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MAY 31 2005

Department of Water Resources

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: United Water Idaho Inc.
- 2 Address: PO Box ¹⁹⁰⁴²⁰~~7488~~, Boise ID ⁸³⁷¹⁹⁻⁰⁴²⁰~~83707-1488~~ *J.P.W.*
- 3 Source of water: Boise River
- 4 Use of water: Municipal
- 5 The right from which water will be rented is 63-148C under four separate leases to the bank
- 6 a) Renter's point of diversion:

Legal description: Lot 6, NWNE Section 4, T2N, R3E, B.M., Ada County

- b) Renter's place of use:

Legal description: Within service area of United Water Idaho as provided under Idaho law. The place of use is generally described as within the City Limits of Boise and the surrounding service area.

- 7 Quantity of water rented:

Irrigation Season	Diversion Period	Diversion Rate (cfs)	Maximum Diversion Volume (acre-feet) *	Irrigated Acres	Annual Rental Fee
2005	April 1 to Nov 15	4 cfs	1,440 af	200 ac	\$15,840 00
2006	April 1 to Nov 15	3 cfs	1,080 af	150 ac	\$11,880 00
2007	April 1 to Nov 15	2 cfs	640 af	100 ac	\$7,040 00
2008	April 1 to Nov. 15	1 cfs	320 af	50 ac	\$3,520.00

* Diversions are subject to reductions under the Stewart Decree

The fee for rental of the water under water right 63-148C is described above. The annual payment for diversion of water during the 2005 irrigation season shall be received by the Department of Water Resources ("department") prior to execution of this agreement. Annual payments for the diversion of water during all subsequent irrigation seasons shall be received by the Department prior to April 1, the start of the irrigation season, each year for the duration of the rental period. The agreement will be void if the payment is not received in a given year. The renter agrees to use the water in accordance 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 Consumptive use of water under this agreement is limited to the consumptive irrigation requirement recognized by the department of 3.5 acre-feet per acre per year.
- 2 Water right 63-148C is designated as number 16 in the Boise River water master's records and the Stewart Decree. Rental of water under this right is subject to reductions under the Stewart Decree.
- 3 The rate of diversion when combined with all other water rights for the same land shall not exceed 0.02 cfs for each acre of land.
- 4 The use of water under this agreement shall be subject to the provisions of Section 42-1766, Idaho Code.
- 5 Rental of the specified right from the bank does not, in itself, confirm the validity of the right or any elements of the water right, or improve the status of the right including the notion of resumption of use. It does not preclude the opportunity for review of the validity of this water right in the ongoing Snake River Basin Adjudication or any other department application process.
- 6 The authorized diversion volume under this agreement is based on volume reported by the lessor and may be subject to change based on historical diversion of water under the right.
- 7 In the event that continued water use is not authorized, the renter agrees to hold the Board, the Director and the state of Idaho harmless from any claim for reimbursement or expenses associated with rental of water, or the development of new and supplemental water uses.
- 8 Use of water under this agreement shall not prejudice any action of the Department in its consideration of a permanent application for transfer filed by the applicant for this same use.

- 9 Use of water under this agreement does not constitute a dedication of the water to renter's place of use and upon expiration of this agreement, the points of diversion and place of use of the water shall revert to those authorized under the water right and/or again be available to rent from the bank
- 10 Renter agrees to comply with all applicable state and federal laws while using water under this agreement
- 11 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
- 12 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.
- 13 This rental agreement does not grant any right-of-way or easement to use the diversion works or conveyance works of another party
- 14 Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind rental agreement

Dated this 10TH day of MAY, 2005

by  VICE PRESIDENT
for UNITED WATER IDAHO

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 31 day of MAY, 2005


KARL J. DREHER, Director
Department of Water Resources