



State of Idaho

DEPARTMENT OF WATER RESOURCES

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C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

July 29, 2014

Steve Gravis
Byron Allen
McCammon Ditch Co.
PO Box 297
McCammon, ID 83250

Re: Appeal of Water Supply Bank Lease and Rental – Water Rights 29-51 and 29-11277

Dear Messrs. Gravis and Allen:

I reviewed the McCammon Ditch Company's ("McCammon") letter dated July 2, 2014 requesting an appeal of the "lease" of 10.5 cfs of water rights 29-51 and 29-11277 held by Portneuf Irrigating Co. ("PIC" or "Lessor") to the Portneuf Marsh Valley Canal Co. ("PMV" or "Rentor"). The Idaho Department of Water Resources ("Department") received your request by facsimile on July 7, 2014. You appealed the "lease" pursuant to Idaho Code § 42-1766. Your letter states that you are "appealing the lease on the basis that it interferes with our normal decreed water rights 29-57, 29-58, which are senior to any of Portneuf Marsh Valley Canal Co. rights"

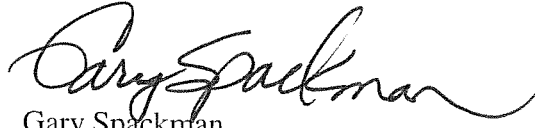
The lease and rental of the above referenced rights is a normal water supply bank transaction. In this case, PIC deposited or "leased" 10.5 cfs of its water rights in the bank and PMV rented that same water for use in its canal and delivery area. More specifically, the lease/rental allows PMV to divert 10.5 cfs under PIC's senior right, 29-51, while PIC's diversion under the same right is reduced by 10.5 cfs. I am aware that the PIC and PMV share a common canal heading so the transaction only changes the place of use of the water rights. Please note that water supply bank rentals do not change the priority of the water rights or portions thereof that are leased to the bank. In other words, PMV is authorized to divert PIC's 10.5 cfs of right 29-51 and retain the March 27, 1889 priority date of the right. The rental of a water right from the bank does not advance the priority to a more junior priority date, nor does the rental require that the rented water right is the last right to fill during regulation. Such a restriction in priority or use of the rented water right would essentially defeat the purpose of the water supply bank.

I understand that Mr. Gravis recently spoke to Department representative Tim Luke regarding the status of McCammon's appeal. Mr. Luke advised me that McCammon may not have understood that water right priority dates do not change upon lease to and rental from the water supply bank. Mr. Luke further advised me that Mr. Gravis stated that McCammon would not proceed with its' appeal given McCammon's current and improved understanding of this matter. Please contact me or Mr. Luke immediately if my understanding is incorrect or if McCammon wishes to pursue an appeal of the water supply bank lease and rental.

Messers. Gravis and Allen
July 29, 2014
Page 2

Thank you for your interest in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Spackman". The signature is fluid and cursive, with the first name "Gary" and last name "Spackman" clearly distinguishable.

Gary Spackman
Director

cc: IDWR Eastern Regional Office
Remington Buyer, IDWR
Steve Hebdon, Water District 29 Watermaster

July 2-14

McCammon Ditch Co.

Attn: Gary Spackman - Director IDWR

Appeal of Water Supply Storage Bank "Lease"
 of Portneuf Irrigating Company, right #s.
 29-51, 29-11277 leased to Portneuf Marsh
 Valley Canal Co. right #s 29-4060, 29-589,
 29-83, 29-13317.

McCammon Ditch Co. is appealing the "lease" on
 the bases that it interferes with our normal
 decreed water rights #s 29-57, 29-58,
 which are senior to any of Portneuf Marsh
 Valley Canal Co.'s rights.

This subordination by a junior user
 causes us a sever injury by reducing our
 priority by 10.5 c.f.s., Injury began on
 June 30, we have been below 50 c.f.s.
 since June 25 and was at 23 c.f.s.
 on July 1-14. This loss of water severely
 impacts us to try to maintain growth of
 many crops.

Our appeal is based upon Idaho Code
 42-1766 and any other which may apply.

We would seek a curtailment or revoke
 the delivery of the above "lease agreement"
 immediatly.

Contact with us may be made by:

Mail;

McCammon Ditch Co
 P.O. Box 297
 McCammon, Id. 83250

Ph.

Byron Allen Pres.	208-254-3493
all	208-1340-1340
Steve Gravis V. Pres.	208-241-7278

Fax to
 IDWR
 Attn: Gary Spackman
 (208) 287-6700

Byron Allen, Pres.
 MDC.

cc: Tim Luke
 Remington