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THE UTAH WATER MARKET

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ABSTRACT: Markets are shaped by institutions as they attempt to efficiently allocate scarce resources such as water. The Utah water market, like many Western states, has at its institutional origin mutual irrigation companies attempting to efficiently allocate water. Over time these irrigation companies were joined by myriad quasi-government agencies buying water for growing municipalities. While a few select municipalities succeeded in financing their own water acquisition and development projects, the majority struggled to shore up needed supply. As a result, Utah created special water conservancy districts to interact with the Bureau of Reclamation on water development projects. The conservancy districts slowly assumed the role of wholesale water provider, which forever changed the dynamics of the water market. The Utah water market is analyzed based on a statewide analysis of over 500 transactions which include price, quantity, location, buyer type (public or private), and seller type. The institutional interactions underlying the Utah water market create an intriguing case study on the evolution of market structure and efficiency over the past fifty years.

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