

# NATIONAL WATER SUPPLY ALLIANCE ANNUAL MEETING

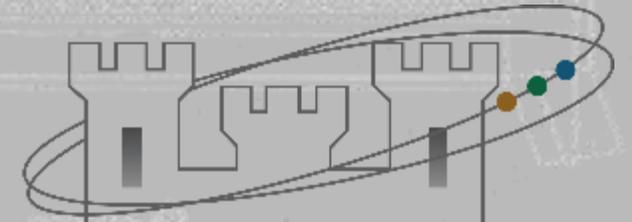
## SURPLUS PRICING METHODOLOGIES

Amy Frantz  
Senior Policy Advisor

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US Army Corps  
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## CIVIL WORKS





# SURPLUS WATER PRICING METHODOLOGY CONCERNS



- Flood Control Act of 1944 gives the Secretary the authority to assess surplus water contracts at a reasonable rate (but does not define “reasonable rate”)
- Past practices
  - Inconsistent across the country
    - Annual costs
    - Fixed costs
    - Same pricing under the Water Supply Act of 1958



# SURPLUS WATER CONTRACT EXAMPLES



	Methodology	Water Supply	Time period	Payments
<b>Smithville Lake (Clay County)</b>	Updated Cost of Storage plus O&M and replacements, annualized for five years	153 acre-feet of storage, up to 52 acre-feet per year	5 years (1990-1995)	\$7,491.61/year
<b>Center Hill Dam (William Shell)</b>	Administrative fee, O&M and revenues foregone	0.01 acre-feet of storage, 200 gallons per day	5 years (2012-2017)	*\$1009 one-time payment
<b>Kanopolis Lake (Post Rock Rural WD)</b>	Updated Cost of Storage plus O&M and replacements, annualized for 20 years	425 acre-feet of storage, 695 gallons per minute	20 years (1983-2003)	\$19,630,00/year
<b>Proposed</b>	Proposed Methodology-- Cost Incurred by the Government **	xx	5 years	\$0 to \$1000**

\*District determined that the pro rata share of Operations and Maintenance costs amounted to \$0, with annual hydropower revenues foregone of \$9.

\*\*Estimated average total costs to Government over five-year period.



## SURPLUS WATER PRICING METHODOLOGY CONCERNS



- The withdrawn Water Supply Rule recommended charging only for costs incurred, estimated at up to ~\$1000 per contract.
  - Would not affect Missouri River reservoirs, where charges are prohibited by WRRDA 2014, as amended.
- Contracts should assess charges for the actual costs incurred by the government based on a determination report



## SURPLUS WATER PRICING METHODOLOGY CONCERNS

- Examples of actual costs that could be incurred by the government based include:
  - Incremental reservoir regulation costs, and/or
  - Labor charges if required to modify operations



## CONTRACT ASSUMPTIONS FOR ESTIMATED \$0-\$1,000 COST

- Individual intake request
- Intake installed at user's expense
- Small withdrawals from large reservoirs
- Short-term or temporary use only
- No operational changes needed to the reservoir
- Does not include administrative costs recovered for real estate instruments



## PATH FORWARD



- Authorized approval of contracts using this methodology in the absence of formal regulation or guidance mandating this approach. **Complete**
- Develop a model contract template **Complete**
- Revise or rescind relevant sections of ER 1105-2-100  
**In progress**
- Socialize with stakeholders on the use of this methodology  
**In progress**



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## Q & A

