November 1, 1979

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DISCOUNT RATE SET AT 7 1/8 PERCENT

Leo M. Eisel, Director of the U.S. Water Resources Council, announced that the interest rate to be used by Federal agencies in formulating and evaluating plans for water and related land resources is 7 1/8 percent for the period October 1, 1979, through November 30, 1980.

The new discount rate was published in the Federal Register on Monday, October 29, 1979. The notice is shown below:

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WATER RESOURCES COUNCIL

Principles and Standards for Planning Water and Related Land Resources, Change in Discount Rate

Notice is hereby given that the interest rate to be used by Federal agencies in the formulation and evaluation of plans for water and related land resources in 7 1/8 percent for the period October 1, 1979, through and including September 30, 1980.

The rate has been computed in accordance with Chapter IV, D. "The Discount Rate" in the "Standards for Planning Water and Related Land Resources" of the Water Resources Council, as amended (39 FR 29242), and is to be used by all Federal agencies in plan formulation and evaluation of water and related land resources projects for the purpose of discounting future benefits and computing costs, or otherwise converting benefits and costs to a common time basis.

The Department of the Treasury on October 18, 1979, informed the Water Resources Council pursuant to Chapter IV, D. (b) that the interest rate would be 8 1/4 percent based upon the formula set forth in Chapter IV, D., (a): " ... the average yield during the preceding Fiscal Year on interest-bearing marketable securities of the United States which, at the time the computation is made, have terms of 15 years or more remaining to maturity ..." However, Chapter IV, D., (a) further provides " ... that in no event shall the rate be raised or lowered more than one-quarter of one percent for any year." Since the rate in Fiscal Year 1979 was 6 3/4 percent (42 FR 50232), the rate for Fiscal Year 1980 is 7 1/8 percent.


Gerald D. Seinwill,
Acting Director.

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