American Falls Reservoir District No. 2 (AFRD2) responds and objects to Idaho Ground Water Appropriators, Inc.’s (IGWA’s) Amended Notice of Storage Water Supply Re 2013 Methodology Order (Step 10) (Amended Notice) on the following grounds:

1. In response to Orders issued by the Director, IGWA filed the Amended Notice. In its Amended Notice IGWA represents that a source of its supply of mitigation water is 1,045 acre
feet of storage in the name of North Fork Reservoir Company. In support its assertion, IGWA attached a letter dated January 10, 2014 signed by Randall C. Budge on behalf of IGWA and the President of the North Fork Reservoir Company.

2. The letter, which it is assumed should be interpreted to be a private lease of storage water, has not been filed with Water District 1. Rather, the letter provides that “IGWA may make this assignment in its discretion to comply with the Order by notifying Water District 1 Water Master Lyle Swank to make the assignment and providing North Fork Reservoir Company notice thereof.” (Emphasis added)

3. In addition, the letter provides “Within thirty days of the date the assignment is made, IGWA will pay to North Fork Reservoir Company $20 per AF on the water assigned up to the maximum of 1,045 AF, and will also pay all administrative fees thereto to Water District 1.” (Emphasis added)

4. Pursuant to paragraphs 17 and 18 of the Amended Final Order Regarding Methodology for Determining Material Injury to Reasonable In-Season Demand and Reasonable Carryover dated June 16, 2010 (Methodology Order), “junior ground water users will be required to establish, to the satisfaction of the Director, their ability to provide a volume of storage water equal to the reasonable carryover shortfall for all injured members of the SWC.”

5. Water District 1 Rental Pool Procedure 6.1 provides: “all leases must be transacted through the rental pool...”
6. Water District 1 Rental Pool Procedure 4.3.102 provides: “applications are not deemed accepted until received by the Water Master together with the appropriate fees required under Rules 5.5 (rentals) or 6.4 (leases).”

7. AFRD2 asserts that the letter attached as Exhibit C to the Amended Notice does not comply with the Methodology Order in that it does not provide certainty of the ability to provide a volume of storage water as required by the Director due to the fact that the letter violates the terms of the Water District 1 Rental Pool Procedures. AFRD2 asserts that the letter violates the Water District 1 Rental Pool Procedures for the following reasons:

7.1. The letter has not been filed with Water District 1.

7.2. The administrative fees and board surcharge have not been paid.

7.3. IGWA does not have the right, as asserted in its January 10, 2014 letter, to pay administrative fees within thirty days of the date of the assignment of storage.

7.4. IGWA’s assertion that “IGWA may make this assignment in its discretion to comply with the Order...” does not provide reasonable certainty that the storage water will be provided; it is not within IGWA’s discretion to provide the storage water if IGWA desires to use storage water for mitigation.

WHEREFORE, AFRD2 requests that the Director order that if IGWA desires to use a private lease of storage water to satisfy the Director’s ordered mitigation obligations, IGWA must comply with the Water District 1 Rental Pool Procedures. A non-discretionary, binding assignment of storage water must be made available for assignment in order to satisfy IGWA’s
mitigation obligations so that junior water right holders may irrigate out of priority during a time of injury.

DATED this 17th day of January, 2014.

FLETCHER LAW OFFICE

[Signature]

W. Kent Fletcher
CERTIFICATE OF SERVICE:

I hereby certify that on the 17th day of January, 2014, I served a copy of the foregoing AFRD2'S RESPONSE AND OBJECTION TO IGWA'S AMENDED NOTICE OF STORAGE WATER SUPPLY RE 2013 METHODOLOGY ORDER (STEP 10) upon the following:

Original by Regular Mail and Email to:
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AFRD2'S RESPONSE AND OBJECTION TO IGWA'S AMENDED NOTICE OF STORAGE WATER SUPPLY RE 2013 METHODOLOGY ORDER (Step 10)  
Page 6
AFRD2'S RESPONSE AND OBJECTION TO IGWA'S AMENDED NOTICE OF STORAGE WATER SUPPLY RE 2013 METHODOLOGY ORDER (Step 10)