

Doug Selby

From: Mark Vincent
Sent: Tuesday, July 19, 2005 6:05 PM
To: Betsy Fretwell; Steve Houchens
Cc: Dick Goecke; David L. Mendenhall; John Pfeiffer Jr.
Subject: Walters' Council Flier on Water Savings

Importance: High

Betsy –

I reviewed the Water Resource Information, and I recast their numbers based on actual reclaimed water usage (1,501,231,000 gallons from April 1999 through March 2005). Turns out their average use is 0.7, not 1.0, MGD (they do reach 1.0 MGD in the summer months). Anyway, here's their flier info restated:

	Flier	Actual
Reclaimed water used at Links	365,000,000	250,205,167
Links MGD usage	1.00	0.69
If residential consumed 50% less than golf course (MGD)	0.50	0.34
Since residential is potable we'll get 60% returned flow credit for net 40% (MGD)	0.20	0.14
Water use reduction	80%	80%
Water Savings (gal / yr)	292,000,000	200,164,133

As to the other conversation we had with Senator Bryan and Mike Luce (that was Mike Luce, wasn't it?), the balance of their delivery system credits was about \$613K as of April 2005, so those would transfer to Stallion Mtn to be applied against future reclaimed water. I'm OK there.

What I'm having trouble with is the Senator's statement that the agreement "frees up" these 360 million gallons (actual usage is 250 million gallons) of reclaimed water that could be sold to others at market rate of about \$2.10 per 1000/gal. The implication is at \$2.10 we're gaining a \$1.90 per 1000 gal, or about \$475K in annual revenue (250,205 x \$1.90 = \$475,390). The problem with that logic is that there is no delivery system to anywhere else. Thus, we'd have to construct the delivery system to the customer and recover those cost through our rates. And finally, I'd have to defer to others about what feasible customers exist on the east end of town because I'm not sure we'd want to pump that reclaimed water up hill (costly). Just don't want anyone to assume that we'll get rich selling that reclaimed water at market rate.

-- Mark