

May 27, 2026

Cost Reimbursement Processing – Consultant Viewpoint



Andrew B. Dunn
LG, LHG, CWRE



3rd Annual - Water Law in Eastern Washington

Outline

- Cost Reimbursement Steps
 - Coordinated
 - Standard
- Phase I – Preparation for Processing
- Phase II – Actual Application Processing
- Before you Start
- Pros and Cons
- When to Use It



Coordinated Cost Reimbursement



- Coordinated effort by Ecology to get all applications within a source of supply processed.
 - Lake Chelan Coordinated Cost Reimbursement Program
 - Recently completed Batch 4 – Approximately 10 applications per batch.
 - Batch 5 will likely start soon in 2026
- Cost Reimbursement Consultant is under a work assignment from Ecology.
- Applicants pay Ecology to process their own application, and Ecology passes money through to the Cost Reimbursement Consultant to pay for the application processing.

Standard Cost Reimbursement Steps



- Applicant submits a complete water right application to Ecology.
- Applicant and Ecology enter into a cost reimbursement agreement (CRA).
- The cost reimbursement agreement will either be Phase I or Phase 2.
 - For Phase I - Cost Reimbursement Consultant prepares a pre-processing report.
 - For Phase II - Cost Reimbursement Consultant processes the water right application.
- Ecology reviews all work done by the Cost Reimbursement Consultant and ultimately makes any final decisions.

Cost Reimbursement – Phase I



- Analyzing the facts surrounding a water right application to determine if it can be processed (typically only utilized for new applications).
 - What is the source of supply?
 - Are there any senior water right applications requesting water from the same source of supply that need to be processed first?
 - What laws or rules apply to the processing of the application?
 - Is an approval feasible?
 - Report is prepared by the Cost Reimbursement Consultant for Ecology's review.

Cost Reimbursement – Phase II



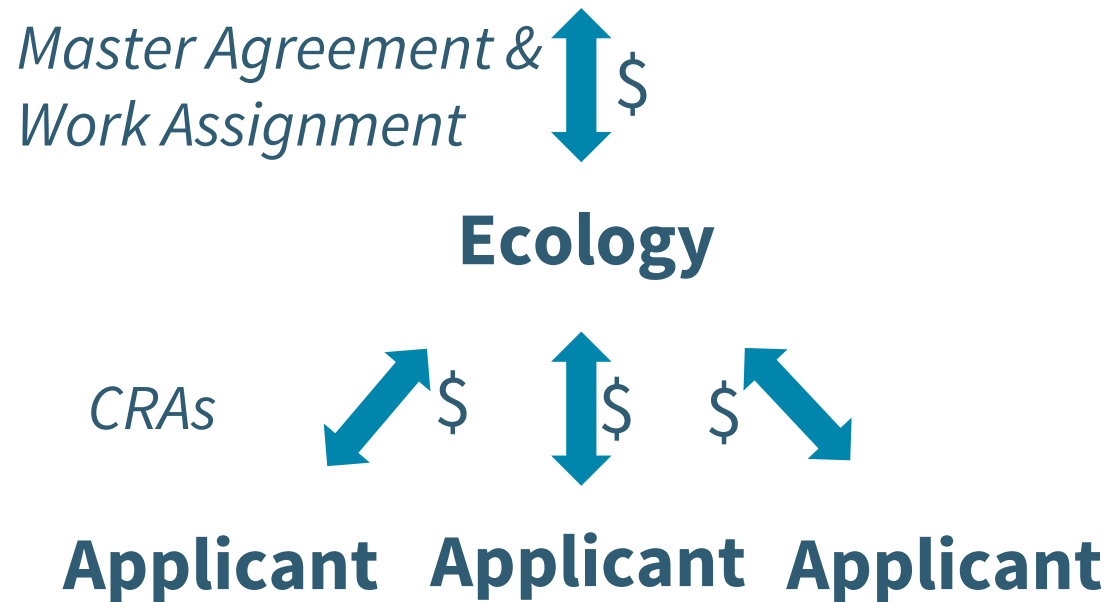
- Using a consultant from Ecology’s pool to process your water right application, and any senior water right applications from the same source of supply which must also be acted upon.
 - Consultant is responsible to process the water right application(s), same as if they were an Ecology employee.
 - Prepare the public notice
 - Review the public notice affidavit
 - Solicit comments from WDFW
 - Perform a site visit
 - Draft the report of examination
 - Ecology reviews all work and has final decision-making authority on the application(s).

