Total annual benefits.—Total annual benefits evaluated above amount to $135.6 million.

Benefit-cost ratio

Utilizing the benefits which were evaluated above, and excluding any benefit from improved water quality, the project has a ratio of benefits to costs of 1.03 to 1.00 over a 100-year period of analysis at a 3¼ percent interest rate.

The benefit-cost ratio derived from the incremental costs and benefits associated with providing 200,000 acre-feet of water in excess of that required for the replacement of the Mexican Treaty requirements is 1.17 to 1.00.

Cost allocation

Costs of the augmentation plan were first allocated to (1) replacing the requirements of the Mexican Water Treaty and (2) providing additional water for use in the United States. These costs were distributed in proportion to the ultimate supply in each category; i.e., 90 percent to the Mexican Treaty obligation and 10 percent to use in the Lower Basin. The latter assignment was suballocated between purposes now being served in the Lower Basin based on historical use (85 percent irrigation and 15 percent municipal and industrial water). A summary of the cost allocation follows:

SUMMARY OF COST ALLOCATION

[In millions of dollars]

Purpose	Construction cost	Interest during construction	Total Federal investment	Annual O.M. & R.
Mexican Water Treaty	2,505	228	2,733	44.02
U.S. water supply:				
Irrigation	237	21	258	4.15
Municipal and industrial	42	4	46	.74
Total	2,784	253	3,037	[1] 48.91

[1] Includes sinking fund of $19,600,000 for replacing nuclear desalting facilities after 30-year life.

Repayment Analysis

For the purposes of this study, all costs allocated to the Mexican Treaty obligation are considered nonreimbursable; the remainder are treated as reimbursable costs to be returned by the Development Fund. In accordance with Reclamation repayment policy, investment costs allocated to M&I are to be repaid with interest at the current rate of 3.253 percent; construction costs allocated to irrigation are repaid without interest. Repayment of facility costs is to be accomplished within the service life of the facility or 50 years, whichever is shorter, after the completion of each facility. Reimbursable and nonreimbursable costs are shown in the following tabulation.

SUMMARY OF REIMBURSABLE AND NONREIMBURSABLE COSTS

[In millions of dollars]

	Construction cost	Interest during construction (3.253 percent)	Total for repayment
Reimbursable:			
U.S. water supply:			
Irrigation	237		237
Municipal and industrial	42	4	46
Subtotal	279	4	283
Nonreimbursable: Mexican Water Treaty	2,505		
Total	2,784	4	283