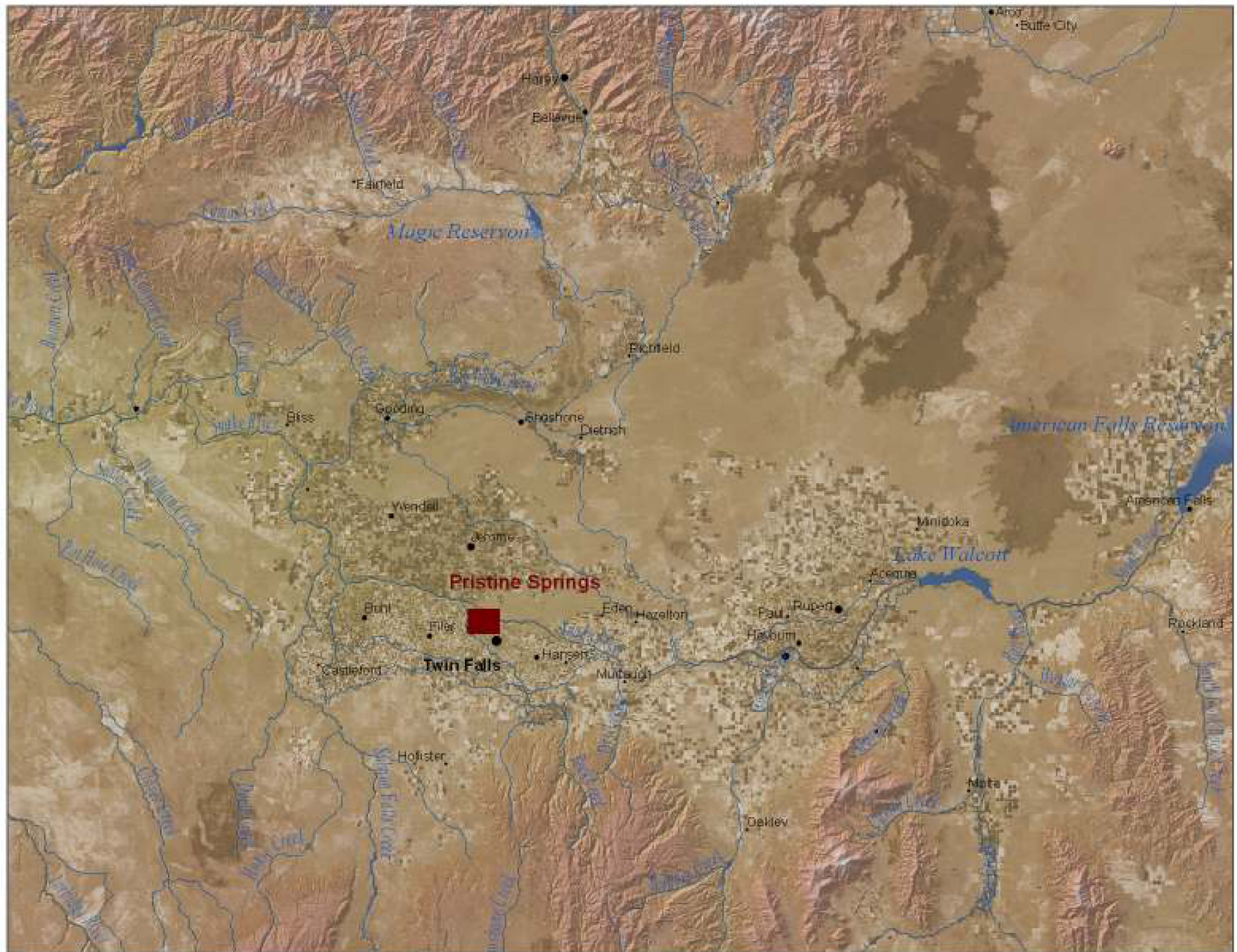




PRISTINE SPRINGS ACQUISITION

An Example of Collaborative Negotiation

ESPA CAMP Meeting
March 27, 2008





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

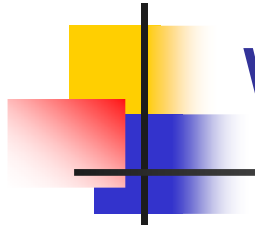
- 125 kW –
900,000 kwh annual
generation
- 200 kW
1,400,000 kwh
annual generation



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.



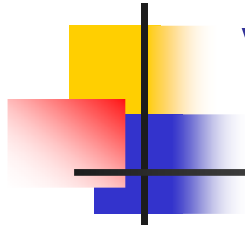
Value to Ground Water Districts

- 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



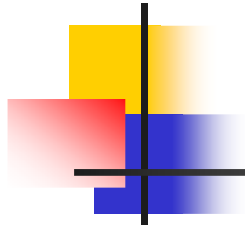
Value to State

- 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



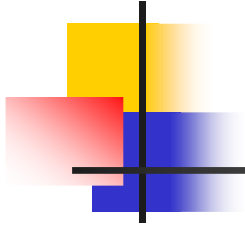
Time Frame

- 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