Cost Reimbursement Differences



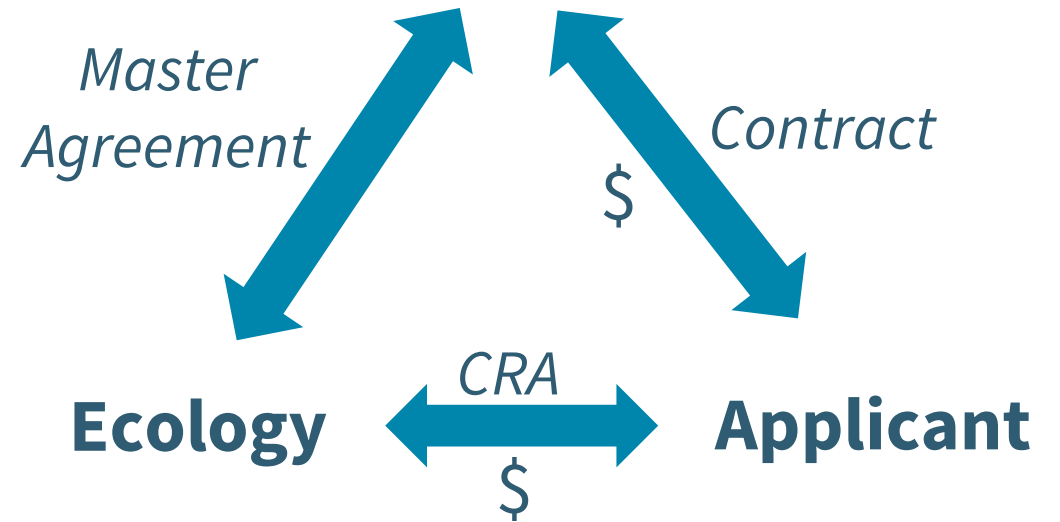
Coordinated Cost Reimbursement

Cost Reimbursement Consultant



Standard Cost Reimbursement

Cost Reimbursement Consultant



Before you Request Cost Reimbursement

- Request a Pre-application Consultation with Ecology
 - Identify opportunities and issues



Cost Reimbursement - Pros



- Provides a pathway for an application to be processed in a “reasonable” amount of time.
- Efficiency - if your consultant is in the pool, you can have the same consultant do everything from start to finish on a water right application.
- No Ecology application fee.



