

The Salt Lake Tribune

Projections have doubled

Inflation driving up cost estimate of planned Lake Powell pipeline

Plan now tabbed at \$1.1 billion, but that's before debt service

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The Salt Lake Tribune

Article Last Updated: 07/18/2008 09:43:55 PM MDT

The estimated cost of building the Lake Powell pipeline has nearly doubled in three years and could continue to grow.

State officials on Friday say they expect construction of the 174-mile pipeline that would bring water to Washington, Kane and Iron counties would cost at least \$1.1 billion. In 2005, the cost estimate was \$585 million.

"We're still working through the economic analysis," said Eric Millis, spokesman for the Utah Division of Water Resources. "This is a good snapshot of where the project is now."

But the estimate doesn't include debt service on bonds, which pipeline critics say could push the ultimate cost much higher, perhaps beyond residents' ability to pay.

Paul Van Dam, a former Utah attorney general and director of Citizens for Dixie's Future, said debt repayment would at least triple the pipeline cost to \$3 billion, and could reach \$6 billion by the time the project is finished.

"It's pretty striking that this cost estimate can double in three years. What's going to happen in the next three years?" Van Dam said. "I wonder how in the world anyone thinks these counties can pick up these costs?"

The engineers who put together the construction estimate included building small hydroelectric stations on the pipeline.

A line-item breakdown of the estimate shows the hydroelectric components account for \$95.5 million of base construction costs for Washington County. Necessary electrical transmission lines would cost about \$73.3 million. Together, they come to about one-quarter of Washington County's total cost. A 15 percent contingency would be added to the base.

Power transmission would account for \$14.8 million of the Cedar City spur, which would incur a base construction cost of about \$100 million. Kane County's base cost estimate is \$5.3 million.

The pipeline would provide about 100,000 acre-feet of water per year, with 70 percent going to Washington County, 20 percent to Iron County and 10 percent to Kane County. An acre-foot

is enough for one or two households a year.

While the hydroelectricity generated by falling water in the 69-inch diameter pipes could offset the cost of the power needed to pump the water uphill, there still would be a net energy loss, Millis said.

But he couldn't say whether it might be less expensive to build the pipeline and pump the water uphill without the added hydroelectric construction costs.

"We know that we have to pay for the pumping regardless," Millis said. "We know first and foremost that it's a water development project.

Strong has said the state chose the Federal Energy Regulatory Commission as the lead agency on the water-delivery project because licensing the hydro and then doing required environmental studies of the massive project would be quicker and less expensive than with the U.S. Bureau of Land Management at the helm as originally planned.

FERC says it could produce 300 megawatts of power, equivalent to the needs of at least 225,000 households. But even FERC acknowledges it will take far more power to pump the water uphill than the little electric projects could yield. The hope is that selling the electricity at peak-hour prices will raise extra cash.

The money would go to a state-run enterprise fund set up to pay for operations, maintenance and other costs associated with the project, Millis said.

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