APPENDIX E

ECONOMIC DATA

CECW-CP

MEMORANDUM FOR PLANNING COMMUNITY OF PRACTICE

SUBJECT: Economics Guidance Memorandum, 05-04, Federal Interest Rates for Corps of Engineers Projects for Fiscal Year 2005

The enclosed information is provided for immediate use. Questions related to this memorandum should be addressed to Lillian Almodovar, CECW-CP at 202/761-5875.

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5 Encls

1. Federal Discount Rate
2. Deferred Payment Interest Rates
3. Water Supply Interest Rates
4. Hydropower Interest Rate
5. Delinquent Payment Collection Rate

Economic Guidance Memorandum 05-04
Water Supply Interest Rates

The Water Supply Act of 1958 established that the Federal government may cooperate with non-Federal interests in their water supply development efforts. The Act established a repayment period of 50 years and a repayment interest rate equal to the nominal interest rate of outstanding Treasury securities of suitable periods to maturity. Both of these features of the Act have been amended: the interest rate is now based on yields and the repayment period *may vary* up to 30 years.

I. Water Supply Interest Rates – for 30-Year Repayment Period – 5.125 %

This interest rate is relevant for a 30-year repayment period; since 30 years was established as a payback period we have continued to report this rate separately. It is determined by the Department of the Treasury in accordance with provisions of Section 932 of PL 99-662 (which amended the Water Supply Act of 1958). The rate is based on yields on Treasury securities that the Department of the Treasury deems have years remaining until maturity comparable to the reimbursement period.

The rate is used for contracts for storage reallocated to M & I water supply, for surplus water contracts, and for new projects. Repayment amounts must be readjusted every five years using the then current interest rate. For repayment periods other than 30 years see section II below.

This table shows an historical series since1986 for this interest rate.

FISCAL YEAR	INTEREST RATE
1987	7.625%
1988	10.000%
1989	9.250%
1990	8.250%
1991	9.125%
1992	8.125%
1993	7.500%
1994	6.125%
1995	7.750%
1996	6.750%
1997	7.125%
1998	6.750%
1999	5.375%
2000	6.125%
2001	5.875%
2002	5.625%
2003	5.125%
2004	5.500%
2005	**5.125%**

Note: The authorized one-eight of one percentage point for transactions costs is included in the rates in the values shown in this table.

TABLE NO. 2

JOHN H. KERR PROJECT
COST ALLOCATION STUDIES

2/15/56

SUMMARY OF CONSTRUCTION EXPENDITURES

Item	Multiple-purpose project Specific costs				Alternative single-purpose projects	
	Flood Control	Power	Joint Costs	Total Costs	Flood Control	Power
Lands and damages			$10,401,000	$10,401,000	$ 6,055,000	$ 7,202,000
Relocations			14,810,000	14,810,000	9,166,000	10,297,000
Reservoir and pool preparation			5,140,000	5,140,000	133,000	5,140,000
Dams:						
Outlet works (exclusive of power)			799,000	799,000	171,000	358,000
Power intake works		$ 2,970,000		2,970,000		2,970,000
Structure and appurtenances			21,350,000	21,350,000	17,338,000	16,872,000
Auxiliary dam			2,452,000	2,452,000		1,458,000
Subtotal		2,970,000	24,601,000	27,571,000	17,509,000	21,658,000
Powerhouse, switchyard, and equipment		27,235,000		27,235,000		27,235,000
Roads, railroads, and bridges			1,043,000	1,043,000	1,043,000	1,043,000
Buildings, grounds, and utilities (1)			570,000	570,000	283,000	505,000
Permanent operating equipment			380,000	380,000	161,000	380,000
Total		30,205,000	56,945,000	87,150,000	34,350,000	73,460,000

(1) Includes minimum base facilities for protection of the project area and the accommodation or protection of the visiting public.