

**Kyle Wells, Saint George, UT. To
Whom It May Concern:**

I am writing to urge the Federal Energy Regulatory Commission (FERC) to advance the Lake Powell Pipeline (LPP) by completing the environmental assessment and issuing its license. I am a native of St. George and serve as Dean, School of Business & Communication for Dixie State University (DSU). Dixie State, which receives its water from the City of St. George and the Washington County Water Conservancy District (WCWCD), has grown from 5,000 student to over 10,000 students since 2006 when I was first employed at DSU.

Having an adequate and reliable water supply system is critical for the university and the economic viability of our communities. As our cities continue growing, they will become more dependent on regional water projects like the LPP. In addition, six million tourists visit our region annually and that number is expected to increase, along with the need for water to serve them.

Recognizing the projected needs of our region, Utah state legislators created the Lake Powell Pipeline Development Act in 2006 ("the Act"). The State of Utah will fund the initial development and construction cost of the LPP. There is little question regarding Utah's ability to finance the LPP; our state is one of only ten states receiving a AAA rating by all three major credit rating agencies.

Washington County will have the ability to contract for blocks of water, as needed, and will have decades to repay the acquisition cost of each acquired block. Revenue to repay the state will come from three funding sources: impact fees, water rates and property taxes. However, it's expected that, given the projected growth in the region, revenue to repay the state will come primarily from new water users (e.g. impact fees).

County officials continue to develop the project funding strategy that will provide the most appropriate outcome for our residents and tourists. The reality, however, is that WCWCD has sufficient capacity to fund the LPP and the balance of water infrastructure projects that our growing and vibrant communities will require in the future.

Because southern Utah is susceptible to drought, residents and businesses have been asked to conserve water. Washington County has been a leader in the state in both conservation and reuse water for irrigation. In a recent report published by economists at the University of Utah, it was stated:

"Due to the fact that the price elasticity of demand for water is estimated to be -0.5, repayment through water sales alone would require rate increase in water rates would lean Washington County water users to need less water in 2060 than they used in 2010, meaning that there would be no need for the water supplied by the LLP."

I have found significant errors in this analysis. First, the elasticity is based on marginal cost increases, not average cost increases.

Consumption elasticity does not include average cost which includes base rates. Second, the marginal rates are significantly underpriced, so the percentage change in water rates are not as significant as assumed. And finally, the analysis does not include the other two sources of funding proposed, namely, impact fees, and property taxes. I find the conclusion of this analysis to be accurate if marginal rate increases were the only source of funding, but does not capture the funding sources as proposed by the Washington County Water Conservancy District.

Unlike some other areas, we have looked ahead and developed a comprehensive water plan. The LPP is a part of this comprehensive plan. We aren't waiting for a crisis. Our water providers know the time to start planning a water project is not when you need it – but years if not decades -- in advance.

For reasons discussed in this letter, I support the issuance of a FERC license for the Lake Powell Pipeline project.

Sincerely,

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