

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

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 24th day of July, 2004.

by [Signature]
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 23rd day of July, 2004.

[Signature]
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 ¹			Estimated Total Payment by Reclamation	RENTED WATER RIGHT(S)
	Agreement No.	Contracted Idled Acres (ac)	Payment Rate (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-10-00004	477.6	\$139.50	\$66,625.20	2-2159 2-2354 2-7184 2-7229 2-7284
Clover Hollow, LLC	1425-04-WL-10-00002	3122.4	\$139.00	\$434,013.60	2-2386 2-2387 2-2388 2-7148
Dirks, Robert	1425-04-WL-10-00007	185.7	\$149.00	\$27,669.30	2-2279 2-7012
Falcon Butte Farms, Inc.	1425-04-WL-10-00004	4072.2 197.0	\$111.50 \$134.50	\$480,546.80	2-2249 2-2250 2-2251 2-2252 2-2253 2-2254 2-2255 2-2256 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 Canal CO	1425-04-WL-10-00011	5856.3	\$150.00	\$878,445.00	2-2262
Huey Farms, Inc.	1425-04-WL-10-00006	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 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 & 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
Rostli, Martha	1425-04-WL-10-00010	111.4	\$150.00	\$16,710.00	2-2194A 2-2194B
Sailor Creek Water Company	1425-04-WL-10-00009	870.8	\$150.00	\$130,620.00	2-2186 2-2204 2-2206 2-2214, 2-2215, 2-2217, 2-2218
South Elmore Irrigation Company	1425-04-WL-10-00005	4883.9	\$140.00	\$683,746.00	2-2210 2-2269 2-2367
TLK Farms, Inc.	1425-04-WL-10-00003	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
TOTALS:		26253.3		\$3,682,722.30	

¹ 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.