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SENATE

{ REPORT
{ 105-290

HYDROELECTRIC PROJECT IN ARKANSAS

AUGUST 25, 1998.—Ordered to be printed

Filed under authority of the order of the Senate of July 31, 1998

Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, submitted the following

REPORT

[To accompany S. 2171]

The Committee on Energy and Natural Resources, to which was referred the bill (S. 2171) to extend the deadline under the Federal Power Act applicable to the construction of a hydroelectric project in the State of Arkansas, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE OF THE MEASURE

The purpose of S. 2171 is to extend the deadline contained in the Federal Power Act for the commencement of construction of a FERC-licensed hydroelectric project (No. 10455) located in the State of Arkansas.

BACKGROUND AND NEED

Section 13 of the Federal Power Act requires a licensee to commence the construction of the hydroelectric project within two years of the date of the issuance of the license. That deadline can be extended by the FERC one time for as much as two additional years. If construction has not commenced by the end of the time period, the license is terminated by the FERC. Thus, in the absence of this legislation, the FERC would terminate the license for project No. 10455 at the end of the time period authorized under the Federal Power Act for commencement of construction.

On occasion a licensee may have difficulty obtaining a power sales contract, and until that is obtained the licensee cannot secure

the financing necessary to commence construction. If the license is terminated, to continue the project the licensee would have to undergo the time and expense of obtaining a new license, which is considerable.

S. 2171 would authorize the FERC, upon the request of the licensee, to extend the time required for commencement of construction for not more than 3 consecutive 2-year periods.

LEGISLATIVE HISTORY

S. 2171 was introduced on June 16, 1998. No hearing was held.

COMMITTEE RECOMMENDATION AND TABULATION OF VOTES

The Senate Committee on Energy and Natural Resources, in open business session on July 29, 1998, by a voice vote with a quorum present, unanimously recommends that the Senate pass the bill without amendment.

COST AND BUDGETARY CONSIDERATIONS

The following estimate of costs of this measure has been provided by the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 30, 1998.

Hon. FRANK H. MURKOWSKI,
*Chairman, Committee on Energy and Natural Resources,
U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 2171, a bill to extend the deadline under the Federal Power Act applicable to the construction of a hydroelectric project in the state of Arkansas.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact for this estimate is Kim Cawley.

Sincerely,

JUNE E. O'NEILL, *Director.*

Enclosure.

S. 2171.—A bill to extend the deadline under the Federal Power Act applicable to the construction of a hydroelectric project in the state of Arkansas

CBO estimates that enacting S. 2171 would have no net effect on the federal budget. The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 and would not affect the budgets of state, local, or tribal governments.

S. 2171 would extend for up to six years the deadline for constructing a hydroelectric project currently subject to licensing by the Federal Energy Regulatory Commission (FERC). The proposed extension is for FERC project number 10455. This provision may have a minor impact on FERC's workload. Because FERC recovers 100 percent of its costs through user fees, any change in its administrative costs would be offset by an equal change in the fees that

the commission charges. Hence, the provision would have no net budgetary impact.

Because FERC's administrative costs are limited in annual appropriations, enactment of this legislation would not affect direct spending or receipts. Therefore, pay-as-you-go procedures would not apply.

The CBO staff contact for this estimate is Kim Cawley. This estimate was approved by Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

REGULATORY IMPACT EVALUATION

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact which would be incurred in carrying out this measure.

The bill is not a regulatory measure in the sense of imposing Government-established standards or significant economic responsibilities on private individuals and businesses.

No personal information would be collected in administering the provisions of the bill. Therefore, there would be no impact on personal privacy.

Little, if any, additional paperwork would result from the enactment of this measure.

EXECUTIVE COMMUNICATIONS

The pertinent communications received by the Committee from the Federal Energy Regulatory Commission setting forth Executive agency relating to this measure are set forth below:

FEDERAL ENERGY REGULATORY COMMISSION,
Washington, DC, July 31, 1998.

Hon. FRANK H. MURKOWSKI,
Chairman, Committee on Energy and Natural Resources,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your July 30, 1998, request for comments on S. 2171, an act to extend the construction deadlines applicable to a hydroelectric project licensed by the Federal Energy Regulatory Commission.

Section 13 of the Federal Power Act requires that construction of a licensed project be commenced within two years of issuance of the license. Section 13 authorizes the Commission to extend this deadline once, for a maximum additional two years. If project construction has not commenced by this deadline, the Commission is required to terminate the license. Section 13 also authorizes the Commission to extend the deadline for completion of construction when not incompatible with the public interest.

On October 17, 1994, the Commission issued a license to JDJ Energy Company to construct and operate the 600-megawatt River Mountain Pumped Storage Project No. 10455, to be located at the Corps of Engineers' Dardenelle Lock and Dam on the Arkansas River in Logan County, Arkansas. The original deadline for the commencement of project construction, October 16, 1996, was extended by the Commission to October 16, 1998.

S. 2171 would authorize the Commission, upon the request of the licensee, after reasonable notice, and in accordance with the good faith, due diligence, and public interest requirements of section 13, to extend the deadline for commencement of construction for three consecutive 2-year periods.

The Commission has not objected to bills granting a licensee up to 10 years from the issuance date of the license to commence project construction. Since the deadline in S. 2171 does not exceed 10 years, I do not object to the bill's enactment.

Sincerely,

JAMES J. HOECKER, *Chairman*.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee notes that no changes in existing law are made by S. 2171, as ordered reported.