



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 1, 2013

S. 26

Bonneville Unit Clean Hydropower Facilitation Act

*As ordered reported by the Senate Committee on Energy and Natural Resources
on March 14, 2013*

SUMMARY

CBO expects that enacting S. 26 would lead to the development of hydropower facilities at the Diamond Fork Project in Utah by a nonfederal entity within a few years, sooner than expected under current law. Based on information from the Bureau of Reclamation, CBO estimates that the federal government would receive payments from the hydropower developer of about \$4 million over the 2014-2023 period. Enacting the bill would decrease direct spending (by increasing offsetting receipts); therefore, pay-as-you-go procedures apply. Enacting the bill would not affect revenues.

S. 26 contains no intergovernmental or private-sector mandates as defined in Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The costs of this legislation fall within budget function 300 (natural resources and environment). CBO estimates that enacting S. 26 would increase offsetting receipts by \$600,000 a year beginning in 2018; collections would total about \$4 million over the 2018-2023 period.

BASIS OF ESTIMATE

Based on information from the Bureau of Reclamation, CBO expects that under current law the federal government is unlikely to develop the hydropower resources of the

Diamond Fork project for at least the next 10 years. Although there are no formal development proposals currently being considered by the bureau, two nonfederal entities—the Central Utah Water Conservancy District and the Strawberry Water Users’ Association—have expressed interest in developing those resources.

Among the reasons that CBO expects the site will probably not be developed over the next 10 years under current law is a requirement that project sponsors pay the Treasury for a portion of the federal government’s previous investments in the water project. According to the bureau, those payments would average about \$5 million annually, beginning after the hydroelectric facilities go into service and continuing through the life of the lease.

S. 26 would eliminate that requirement, and CBO expects that the bill would encourage nonfederal entities to pursue development of the hydropower resources at Diamond Fork. Assuming that S. 26 is enacted in 2013, we expect that the Bureau of Reclamation would receive a proposal to develop the hydroelectric resources within a year or two and that such a project could be completed by 2018. In that case, the government would collect annual fees from the project developer totaling about \$600,000 a year (adjusted for inflation) for the life of the project.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. S. 26 would increase offsetting receipts (a credit against direct spending) by about \$600,000 annually beginning in 2018. The budgetary changes that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for S. 26 as ordered reported by the Senate Committee on Energy and Natural Resources on March 14, 2013

	By Fiscal Year, in Millions of Dollars												2013-	2013-
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2018	2023	
NET INCREASE OR DECREASE (-) IN THE DEFICIT														
Statutory Pay-As-You-Go Impact	0	0	0	0	0	-1	-1	-1	-1	-1	-1	-1	-1	-4

Note: Components do not sum to totals because of rounding.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 26 contains no intergovernmental or private-sector mandates as defined in UMRA; any additional costs to state and local governments would result from participating in a voluntary federal program.

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