



CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE

April 1, 2013

**H.R. 1038**  
**Public Power Risk Management Act of 2013**

*As ordered reported by the House Committee on Agriculture on March 20, 2013*

H.R. 1038 would change the way certain electric and natural gas utility contracts are regulated by the Commodity Futures Trading Commission (CFTC). Under current law, most firms that offer contracts to hedge or mitigate market risks are regulated as “swap dealers” if the value of their transactions exceeds certain thresholds. H.R. 1038 would direct the CFTC to exclude certain types of agreements with publicly owned utilities from the calculation of the threshold for transactions with “special entities,” which includes governmental or nonprofit entities. That change could make it easier for firms to enter into hedging arrangements with public utilities without being regulated as a swap dealer.

Pay-as-you-go procedures apply to this bill because it could affect direct spending by the Tennessee Valley Authority (TVA) and the Bonneville Power Administration (BPA). CBO estimates, however, that the net effect on direct spending would not be significant in any year. Enacting the legislation would not affect revenues. Based on information from the CFTC, CBO estimates that implementing the bill would have a negligible effect on spending subject to appropriation.

CBO estimates that implementing H.R. 1038 would have no significant effect on the operations of TVA and BPA because most of their hedging agreements are with large firms that already are regulated as swap dealers by the CFTC. In addition, any changes resulting from the bill would have a negligible effect on net direct spending because TVA and BPA routinely adjust their electricity prices and revenues to account for changes in their operating expenses, as required by law.

H.R. 1038 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.

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