

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: April 23, 2014

Board Item: II-B-1

2014 Harriman Reservoir Rates

Action by Consent

Action

Information

Staff requests approval of the 2014 Harriman Reservoir annual ditch rates. These rates recover the annual operating and capital costs associated with operating the Harriman Lake Reservoir. The 2014 fees include an additional fee to recover the recent dam rehabilitation costs.

Background

Harriman Reservoir and dam is located on the southwest corner of South Kipling Parkway and West Quincy Avenue in Littleton in Harriman Lake Park. Denver Water owns and operates the reservoir 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. The customers partnered with Denver Water to perform a feasibility study on rehabilitating the dam in 2005. The project started in 2008 and during this period, Denver Water met with owners to communicate the need for the rehabilitation and the cost to construct the facilities. Denver Water is finalizing the permanent non-potable water agreements for repayment of the rehabilitation costs with each of the owners.

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 depreciation expense and a rate of return applied to their portion of capital 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.

Recommendation

It is recommended that the Board increase the rate per inch-right (share) of Harriman Reservoir's annual yield to \$767.83 from the current rate of \$38.58.

| Item | Existing Rate \$ per inch-right | Proposed Rate \$ per inch-right |
|---------------------------------|------------------------------------|------------------------------------|
| Annual Rate | \$38.58 | \$37.05 |
| Dam Rehabilitation Rate | | 730.78 |
| Total, \$ per inch-right | \$38.58 | \$767.83 |

Approvals:

Respectfully submitted,



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Director of Finance



James S. Lochhead
CEO/Manager