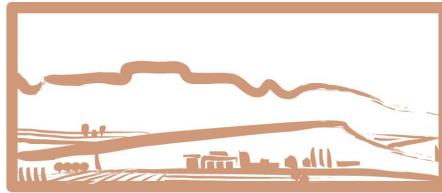

The Lake Powell Pipeline

Is it the right choice?

Key Questions

Presented by



CITIZENS FOR DIXIE'S FUTURE

www.citizensfordixie.org

How Much Would the Pipeline Cost?

In 1997, the first public report claimed a pipeline from Lake Powell to St George would cost \$187 million. Since then, the cost has risen dramatically. In the fall of 2008 the cost was estimated at just over \$ 1 billion for construction alone. The cost of construction materials has skyrocketed in recent years; by the time construction might begin, several years from now, the cost would almost certainly be even higher.

Paying the interest on the pipeline could add another \$1 – 2 billion dollars to the final price tag. The State proposes to bond for the construction costs, but the three water districts would have to repay the bonds. The period for repayment likely would run from 40 to 50 years, depending on when each district opts to commit to take its water. Ultimately, the costs would be borne by the three counties with little state help and no federal assistance.

In addition to the costs of construction, the water districts have to pay for the pipeline's annual operating and maintenance costs. Operating costs are particularly vulnerable to the cost of electricity – water is heavy, and pumping water up and over ridges will demand substantial amounts of electricity. As proposed, the project would consume almost 560,000 MWh annually – enough energy to meet the annual needs of about 56,000 Utahns. This electricity could cost anywhere from \$23,500,000 to \$44,800,000 annually

The cost of engineering and feasibility studies alone have risen substantially. In March 2007, the State Board of Water Resources funded a \$5.6 million engineering and financial feasibility study. The cost of these studies has escalated to \$10 million and continues to rise. The Federal Energy Regulatory Commission (FERC), the agency with permitting authority over the pipeline, has required additional studies, the costs of which remain to be seen.

Who Will Pay?

According to the Washington County Water Conservancy District (WCWCD), the pipeline would be funded “through a balance of local taxes, fees and water rate” increases. In 2009 an impact fee of \$5,021 will be applied to each new building permit in Washington County as the primary source of revenue to pay for the pipeline and other water projects, with annual fee increases scheduled to reach \$25,942 in 2041—a 441% increase. With the recent economic downturn's effect on financing and building new housing, the number of new building permits issued in Washington County has plummeted. The number of permits dropped 42% in 2006—the largest decline in recent history, and continued to decline in 2007 to the lowest level in six years. The concept that building permit fees alone will pay for the pipeline is no longer valid.

To cover any shortfall in impact fees, the water district has imposed the Water Development Surcharge on ALL retail customers regardless of their water supply. This surcharge can be increased at any time. .

Under the current plan, not only will every family or business that buys a building constructed after 2006 pay for the pipeline through impact fees, but so will every single water district customer through surcharges and local taxes.

In 2006, Utah's legislature passed the Lake Powell Pipeline Development Act, authorizing the Board of Water Resources to build the Lake Powell Pipeline. The state would, in turn, be reimbursed by Washington, Kane, and Iron counties. Funding a project of this size would require massive capital expenditures, increasing the State's debt burden. Such a debt could have consequences for Utahns statewide: It could restrict the amount of money Utah has available for important infrastructure projects, such as upgrades to Interstate 15, and it could jeopardize the State's high bond rating.

Would the Pipeline Be Reliable?

The pipeline would be vulnerable to multiple unpredictable forces: climate change, Colorado River water politics, and water quality issues in Lake Powell.

Over the past eight years, drought has plagued the Colorado River Basin; experts predict that current drought conditions will continue and become more severe with the impacts of climate change. Even without the impacts of climate change, Utah's water share from the original 1992 Colorado River Compact has already been reduced due to drought and will continue to be reduced every few years.

Because the Colorado River Compact requires Utah and other Upper Basin states to deliver a specific quantity of water (averaged over each decade) to California and other Lower Basin states, extreme, or even moderate periods of drought, may impact the reliability of the water supplied by the pipeline.

As Lake Powell's reservoir level falls, undesirable toxic chemical concentrations increase, creating concern about the safety of Lake Powell as a drinking water source and increasing the cost of water treatment. Similarly, quagga and zebra mussels, which have appeared in many western reservoirs, will be expensive to eliminate. Moreover, the chemicals used to fight them can have an extremely detrimental effect on water quality.

Ute and Navajo Indian tribes have large federal reserved rights to Colorado River water that pre-date many current water uses. The tribes have not put to use most of their water rights. If these rights are developed, other uses in Utah – and throughout the Upper Basin states – may need to be altered or reduced.

Any of these situations—or a combination—could cause the pipeline to be useless, underutilized, and a major financial liability.

Is the Pipeline Necessary?

According to WCWCD Capital Facilities Plan, annual per capita water consumption in 2005 was 342.8 gallons per capita per day (gpcpd). Other communities in the west use much less water. For example, in Tucson, the average water use in 2005 was 156 gallons per person per day (gpcpd), and Albuquerque uses 173 gpcpd. Even Las Vegas, with its extensive golf courses and water fountains, uses less water than Washington County; Las Vegas had a water use rate of 264 gpcpd in 2006. These figures include all sectors - residential, commercial, and industrial.