Cost Reimbursement - Cons



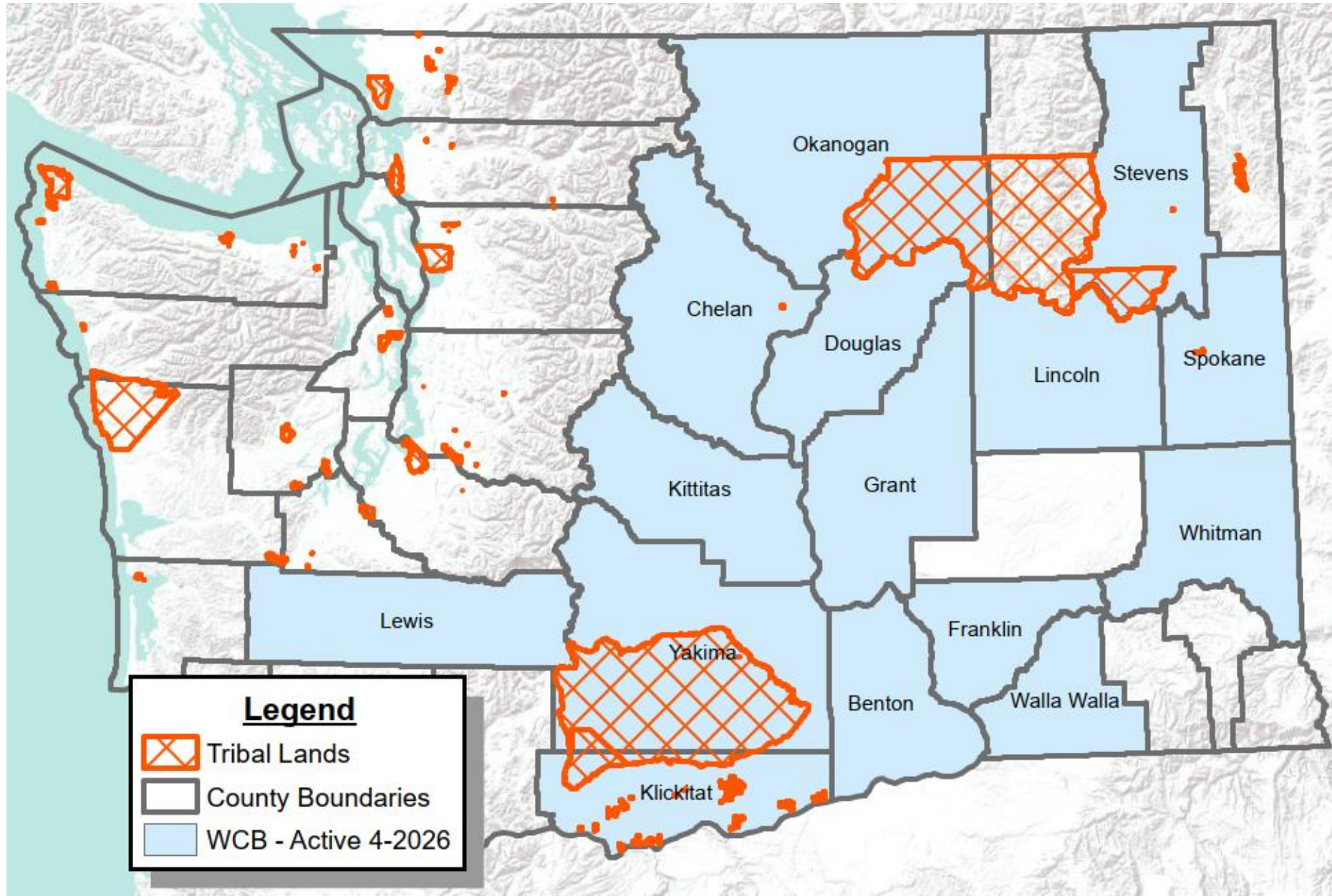
- Overall, likely the most expensive pathway.
- Ecology's costs have gone up considerably in recent years.
- Ecology can terminate the CRA “for convenience”.
- For new applications, senior water right applications, in the same source of supply, need to be processed before your application, at your cost.
- No statutory deadline for Ecology review of submitted draft ROEs. So, the process can still take longer than desired.
- The applicant is responsible for covering costs to defend any appeal.
 - Includes appeals by third parties and possibly appeals by the applicant.

Cost Reimbursement - When to Use It



- When you need a new water right application processed, and Ecology is not actively processing applications in your area.
 - Diversionary (surface water or groundwater)
 - Storage
- When you need a change application processed and there is no water conservancy board available in your county.
- When you need a change application processed that falls outside of the jurisdiction of a water conservancy board.
 - The original or proposed water right attributes fall within the boundary of a federal Indian reservation. RCW 90.80.055(2)
 - Quincy Basin artificially stored groundwater permits.

Conservancy Boards and Tribal Lands



Questions?

Andy Dunn

adunn@rh2.com

(425) 780-8619 cell



Molly



Unrelated Pop Quiz Question 1

- Question: What is the name of this hydroelectric project?



Unrelated Pop Quiz Question 1

- Question: What is the name of this hydroelectric project?
- Answer: Boundary Hydroelectric Project



Unrelated Pop Quiz Question 2

- Question: What river is the Boundary Hydroelectric Project located on?



Unrelated Pop Quiz Question 2

- Question: What river is the Boundary Hydroelectric Project located on?
- Answer: Pend Oreille River



Unrelated Pop Quiz Question 3

- Question: What are the lighter colored power poles jutting out from the top of the cliff referred to in the upper right of the photo?



Unrelated Pop Quiz Question 3

- Question: What are the lighter colored power poles jutting out from the top of the cliff referred to in the upper right of the photo?
- Answer: The Pickle Forks

