



MEMORANDUM
12/28/2017

TO: BOARD OF DIRECTORS
ANDY MUELLER
ERIC KUHN
PETER FLEMING

FROM: JOHN CURRIER, P.E., CHIEF ENGINEER

SUBJECT: ENTERPRISE WATER MARKETING POLICY – ADD IN-CHANNEL USE LEASE PRICING

ACTION REQUESTED: Modify the Enterprise Water Marketing Policy for both the Colorado River Basin and Yampa River Basin to provide interim leasing for in-channel uses (such as environmental enhancement or icing-prevention) with pricing equal to the agricultural lease rates. As with all water marketing contracts, any in-channel use contracts will be subject to legal review.

STRATEGIC INITIATIVE(S): 7. Water Needs/Project Development
8. Colorado's Water Plan
12. Financial Sustainability

In addition to this memorandum regarding Water Marketing Policy, also in your packet is a memorandum from Ian Phillips recommending water pricing for 2018.

Background. The Water Marketing Policy establishes lease rates for two use categories; 1) M&I water, and 2) Agricultural water. Recently the Enterprise has been asked to consider leasing water for in-channel uses. Specifically, the Roaring Fork Conservancy (RFC) has requested that the Enterprise consider leasing some of the Enterprise's Ruedi supplies for winter stream flow enhancement in the Fryingpan River, predominantly to provide flows, as needed, sufficient to prevent anchor ice formation. If approved by the Enterprise Board, staff would work with RFC and CWCB to enter into a short-term lease.

Recommended Pricing. Pricing equal to the agricultural rate is recommended for several reasons:

1. Only interim contracts (for 5 years or less) are recommended. Staff believes it is appropriate to periodically reconsider in-channel use contracts based upon supply availability and, possibly, other factors.
2. In-channel use contracts are likely to be for larger volumes than typical M&I contracts.
 - a. As summarized in Ian's memorandum we have adequate water supplies available to accommodate interim leasing for in-channel uses.

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