



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 28, 2018

H.R. 1109

An act to amend section 203 of the Federal Power Act

*As ordered reported by the Senate Committee on Energy and Natural Resources
on March 8, 2018*

Under the Federal Power Act, the Federal Energy Regulatory Commission (FERC) oversees and regulates interstate transmission of electricity, natural gas, oil, and a variety of other energy-related activities. Under section 203 of that act, public utilities subject to its provisions must seek FERC's approval before engaging in certain transactions, including corporate mergers and consolidations of facilities. Currently, FERC must review all such mergers and consolidations. H.R. 1109 would amend that section to specify that only mergers and consolidations involving facilities valued at more than \$10 million would require FERC's approval. The legislation also would require FERC to report to the Congress, within two years of enactment, on the subsequent effects of that proposed change.

CBO estimates that implementing H.R. 1109 would have no significant net effect on the federal budget. Using information from FERC about average annual costs to review mergers and consolidations under current law, CBO estimates that specifying a minimum threshold for such reviews would reduce the agency's administrative costs by less than \$500,000 annually. However, because FERC recovers 100 percent of its costs through user fees, any change in that agency's costs (which are controlled through annual appropriation acts) would be offset by an equal change in fees that the commission charges, resulting in no net change in federal spending.

Enacting H.R. 1109 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting H.R. 1109 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 1109 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

On June 12, 2017, CBO transmitted a cost estimate for H.R. 1109 as ordered reported by the House Committee on Energy and Commerce on June 7, 2017. The two versions of the legislation are similar, and the estimated budgetary effects are the same.

The CBO staff contact for this estimate is Megan Carroll. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.