



S O U T H E A S T E R N C O L O R A D O

# Water Conservancy District

*"Your investment in water"*

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September 6, 2023

Dear Stakeholders,

The Southeastern Colorado Water Activity Enterprise (Enterprise) Board of Directors voted at its August 17, 2023, meeting to restructure the rates and surcharges for Fryingpan-Arkansas Project (Fry-Ark) Water Sales, Return Flows, and Storage.

The Enterprise will hold the 2024 Budget Public Hearing at the November 16, 2023 Board meeting, which will include the proposed Water and Storage rates. The Board of Directors will give final approval of the 2024 Water and Storage Rates, which include Fry-Ark Water Sales, Return Flows and all types of water Storage at its December 7, 2023 Board meeting.

Prior to the above-mentioned meeting, the Enterprise will host a workshop to explain the new Water and Storage Rate Structure on **September 20, 2023 at 10:00 a.m.** The Customer Rate Structure meeting will be held at Enterprise headquarters, 31717 United Avenue, Pueblo Colorado. There will also be a virtual connection option available at the link below.

**Join Zoom Meeting:**

<https://us02web.zoom.us/j/88395605339> Meeting ID: 883 9560 5339

Dial by your location: • +1 719 359 4580 US Meeting ID: 883 9560 5339

Find your local number: <https://us02web.zoom.us/j/88395605339>

**Meeting Room will open 15 minutes prior to scheduled time**

The Rate structure includes one rate that will be applied to all water sales, both Municipal & Domestic and Irrigation. The base rate for First Use Water sales will remain the same. A new rate has been added for Full Use Water and Return Flows that reflects the fact that the District does not recoup Return Flows from these types of sales. There will be no surcharges on Full Use Water, First Use Water or Return Flows as this time.

The new rate structure includes rates for the following types of water:

- Full Use Water sales that yield no Return Flow to the Enterprise.
- First Use Water sales that yield a Return Flow of 40%, based on 60% consumptive use.
- Return Flow Water sales that are generated by First Use Water.

The Water Activity Enterprise (WAE) Surcharge will replace other surcharges that were added by previous Board of Directors. The purpose of the WAE Surcharge is to support numerous programs that are necessary to the sustainability of the Enterprise to provide supplemental water to its stakeholders.

The WAE Surcharge will be assessed equally to the following types of storage in Pueblo Reservoir:

- Carryover Project Water after the first year. Evaporative losses will be deducted.
- Winter Water, which will continue to be charged the \$2.80/acre-foot rate under the Fry-Ark Contract and the difference to total the WAE surcharge.
- Excess Capacity Storage by entities within the District Boundaries.
- Excess Capacity Storage by entities outside the District Boundaries. Those entities outside the District will pay a higher rate.

Table 1 shows the rate structure applied to water sales and storage in 2023.

Table 2 shows the new rate structure with proposed amounts for 2024.

**Table 1: These are the Water and Storage Rates which were charged in 2023.**

Water Rates for 2023						
Description	Water Rate (\$)	Safety of Dams (\$)	Water Activity (\$)	Environmental Stewardship (\$)	Augmentation (\$)	Proposed Total Charge (\$)
<b>Project Water Sales</b>						
Irrigation	13.14	0.50	0.75	0.75	--	15.14
Municipal	13.14	0.50	1.50	0.75	--	15.89
<b>Project Water Sales used for Well Augmentation</b>						
Irrigation for Well Augmentation	13.14	0.50	0.75	0.75	2.60	17.74
Municipal for Well Augmentation	13.14	0.50	1.50	0.75	2.60	18.49
<b>Storage Charges</b>						
Winter Water Storage*	2.80	0.25	--	0.75	--	3.80
Carry-Over Project Water	--	1.00	1.25	0.75	--	3.00
<b>If and When Storage</b>						
In District	--	0.50	0.50	0.75	--	1.75
Out of District	--	2.00	4.00	0.75	--	6.75
Aurora	--	--	10.00	--	--	10.00
<b>Project Water Return Flows</b>						
Irrigation	12.00	0.50	--	0.75	--	13.25
Municipal	12.00	0.50	--	0.75	--	13.25

**Table 2: These are the proposed Water and Storage Rates for 2024.**

Description	Proposed Rate and Surcharge (\$/ac-ft)		
	Total Charge	WAE Rate	WAE Surcharge
<b>Project Water</b>			
Project Water First Use	\$ 13.14	\$ 13.14	\$ -
Project Water Full Use	\$ 21.90	\$ 21.90	\$ -
Project Water Return Flow	\$ 21.90	\$ 21.90	\$ -
<b>Storage</b>			
Carryover Project Water	\$ 4.52	\$ -	\$ 4.52
Winter Water	\$ 4.52	\$ 2.80	\$ 1.72
Excess Capacity In District	\$ 4.52	\$ -	\$ 4.52
Excess Capacity Out of District	\$ 10.00	\$ -	\$ 10.00
Excess Capacity Aurora	\$ 10.00	\$ -	\$ 10.00

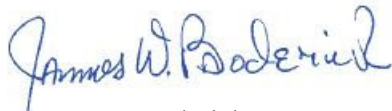
This change in rate structure reflects discussions that began during the Financial Strategy and Sustainability Study in 2019.

The Rate Sub-Committee of the Enterprise Board evaluated five alternative rate structures during a six-month period in 2023 and opted for this new structure in August 2023.

The rates shown in Table 2 are proposed for 2024, but as stated previously will not become final until the Board approves a Rate Resolution in December. Rates in future years will be determined on an annual basis, but advisory rates (estimates) for 2025 and 2026 will be provided at the September 20, 2023 customer meeting

The Enterprise makes every effort to provide excellent service at a reasonable cost to Stakeholders. If you would like more information about the Water and Storage Rate structural changes, please plan to attend the September 20, 2023 meeting.

Sincerely,

A handwritten signature in blue ink that reads "James W. Broderick". The signature is written in a cursive style with a large initial 'J'.

James W. Broderick  
Executive Director  
Southeastern Colorado Water Conservancy District