



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 30, 2005

S. 865

Price-Anderson Amendments Act of 2005

*As ordered reported by the Senate Committee on Environment and Public Works
on June 8, 2005*

S. 865 would amend and extend certain provisions of the Price-Anderson Act, which governs insurance and liability coverage of nuclear facilities. That act provides financial protection in the event of a nuclear accident for facilities with Nuclear Regulatory Commission (NRC) licenses issued by December 31, 2003. The bill would extend liability coverage to any facilities issued licenses by December 31, 2025. It also would define nuclear sites with more than one nuclear facility as a single facility for the purposes of determining the amount of financial protection offered and premiums required under the act.

CBO estimates that enacting S. 865 would have no direct effect on the federal budget primarily because any payments by the federal government in connection with a nuclear accident would require additional legislation. The Price-Anderson Act provides a framework for liability coverage in the event of a nuclear accident but does not automatically trigger any federal payments if a nuclear accident occurs. If damages resulting from a nuclear accident exceed the liability coverage established by the Price-Anderson Act (about \$10.7 billion), the act requires that the Congress determine how remaining damages would be paid. Options could include additional assessments on the nuclear industry or federal appropriations. These Price-Anderson Act provisions apply to both NRC licensees and Department of Energy (DOE) contractors working at nuclear facilities.

S. 865 contains an intergovernmental and private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates the costs of that mandate would not exceed the thresholds for intergovernmental or private-sector entities established in that act (\$62 million and \$123 million, respectively, in 2005, adjusted annually for inflation).

Under current law, in the event that losses from a nuclear incident exceed the required amount of private insurance, NRC licensees (both public and private) are assessed a charge to cover the shortfall in damage coverage. The bill would increase the maximum annual premium from \$10 million to \$15 million. Raising the maximum annual premium would increase the costs of an existing mandate and would thereby impose an intergovernmental

and private-sector mandate under UMRA. Because the probability of a nuclear accident resulting in losses exceeding the amount of private insurance coverage is low, CBO estimates that the annual costs for public and private entities of complying with the mandate would probably not be substantial over the next five years.

The CBO staff contacts for this estimate are Lisa Cash Driskill and Jimin Chung (for federal costs), Lisa Ramirez-Branum (for the state and local impact), and Selena Caldera (for the private-sector impact). This estimate was approved by Robert A. Sunshine, Assistant Director for Budget Analysis.