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Connie Owen, Director

Laura Kelly, Governor

December 29, 2023

The Honorable Representative Sharice Davids  
2435 Rayburn House Office Building  
Washington, D.C. 20510

RE: United States Water Storage Contracts with the State of Kansas (DACW41-74-C-0081 & DACW41-77-C-0003)

Dear Representative Davids,

The State of Kansas seeks certain relief from financial obligations contained in two Water Storage contracts between the United States of America and the State of Kansas dated March 8, 1974 (DACW41-74-C-0081) and December 10, 1976 (DACW41-77-C-0003). Certain obligations contained in the agreements present a hardship to the State due to significant amounts of interest accruing following the end of the designated interest-free period as specified in the contract.

The 2022 Water Resources Development Act amended a water supply storage space contract between the United States and the City of El Dorado, Kansas. The amendment changed the method of calculation of interest charges from compounding interest annually to charging simple interest annually. The Water Storage contracts between the United States of America and the State of Kansas are identical in nature to the Water Storage contract between the United States and the City of El Dorado. The State of Kansas respectfully requests the same consideration concerning its Water Storage Contracts in Milford Lake and Perry Lake in the 2024 Water Resources Development Act.

#### **Current Policy Results in Significant Financial Impact to the State**

The table below highlights information of note in relation to the two aforementioned Water Storage contracts between the United States of America and the State of Kansas for Milford Lake and Perry Lake. Of note would be the future use storage contract compound interest to be accrued from the interest accrual start through the end of each of the respective contracts (Compound Interest Accrued) in comparison to the proposed simple interest amendment for those same Periods (Simple Interest Accrued w/Amendment). This requested WRDA amendment would yield a total interest payment savings to the State of Kansas of over \$41,000,000 with these two contracts.

	Milford Lake	Perry Lake
Future Use Storage Space	198,350 acre-feet	125,000 acre-feet
Interest Accrual Start Year	1977	1979
Interest Accrual End Year	2034	2041
Compound Interest Accrued	\$29,296,886	\$39,495,801
Simple Interest Accrued w/Amendment	\$12,940,020	\$14,491,781
<i>Total Interesting Savings</i>	<i>\$16,356,886</i>	<i>\$25,004,020</i>

## **Benefit for Municipalities, Industries, and Water Supply Districts**

This amendment would provide financial relief not only for the State, but also for municipalities, industries, and water supply districts that utilize this storage currently or will utilize it in the future. Some of the entities with current contracts for water supply storage include:

Junction City  
Manhattan  
Evergy – 3 power plants  
Topeka  
Hills Foods  
Futamura USA  
Lawrence

DeSoto  
Bonner Springs  
Olathe  
WaterOne  
Public Wholesale Water Supply District No. 25  
Suburban Water Co.  
VVF Ltd.

## **Draft Legislative Language**

SEC. \_\_\_\_ STATE OF KANSAS.

*(a) IN GENERAL.—The Secretary shall amend the contracts described in subsection (b) between the United States and the State of Kansas, relating to storage space for water supply, to change the method of calculation of the interest charges that began accruing on February 1, 1977, on the investment costs for the 198,350 acre-feet of future use storage space and on April 1, 1979, on 125,000 acre-feet of future use storage from compounding interest annually to charging simple interest annually on the principal amount, until—*

*(1) the State of Kansas informs the Secretary of the desire to convert the future use storage space to present use; and*

*(2) the principal amount plus the accumulated interest becomes payable pursuant to the terms of the contracts.*

*(b) CONTRACTS DESCRIBED.—The contracts referred to in subsection (a) are the contracts between the United States and the State of Kansas, for the use by the State of Kansas of storage space for water supply in Milford Lake, Kansas, entered into on March 8, 1974, and titled Contract DACW41-74-C-0081 and Perry Lake, Kansas, entered into on December 10, 1976 and titled Contract DACW41-77-C-0003.*

The Kansas Water Office respectfully requests and appreciates your support of this Water Resources Development Act request. Should additional information be helpful, please let us know.

Respectfully,



Connie Owen  
Director  
Kansas Water Office