

Before the Idaho Water Resource Board

## WATER SUPPLY BANK RENTAL AGREEMENT

The Idaho Water Resource Board ("Board") being authorized to operate a Water Supply Bank ("bank") and to contract by and through the Director of the Idaho Department of Water Resources ("Director") for rental of water from the bank agrees to rent water as follows:

1. Renter: Idaho Power Company
2. Address: PO Box 70, Boise, ID 83707
3. Source of water: Snake River
4. Volume of water rented: Estimated volume of 78,759.9 af (based on total of 26,253.3 dried acres times 3.0 afa/yr).

Max rate: Estimated diversion rate of 62 cfs to 284 cfs

5. Diversion period: 2004 irrigation season
6. Use of water: Hydropower at Hells Canyon Complex
7. a) Renter's point of diversion:  
Legal description: Brownlee, Oxbow, and Hells Canyon Projects  
b) Renter's place of use:  
Legal description: NA
8. The right from which water will be rented is: See Attachment: Summary of Rentals

**SUPPORT DATA**

The U.S. Bureau of Reclamation (Reclamation) and Bonneville Power Administration agree to pay the Lessors identified on the attached list, a price per acre as specified in individual agreements between Reclamation and the Lessors (agreements). The agreements provide that one half of the estimated payment will be made on or about July 30, 2004, and one half will be after the irrigation season has ended and verification of compliance with the agreements is complete. The Idaho Department of Water Resources (IDWR) shall comply with the payment scheme specified in the individual agreements between Reclamation and the Lessors. Prior to making payment to the Lessors, IDWR will invoice Reclamation for the payment plus the associated ten percent (10%) for the Water Administration Account.

Reclamation and Bonneville Power Administration agree to use the water in compliance with the Water Supply Bank rules and in compliance with the conditions of water use shown below:

Conditions of water use under this agreement

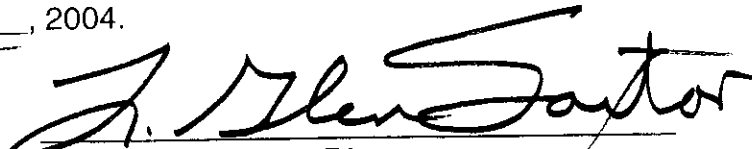
1. The use of water under this agreement shall be subject to the provisions of Section 42-1766, Idaho Code.
2. Rental of the right(s) from the bank is contingent upon a determination that the acres associated with the rental application have a valid Snake River water right(s), and that they qualify for payment as provided in Contract number 1425-04-WL-10-0023 (Contract) between Reclamation and IDWR to Implement the Rental of Water Rights Under the Pilot Program for Leasing of Snake River Natural Flow Water Rights for 2004 (Program).
3. Acceptance of a right into the bank does not confirm the validity of the right or any elements of the water right.
4. Rental of the right(s) from the bank shall be from May 1, 2004 to November 15, 2004, and the right(s) will be considered released from the bank on December 31, 2004.
5. Use of water under this agreement does not constitute a dedication of the water to renter's use and upon expiration of this agreement, the points of diversion and place of use of the water shall revert to its original points of diversion and place of use and/or again be available to rent from the bank.
6. Renter agrees to comply with Water Supply Bank Rules while using water under this agreement.
7. Renter agrees to hold the Board, the Director and the state of Idaho harmless from all liability on account of negligent acts of the renter while using water.

8. Renter acknowledges and agrees that the Director may terminate diversion of water if the Director determines there is not a sufficient water supply for the priority of the right or portion thereof being rented.
9. This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.

Dated this 24<sup>th</sup> day of July, 2004.

by   
for Idaho Power Company

Having determined that this agreement satisfies the provisions of Section 42-1763, Idaho Code, and, IDAPA 37.02.03030 (Water Supply Bank Rule 30), for the rental and use of water under the terms and conditions herein provided, and none other, I hereby execute this Rental Agreement on behalf of the Idaho Water Resource Board this 23<sup>rd</sup> day of July, 2004.