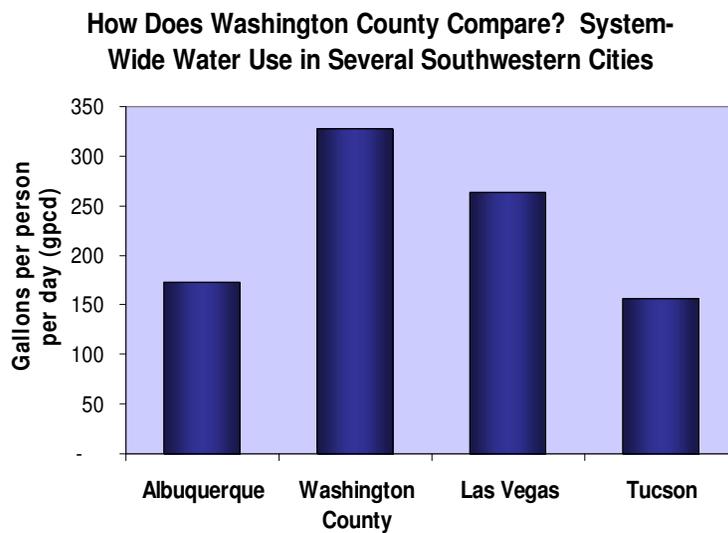
The WCWCD assumes only minimal improvements in water conservation are possible. WCWCD's conservation goals mirror Utah's statewide goal to reduce per capita water use by 25% between 2000 and 2050. Much more conservation is possible – in response to the recent drought, Utah residents reduced their water use by 12% over just a five-year period. Utah's goal is less aggressive than other cities and states in the region; Colorado, for example, projects an annual 1% reduction in gpcpd for at least the next 25 years. Under WCWCD's conservation projections, water use in Washington County will be 285 gpcpd in the year 2050 – significantly higher than water use in many other Southwestern cities today.

Water conservation does not happen on its own. WCWCD, the City of St. George, and other water providers must invest both time and resources in it. Although conservation measures also come with a price tag, they can reduce or eliminate the need for expensive infrastructure projects like the Lake Powell Pipeline and often are cheaper. Measures include:

- Providing rebates for efficient indoor water fixtures
- Adding native, drought-tolerant landscaping in new developments (and converting old)
- Improving water rate structures to provide greater rewards for water conservation
- Updating building codes to reflect more aggressive plumbing and appliance standards
- Increasing education and awareness about the scarcity of water

While water officials admit that water conservation is “the most readily available, least expensive and environmentally-sound source of water,” the pipeline project is consistently prioritized ahead of conservation efforts. This suggests that local water officials are not truly committed to maximizing efficiency first.

Over time, the full cost of water has been wrapped into property tax, sales tax, impact fees, surcharges and water rates. This hides the true cost of water and creates artificially cheap water, leading to inefficient water use and creating the impression that our water supplies cannot support future growth.



For more information on water conservation, pipeline energy costs, and meeting water needs sustainably please see
Western Resource Advocates
www.westernresourceadvocates.org

Unintended Consequence?

Would the pipeline cause sprawl?

Washington County has sufficient water supplies to support over 600,000 residents. If the pipeline is built, it would deliver enough water to support an additional 350,000 to 600,000 residents in the three county area - pushing the region's population over the one million mark. Very few people living here now want to see us lose our quality of life by turning into a Phoenix or Las Vegas with high crime rates, polluted air, congested traffic and overcrowded schools. To fund the pipeline, Water District officials are banking on consistently high average annual population increases for at least 40 years. These new residents would be necessary to fund the project. In essence, if we build it, they MUST come.

Power for the pumps

The 174-mile long pipeline would stretch from Lake Powell, through Kanab and Hurricane, to Cedar City. Pumping water along the length of the pipeline will require an estimated 500-580 MWe of power. Although turbines in the pipeline will generate some electricity, this generation is dwarfed by the total power needs of the pipeline. Therefore, an additional power supply will be necessary, which may increase demand for a new power plant in the region. If this power plant is powered by fossil fuels, the pipeline would further accelerate climate change and its expected impact on decreasing water resources in the Colorado River Basin, and detrimental impacts on air quality and cause additional carbon emissions into the atmosphere.

Our Vision

Our current water supplies can support a population of more than 600,000 – allowing Washington County to thrive and continue to be a community in which we all want to live.

Southern Utah should embrace “smart growth” that respects our natural land and water limits.

Local water sources will deliver southern Utah’s future affordably and reliably, without burdening future generations with a massive debt and a water supply vulnerable to drought, political conflict, controversy, and uncertainty. The quality of life enjoyed by Utah’s citizens will be maintained by utilizing “the most readily available, least expensive and environmentally-sound source of water”—that source is conservation.

Addressing southern Utah’s increasing water demands while protecting its affordability and unique culture is a key challenge to Utah’s leaders. The pipeline would compromise the area’s tradition of living within our means and being stewards of our precious land, clean air and water.

Once a rural place dominated by irrigated agriculture, southern Utah is now in transition. This transition must follow a 21st century model – one that embraces fiscal and environmental responsibility. This model will make our communities better, more affordable places for our children and grandchildren. Water use efficiency is only one component, but an essential one.

email@citizensfordixie.org

Paul Van Dam, Executive Director
801.249.4549

Kai Reed, Administrative Director
435.674.5376

