment after enactment of the bill for costs already allocated to the project and another payment in 2016 when the final cost allocation is expected to be completed. For this estimate, CBO used its projection of the 30-year Treasury rate for the discount rate to calculate the district's estimated payment in 2010 (4.68 percent) and in 2016 (5.79 percent).

S. 1757 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

1. The time periods for enforcing pay-as-you-go rules under the current budget resolution are different. CBO estimates that enacting S. 1757 would reduce direct spending by \$2 million over the 2010-2014 period and would reduce direct spending by \$5 million over the 2010-2019 period.

On September 28, 2009, CBO transmitted a cost estimate for H.R. 2950, a bill to allow prepayment of certain repayment contracts between the United States and the Uintah Water Conservancy District, as ordered reported by the House Committee on Natural Resources on September 10, 2009. The two pieces of legislation are the same.

However, CBO's cost estimate for S. 1757 differs from the estimate prepared for H.R. 2950 because new information from the Bureau of Reclamation indicates that the final cost allocation for the Uintah project will not be completed until 2015 instead of 2010, as assumed in the CBO cost estimate for H.R. 2950.

The CBO staff contact for this estimate is Aurora Swanson. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.