

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 13, 2015

Board Item: II-A-11

2015 Harriman Reservoir Rates

Action by Consent

Action

Information

Staff requests approval of the 2015 Harriman Reservoir annual ditch rates. These rates recover the annual operating and capital costs associated with operating the Harriman Lake Reservoir with the largest cost being the recent dam rehabilitation costs.

Background

Denver Water owns and operates Harriman Reservoir and dam and uses it to deliver irrigation water to six customers:

- Colorado Academy
- Fort Logan National Cemetery
- Mount View School
- Federal Corrections Center
- Pinehurst Country Club
- Jefferson County Schools

Each of the owners has rights for a share of the annual yield of Harriman Reservoir water. The yield varies by owner. Customer shares currently account for 75% of Harriman Reservoir's annual yield. Denver Water retains the remaining 25%.

The dam was rehabilitated to meet the Colorado State Engineers Office's regulatory requirements and in the process it was restored to its full capacity for storage. Total project cost is approximately \$4.5 million.

Approximately 75% of the dam construction costs are shared across all customers based on their proportionate share of rights to use the water. Denver Water will pay the remaining costs.

In order to recover the cost of the dam rehabilitation project, Denver Water must include the project cost in the calculation of customer's rates. Costs are recovered over an 80 year period and include annual depreciation expense and a rate of return applied to the project costs. Customers have the option to pay for their portion of the project in a lump sum; however, as of the date of this board item, none have chosen this option. Because the project has been in service for one year, the first year's depreciation expense is included in the 2015 rate. This resulted in a rate increase. Annual depreciation expense will be included in the rate for remainder of the project's useful life.

Recommendation

It is recommended that the Board increase the rate per inch-right (share) of Harriman Reservoir's annual yield to \$870.19 from the current rate of \$767.83.

Item	Existing Rate <i>\$ per inch-right</i>	Proposed Rate <i>\$ per inch-right</i>
Annual Rate	\$37.05	\$37.05
Dam Rehabilitation Rate	<u>730.78</u>	<u>833.14</u>
Total, \$ per inch-right	\$767.83	\$870.19

Approvals:

Respectfully submitted,



Angela Brimont
Director of Finance



for James S. Lochhead
CEO/Manager



Terri Bryant
Controller