



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 ...."

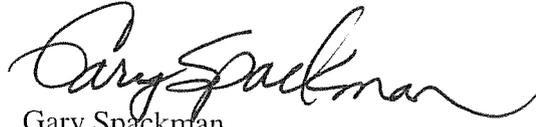
The lease and rental of the above referenced rights is a normal water supply bank transaction. In this case, PIC deposited or "leased" 10.5 cfs of its water rights in the bank and PMV rented that same water for use in its canal and delivery area. More specifically, the lease/rental allows PMV to divert 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.

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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 a long, sweeping tail on the final letter.

Gary Spackman  
Director

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

