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Milk River Dam Not Economically Viable

Shirley Bray, *WLA* Editor

An October 2003 draft of the Preliminary Feasibility Study for the Milk River dam shows a low benefit/cost ratio, indicating that the dam is not economically feasible. Benefit/cost ratios are even lower for the off-stream storage options. The October draft was circulated to a variety of government departments for review and comment. It was then sent back to the consultant for revision. The final report was completed in December 2003 and is being reviewed by the Minister and Deputy Ministers in Alberta Environment. It will be made public in late spring.

In the October 2003 draft, construction costs were calculated to be between $106 M and $123 M for the Forks Site alternatives with a benefit/cost ratio of 0.53 to 0.54. Construction costs for off-stream sites varied from $35.9 M to $64.6 M with benefit/cost ratios from 0.27 to 0.37. For a project to be economically viable the benefit/cost ratio should be greater than 1. There is a rumour that the target ratio for the on-stream site is 0.85. It will be interesting to see if such a large revision has been made in the final report.

The possibility of a dam on the Milk River has surfaced several times, especially when southern Alberta has experienced a severe drought. It has been driven by the need for a reliable supply of water for local communities, but also to enhance the potential for future development, particularly for irrigation, in the region, even though irrigation is not a recommended practice for a region with growing aridity.

In the previous 1986 study the Prairie Farm Rehabilitation Administration (PFRA) identified a preferred site for the dam known as the Forks Site for on-stream storage and evaluated three alternative reservoir levels. The current study reassesses and updates the 1986 PFRA designs for the three alternatives at the Forks Site and identifies environmental and historical resources concerns, and evaluates the various costs and benefits. It also assesses the feasibility of four off-stream storage sites, including Shanks Lake, Lonely Valley, Verdigris Lake and MacDonald Creek.

Alberta Wilderness Association
Box 6398, Station D,
Calgary, AB T2P 2E1
Phone: (403) 283-2025 Fax:(403) 270-2743