MULTI-MILLION-DOLLAR CONTRACT APPROVED BY SECRETARY UDALL FOR WATER SERVICE TO RECLAMATION'S FRYINGPAN-ARKANSAS PROJECT IN COLORADO

At ceremonies in Washington, D.C., attended by members of the Colorado Congressional delegation, Secretary of the Interior Stewart L. Udall today approved one of the largest water-service contracts in the history of the Bureau of Reclamation—a proposed agreement with the Southeastern Colorado Water Conservancy District. Under the contract, the District will repay a major portion of the reimbursable costs of Reclamation's $170 million Fryingpan-Arkansas Project in Colorado.

Secretary Udall said that payments under the contract will return at least $60 million to the Federal Government, plus interest on those costs allocated to municipal and industrial water supplies. He said the contract contains provisions for increasing the amount to be returned to the Government should costs rise significantly during the prolonged 15-year construction period. A separate contract will be entered into later if Reclamation is called on to build a municipal and industrial water conveyance system to serve various communities in Colorado's Arkansas River Valley. Such a system, estimated to cost $14,661,000, will be built by Reclamation only if the communities involved are unable to undertake its construction.

"By the end of the repayment period," Secretary Udall said, "these contracts could return $75 million or more to the Government, plus interest on the municipal and industrial water component. The Fryingpan-Arkansas Project would then rank among the three top Reclamation developments in terms of dollar value of returns from the water users. And in addition to these returns, the balance of the project's reimbursable costs will—as usual—be paid off by hydro power revenues."

Reclamation has entered into only one larger water-service contract in its 62-year history: a contract to provide irrigation water to the 400,000-acre Westlands Water District in California.
Estimated construction costs of the Fryingpan-Arkansas Project are $169,905,000, plus $4,630,000, in interest during construction, for a total of $174,535,000. Allocations are: irrigation, $69,946,000; power, $62,049,000; municipal and industrial water, $21,639,000; flood control, $14,437,000; fish and wildlife, $6,409,000; and recreation, $55,000.

Except for certain amounts that will be paid by other water users, the District will repay $53,568,744 of the construction costs allocated to irrigation, and—with interest—all of the $6,978,000 allocated to construction of municipal and industrial water supply facilities. (The balance of the $21,639,000 municipal and industrial allocation is for the conveyance system which may or may not be built later by the Federal Government.)

The costs allocated to power will be repaid with interest from the proceeds of hydroelectric generation at project powerplants. Power revenues will also repay $16,377,256 of the costs allocated to irrigation. The costs allocated to flood control, fish and wildlife, and recreation are considered to be in the general public interest and will be borne by the Government.

The Fryingpan-Arkansas Project will divert 69,000 acre-feet of water annually from tributaries of the Colorado River on the western slope of the Rocky Mountains, through a diversion tunnel piercing the Continental Divide, to the headwaters of the Arkansas River near Leadville, Colo.

Through importation of this western slope water, improved regulation of existing Arkansas River supplies, and reuse of return flows, the project will provide an increased irrigation supply averaging 163,100 acre-feet annually for 280,600 acres of farm land in the Arkansas River Valley in southeastern Colorado, and will provide municipal and industrial water for Colorado Springs, Pueblo, and many smaller communities in the area.

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