

**Roberts, Christine**

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**From:** Luke, Tim  
**Sent:** Monday, August 14, 2006 10:48 AM  
**To:** Roberts, Christine  
**Subject:** FW: Summary of verbal conversation

Chris, e-mail address for Connely Baldwin  
Tim

-----Original Message-----

**From:** Baldwin, Connely [mailto:Connely.Baldwin@PacifiCorp.com]  
**Sent:** Monday, August 07, 2006 4:12 PM  
**To:** Luke, Tim  
**Cc:** Bornemeier, Doug; Conder, Claudia; Holt, Kelly  
**Subject:** Summary of verbal conversation

Tim,

Please find below a summary of our verbal conversation on August 3, 2006. Please add or correct as you see fit. Marc Gibbs indicated today (verbally) that Jerry Brown has resigned as Secretary/Treasurer and that the state of Idaho does not want storage water payments/charges to be combined with the natural flow assessment budget. This is at odds with what I understood from our conversation. Hence, I have summarized our conversation.

Regards,  
Connely

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Tim called Connely to indicate that Pete called him to say that he had "no money to put gas in his truck." Connely relayed Jerry's explanation of a event that may have prompted Pete's call. Jerry's secretary recently inadvertently sent Pete two expense checks for about \$600 each instead of one expense check and one salary check (for \$3,500). Connely said that he thought Jerry had rectified the situation, but he was not sure. However, Connely explained that Pete was most likely calling about a the deduction from his regular expense payments to account for a 13,250 advance for expenses]. Connely indicated that the ultimate issue for PacifiCorp is the documentation of expenses to make sure that only valid expenses are paid for and that Tim needed to understand some of the background for Pete's concerns to make sense to him. Connely related the following:

PacifiCorp negotiated a salary with Pete and indicated a desire for reporting mileage and a log activities. Connely also explained the recent events to him in a simplified version as well as the natural flow v. storage water expenses (natural flow: salary + expenses; storage water: salary + 1/4 of natural flow expenses). Connely indicated the negotiated salary and agreement with Pete and he indicated that he and other water masters aware of the situation considered Pete to have negotiated a very favorable and fair salary alone, (even without knowledge of the expense arrangements that Connely explained later).

Connely also explained that historically only the natural flow amounts were shown on the budget, but that the storage water salary was shown on the year-end financial summary. The storage water expenses (equal to 1/4 of natural flow expenses) were historically paid separately directly to Pete by PacifiCorp,

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but that this year the amount was paid to the water district. Connely explained the situation that this amount \$13,250 was advanced to Pete soon after the assessment was paid and that Jerry was deducting a certain amount each month to cover this, but still paying about \$600 in expenses, even though he wasn't collecting documentation of expenses.

Connely was unable to adequately clarify for Tim the "budget" v. "non-budget" issue (Connely sent Tim an organized summary of the amounts on 7 August 2006 to clarify it). Tim indicated that this is an important issue and that the official budget form for Water District 11 has not yet been submitted and that he was unable to obtain the 2006 budget directly from Jerry. Connely sent Tim a copy of the budget he had received from Jerry, but told Tim that he was unsure if it was the "official" budget used for the assessments.

Tim indicated that he told Jerry sometime last year that all salary and expenses for delivering water should be included in the water district budget - even storage water delivery salaries and expenses. Tim explained a potential alternate way of treating the storage water expense. To wit, that the natural flow and storage water charges should be divided based on the amount of water delivered (using Idaho's Bear River water accounting model) to each user. PacifiCorp would be responsible for the storage water deliveries to all irrigators (due to the contract arrangements) and other users would be responsible for their own natural flow water. This led to a discussion of consumptive v. non-consumptive rights.

Tim and Connely discussed the disproportionate amount of money paid by PacifiCorp in WD 11. This is a unique situation and Tim indicated that there is flexibility in the statute that allows non-consumptive water uses to be treated differently. Connely concurred that that was my reading of the statute and that in Connely's interviews with other water masters in Idaho (to determine an appropriate salary for Pete) that no other non-consumptive user paid as much as PacifiCorp (even when disregarding the storage water payments).

**Connely Baldwin**

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