



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 18, 2018

### **H.R. 3144**

#### **A bill to provide for operations of the Federal Columbia River Power System pursuant to a certain operation plan for a specified period of time, and for other purposes**

*As ordered reported by the House Committee Natural Resources on April 11, 2018*

#### **SUMMARY**

H.R. 3144 would require certain federally owned hydropower facilities within the Federal Columbia River Power System (FCRPS) in the Pacific Northwest to be operated according to the salmon management plan adopted by the National Oceanic and Atmospheric Administration in 2014. The operations of those facilities are financed by the Bonneville Power Administration (BPA), which is required by law to set electricity prices sufficient to cover nearly all costs.

CBO estimates that enacting the legislation would reduce net direct spending by \$16 million over the 2019-2028 period; therefore, pay-as-you-go procedures apply. Enacting the legislation would not affect revenues. Implementing the bill would have no significant effect on spending subject to appropriation.

CBO estimates that enacting H.R. 3144 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

H.R. 3144 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary effect of H.R. 3144 is shown in the following table. The costs of the legislation fall within budget functions 270 (energy) and 300 (natural resources).

	By Fiscal Year, in Millions of Dollars											2019-	2019-
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2023	2028
<b>DECREASES IN DIRECT SPENDING</b>													
Estimated Budget Authority	0	-4	-4	-4	-4	0	0	0	0	0	0	-16	-16
Estimated Outlays	0	-4	-4	-4	-4	0	0	0	0	0	0	-16	-16

## **BASIS OF ESTIMATE**

In response to recent judicial actions, the Bureau of Reclamation and the Army Corps of Engineers will release additional water over the spillways of certain FCRPS dams to allow for safe passage of fish during the migration season. Under current law, those prescribed spills will continue until federal agencies can implement alternative methods for reducing harm to endangered salmon. Releasing the additional water reduces the amount of hydroelectricity available for sale, resulting in lower receipts and higher costs for the BPA system. On the basis of information from BPA, CBO estimates that BPA’s net costs will increase by about 1 percent, or by about \$35 million a year, as a result of those releases.

H.R. 3144 would reverse that requirement by directing the agencies to operate dams in the FCRPS under the terms of the 2014 salmon management plan. The result would be a decline in the amount of water in the spillways, an increase in electricity generated and sold, and a reduction in BPA’s costs, which are classified as fisheries-related expenses. Under the bill, the 2014 plan would remain in effect through the later of 2022 or until alternative measures are in place with no pending judicial review.

CBO estimates that enacting the bill would reduce BPA’s net direct spending by \$4 million a year through 2022, or by a total of \$16 million over the 2019-2028 period. By law, BPA’s expenses for fisheries are allocated between its customers and the federal government. CBO estimates that reducing costs otherwise payable by customers would have no significant net effect on direct spending because those savings would be passed on to customers to the form of lower electricity prices. Based on historical trends, CBO estimates that customers’ share of the estimated \$35 million annual cost to BPA for the additional spills will total \$31 million, or about 88 percent. For this estimate, CBO assumes that alternative mitigation measures for the fisheries will be adopted by the end of 2022.

## 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. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

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CBO Estimate of Pay-As-You-Go Effects for H.R. 3144 as ordered reported by the House Committee on Natural Resources on April 11, 2018

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By Fiscal Year, in Millions of Dollars												
2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2018-2023	2018-2028
<b>NET DECREASE IN THE DEFICIT</b>												
Statutory Pay-As-You-Go Impact	0	-4	-4	-4	-4	0	0	0	0	0	-16	-16

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## INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting H.R. 3144 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

## MANDATES

H.R. 3144 contains no intergovernmental or private-sector mandates as defined in UMRA.

## ESTIMATE PREPARED BY

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