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Jules: This is a letter sent to Rep. Therriault by Noah.
This is the stand that DNR took with the
Resource Committee also.

September 29, 1995

Representative Gene Therriault
P.O. Box 55326
North Pole, Alaska 99705

Dear Representative Therriault:

I appreciated the opportunity to meet with you to discuss DNR priorities for this coming session. I look forward to working closely with you during the session.

In response to your concerns regarding the administrative service fee for small scale agriculture water use and the affect the \$50.00 a year fee has on the agriculture community. The nominal \$50.00 a year fee was a reaction to legislative concerns (1992) over State spending and declining oil revenues. During the legislative hearings on DNR's proposed FY93 operating budget it became clear that the legislature wanted to cut general fund spending but still maintain services in the Division of Water. The legislature cut the Division of Water's general fund allocations in FY93 and increased their program receipt authority with the anticipation that the Division would increase its revenues by passing some of the cost to the water users. The increase in application fees, permit amendment fees, and the initiation of the Annual Administrative Service Fee were in direct reaction to that request.

As stated in previous letters to you the administrative service fee is a nominal fee based on services provided to only the larger water users. Some of these services include; permit and certificate file maintenance and updates, permit and certificate computer maintenance and updates, responding to complaints from the public, state, federal, and local government agencies regarding water use and misuse, tracking of permits and certificates and the collection of specific data such as water use records, stream gage data, well logs, well level records, as-built plans and specifications, and the maintenance of the data base for public and private use, assist the Department of Law with appeals to the Superior Court on water right and water resource management issues, pre-project review and assistance prior to the submittal of a water right application, examples: (AJ Mine, Kensington, Fort Knox, Beluga coal, Silver Lake Hydro, Grant Lake Hydro, Viewpoint Ventures Subdivision, Allison Lake Hydro, Golden View Subdivision, Etc.), coastal zone management reviews for consistency determinations, participate in site specific water resource planning and review (state area and management plans; federal land management plans; wildlife refuge plans; recreation plans; Kenai Peninsula Groundwater Task Force; Fairbanks Groundwater Task Force etc.), and conduct or assist in hydrologic and water use data collection for specific areas, not related to a water right request but to an area of water management concerns (Anchorage Hillside, Eagle River Valley, Chena Ridge, Auk Nu/Indian Cove, Nikiski, Anchor Point, etc.). A fact sheet on this fee is enclosed for your information.

In our review of the administrative service fee billing records, of the original 3164 water rights that were billed 234 had water use for agriculture purposes of over 1 acre foot (325,851 gallons) per year, but less than 4 acre feet (1.3 million gallons) per year. This represented over \$11,000 in fees, which is not an

insignificant amount when dealing with a budget that has seen a 65% reduction in its general funds since 1981. The Division of Water did not receive \$11,000 due to those who relinquished all or a portion of their water rights.

To date, the Division of Water has received voluntary water right relinquishments for agriculture purposes of 1,349 acre feet (439.6 million gallons) per year of water that was no longer being used. Your original letter to the Department on these fees concerned Mr. Gary Newman's objection to the fees. Mr. Newman was one of the individual water rights holders, who after reviewing his situation decided to relinquish his water rights because he had not used water for the purpose of irrigation for many years and was not willing to pay a fee just to hold on to a right he was not using. Mr. Newman's case is not unusual, many water rights holders, who were at one time using water but are no longer doing so, have relinquished a portion or all of their water rights and were thus removed from the billing role. The Department anticipated significant voluntary relinquishments of water rights because many no longer use the water. This is one of the benefits of the fee. These relinquishments allow the department to update its records and make the water relinquished available for other water users. The total quantity of water relinquished to date is over 33 billion gallons of water a year, and our administrative records for these larger water users have never been in better shape.

The problem with exempting additional water users from the fee is the definition of what a small quantity of water for agriculture purposes is? How would this also apply to the small scale miner, store owner, gas station owner, seafood processor, community water system, etc. Please keep in mind that the exemption of the \$50.00 fee doesn't exempt the cost of administering the water rights program. That work still needs to be done in the face of declining general fund authorizations. We continue to believe that those who directly benefit from the management of our water resources should pay at least some portion of the cost of this service. The overwhelming number of water rights holders who were subject to the fee did not object, and agreed the fee was reasonable.

Sincerely,

*Harry A. Noah
Commissioner*