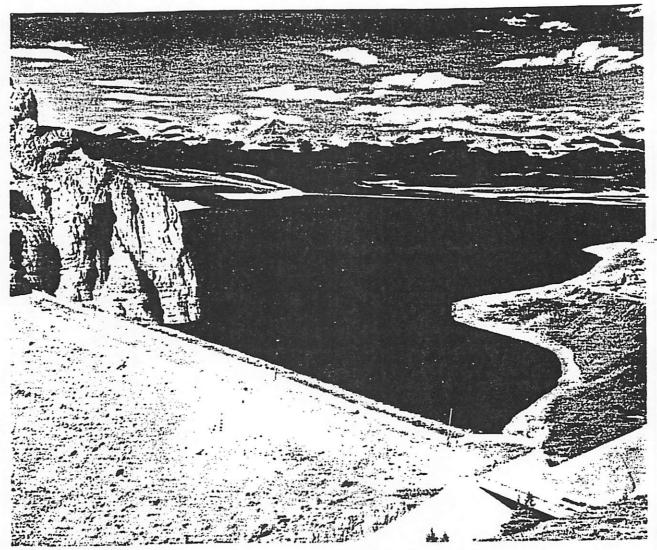
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Taylor Park Reservoir on headwaters of Taylor River.

Subordination of Curecanti Unit Rights

Rights for the Curecanti unit were granted by the State of Colorado to the Colorado River Water Conservation District with a priority date of November 13, 1957. These rights were assigned by the district to the United States in January 1962 subject to the condition that the unit would be developed and operated in a manner consistent with beneficial use of the waters in the Gunnison River Basin. In order that future developments in the Upper Gunnison Basin may be assured of rights to use of water, a form of contract has been developed for execution between the United States Government, the Upper Gunnison River Water Conservancy District, and water users in the upper basin subordinating the diversion and storage rights of the Curecanti unit to future developments upstream, both private and Federal, even though the rights of the upstream developments may be junior to

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the Curecanti unit right. The aggregate amount of upstream depletions for which the priority of the Curecanti right may be waived has not yet been determined. An upstream depletion of 60,000 acre-feet was allowed in the operation studies for the Curecanti unit in the determination of the water supply available for power generation.

Use of Curecanti Reservoir Storage

Special contracts would be required for use of storage in Curecanti reservoirs for developments above or below the reservoirs. Charges would be made for the storage but the rate for payments has not yet been determined. No payment would be required for depletions of the streamflow at Curecanti reservoirs from upstream developments unless storage space in the reservoirs were substituted for storage required upstream.

Possible Exchanges with Uncompangre Project

In the three plans outlined in this report water of the Uncompander project has been assumed to be available to the Upper Gunnison project on an exchange basis. In the comprehensive and intermediate developments water would be replaced to the Uncompander project from the Upper Gunnison project facilities while in the small development replacement would be made from the large storage reserves soon to be available in the Curecanti reservoirs. In all the plans considered the Uncompander project water users would continue to receive the same quantities of water and in the same pattern as in the past. Of course, no exchanges involving the Uncompander project could actually be made until prior agreements had been negotiated with the Uncompander Water Users Association which is responsible for administration of that project.

Although charges that would be made for use of replacement storage in Curecanti reservoirs have not yet been established, certain charges have been estimated for analyses of the small plan requiring use of the storage. These charges have been based on the actual costs of providing storage in Blue Mesa Reservoir and, for each acre-foot of active reservoir capacity, they amount to \$52 for construction, \$4 for interest during construction where applicable, and \$0.10 annually for operation, maintenance, and replacements. These estimated charges may be either higher or lower than those finally established. The estimated costs for use of replacement storage were included in the repayment analyses of the small plan and were considered a part of the project repayment obligation. The costs were excluded from the benefit-cost analyses, however, as they are considered sunk costs and therefore not properly a factor in the comparison of benefits and costs from future construction.

As additional studies are made in the Upper Gunnison Basin, further consideration will be required of the possible use of Uncompangre project

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water, the most desirable means of providing replacement storage, and the charges that would be required for replacement storage in Curecanti reservoirs if such storage is used. A study also will be needed of coordinated operation of Taylor Park and Curecanti reservoirs for power production. Such a study has not been made but indications are that coordinated operation would be beneficial to both the Upper Gunnison project and the Curecanti unit.

Upper Gunnison Project Water Rights

Conditional water rights for the Upper Gunnison project along with rights for the Curecanti unit were granted by the State of Colorado to the Colorado River Water Conservation District with a priority date of November 13, 1957. The project rights were later conveyed by the district to the Upper Gunnison River Water Conservancy District. The project rights were acquired for the development plans presented in the 1951 Gunnison River Project Reconnaissance Report. Additional filings or modifications of the previous filings may be necessary for the project plan as finally formulated and adopted. Water exchanges required for optimum project operation are permitted by Colorado law and, with the anticipated cooperation of the water users, could be arranged in a satisfactory manner.