

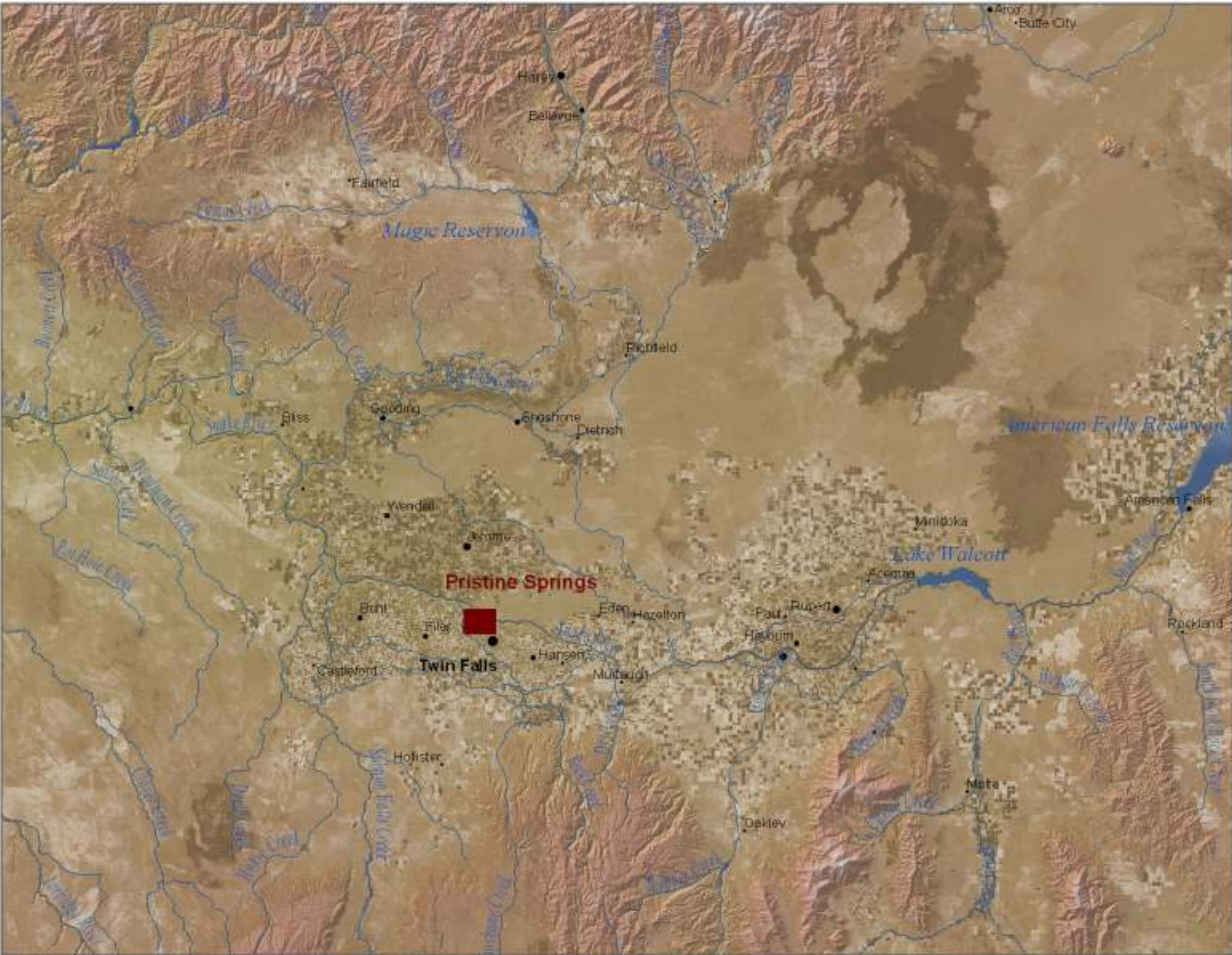


PRISTINE SPRINGS ACQUISITION

An Example of Collaborative Negotiation

ESPA CAMP Meeting

March 27, 2008





Pristine Springs

Snake River

Blue Lakes Trout Farm

Blue Lakes

Bass Lake

DESCRIPTION OF LAND AND WATER RIGHTS

- 400 Acres
- 25.3 cfs Alpheus Creek
- 215 cfs reuse water
- 61.9 cfs Sunnybrook Springs
- 4.5 cfs groundwater
- 748 afy storage right for pond



DESCRIPTION OF HATCHERY



- 175 cfs flows through upper raceways
- 195 cfs flows through lower raceways

Hydropower

- 125 kW –
900,000 kwh annual
generation
- 200 kW
1,400,000 kwh
annual generation



Farm Facilities

- Approximately 200 irrigated acres
- Facilities for cattle ranching





What is collaborative negotiation?

A collaborative negotiation assumes that the size of the pie to be divided can be enlarged by finding things of value to all parties, thus creating a win-win situation for all parties.



Expanding the Pie

- The scope of the negotiation was expanded from a single dimension focus on seeking solutions to the conjunctive management issue to including:
 - Water Quality Issues, and
 - Municipal Water supply Issue



Interests Addressed Through Purchase

- Ground water users gain access to wet water to satisfy the delivery call.
- City of Twin Falls gains access to water to address quality problem and to provide a water supply for future growth.
- State resolves pending TMDL load allocation litigation, acquires valuable assets and facilitates a resolution of delivery call.
- Pristine Springs is fairly compensated and resolves pending TMDL load allocation litigation.

Value to Ground Water Districts



- North Snake and Magic Valley Ground Water Districts will have right to make beneficial use of the first 10 cfs of 25.3 cfs Alpheus Creek water right
- Current order requires delivery of 10 cfs to Blue Lakes Trout Farm headgate
- Board will place the 25.3 cfs of Alpheus Creek water right in trust – Ground water users as beneficiary of trust will have right to 10 cfs for use to meet delivery call
- Duty to resolve mitigation call rests with Ground Water Districts and its members



Value to City of Twin Falls

- City of Twin Falls will have right to divert from Alpheus Creek prior to State's exercise right to divert remaining 15.3 cfs under the Alpheus Creek water right, and
- City of Twin Falls will have first right of use of Sunnybrook Springs



Value to State

- Ownership of valuable assets
- Resolution of pending litigation
- Major step in implementing Legislative Framework Agreement and CAMP Process



Financing

- IWRB will acquire Pristine Springs
- \$5 million from current appropriation
- \$10 million from FY2008 Supplemental Appropriation
- \$10 million short term note
- \$1 million from Ground Water Districts



City of Twin Falls Financing

- City of Twin Falls will request the IWRB to issue revenue bonds to repay the Board's short-term note
- City of Twin Falls will seek judicial confirmation
- Confirmation is expected to take 6 months



Ground Water Districts

- Will seek loan from the Idaho Water Resource Board for up to \$10 million
- Ground Water Districts have approved agreement but must still obtain judicial confirmation



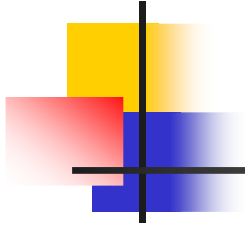
Time Frame

- Closing is expected on or before April 1, 2008
- City of Twin Falls financing expected August 2008
- Ground Water Districts loan or bond to be negotiated



Summary of Expected Benefits

- Resolution of Blue Lakes Delivery Call
- Resolution of potential delivery calls from Pristine Springs and City of Twin Falls
- Resolution of Pristine Springs TMDL load allocation lawsuit
- Ownership of valuable assets
- Avoidance of water treatment plant



QUESTIONS