  
for KARL J. DREHER, Director  
Department of Water Resources

**2004 PILOT LEASING PROGRAM FOR LEASING OF SNAKE RIVER  
NATURAL FLOW WATER RIGHTS  
RENTAL OF WATER FROM THE WATER SUPPLY BANK  
SUMMARY OF RENTALS FROM THE WATER SUPPLY BANK**

| LESSOR                                     | AGREEMENT BETWEEN LESSORS AND USBOF <sup>1</sup> |                                |                            | Estimated Total<br>Payment<br>by Reclamation | RENTED<br>WATER<br>RIGHT(S)                                                          |
|--------------------------------------------|--------------------------------------------------|--------------------------------|----------------------------|----------------------------------------------|--------------------------------------------------------------------------------------|
|                                            | Agreement No.                                    | Contracted Idled<br>Acres (ac) | Payment Rate<br>(price/ac) |                                              |                                                                                      |
| Bell Rapids Mutual Irrigation Co.          | 1425-04-WL-10-00012                              | 2405.9                         | \$150.00                   | \$360,885.00                                 | 2-10205                                                                              |
| Bergh Farms                                | 1425-04-WL-10-0004                               | 477.6                          | \$139.50                   | \$66,625.20                                  | 2-2159, 2-2354, 2-7184, 2-7229,<br>2-7284                                            |
| Clover Hollow, LLC.                        | 1425-04-WL-10-0002                               | 3122.4                         | \$139.00                   | \$434,013.60                                 | 2-2386, 2-2387, 2-2388, 2-7148                                                       |
| Dirks, Robert                              | 1425-04-WL-10-0007                               | 185.7                          | \$149.00                   | \$27,669.30                                  | 2-2279, 2-7012                                                                       |
| Falcon Butte Farms, Inc.                   | 1425-04-WL-10-0004                               | 4072.2<br>197.0                | \$111.50<br>\$134.50       | \$480,546.80                                 | 2-2249, 2-2250, 2-2251, 2-2252,<br>2-2253, 2-2254, 2-2255, 2-2256,<br>2-2361, 2-7001 |
| Farm Development Corp.                     | 1425-04-WL-10-00013                              | 123.6                          | \$150.00                   | \$18,540.00                                  | 2-2371, 2-2372                                                                       |
| Grindstone Butte Mutual<br>Canal CO        | 1425-04-WL-10-00011                              | 5856.3                         | \$150.00                   | \$878,445.00                                 | 2-2262                                                                               |
| Huey Farms, Inc.                           | 1425-04-WL-10-0006                               | 589.9                          | \$149.00                   | \$87,895.10                                  | 2-2361, 2-7001                                                                       |
| Kitsos, Constantine                        | 1425-04-WL-10-00018                              | 52.3                           | \$150.00                   | \$7,845.00                                   | 2-2145, 2-7144                                                                       |
| Little Valley Mutual Irrigation<br>Company | 1425-04-WL-10-00016                              | 814.6                          | \$150.00                   | \$122,190.00                                 | 2-2443, 2-7030, 2-7068                                                               |
| Mills, James                               | 1425-04-WL-10-00017                              | 258.3                          | \$150.00                   | \$38,745.00                                  | 2-7076, 2-7132                                                                       |
| Montierth, Herbert, Edward Ray &<br>Susan  | 1425-04-WL-10-00018                              | 729.7                          | \$149.00                   | \$108,725.30                                 | 2-2198, 2-2191                                                                       |
| Murphy Flats Water Company, Inc.           | 1425-04-WL-10-00018                              | 537.9                          | \$150.00                   | \$80,685.00                                  | 2-2361, 2-2370, 2-7001                                                               |
| Rosti, Martha                              | 1425-04-WL-10-00010                              | 111.4                          | \$150.00                   | \$16,710.00                                  | 2-2194A, 2-2194B                                                                     |
| Sailor Creek Water<br>Company              | 1425-04-WL-10-0009                               | 870.8                          | \$150.00                   | \$130,620.00                                 | 2-2186, 2-2204, 2-2206, 2-2214,<br>2-2215, 2-2217, 2-2218                            |
| South Elmore Irrigation<br>Company         | 1425-04-WL-10-0005                               | 4883.9                         | \$140.00                   | \$683,746.00                                 | 2-2210, 2-2269, 2-2367                                                               |
| TLK Farms, Inc.                            | 1425-04-WL-10-0003                               | 573.4                          | \$140.00                   | \$80,276.00                                  | 2-2379                                                                               |
| Young, Roger                               | 1425-04-WL-10-00014                              | 390.4                          | \$150.00                   | \$58,560.00                                  | 2-2298, 2-2376, 2-7182                                                               |
| <b>TOTALS:</b>                             |                                                  | <b>26253.3</b>                 |                            | <b>\$3,682,722.30</b>                        |                                                                                      |

<sup>1</sup> The "Agreement" represents the Water Rental and Forbearance Agreement entered into between the United States Bureau of Reclamation (Reclamation) and the individual Lessors. The **Contracted Acres Idled** and the **Payment Rate** represent the number of acres to be idled and the payment per acre agreed upon between the Lessors and Reclamation. The **Estimated Total Payment by Reclamation** is based on the Contracted Idled acres times the Payment Rate.