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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Applicant

ORIGINAL

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION
OF UNITED WATER IDAHO INC. FOR
AUTHORITY TO INCREASE ITS RATES
AND CHARGES FOR WATER SERVICE IN
THE STATE OF IDAHO

Case No. UWI-W-04-04

AFFIDAVIT OF SCOTT RHEAD

STATE OF IDAHO)
 :ss
County of Ada)

Scott Rhead, being first duly sworn upon an oath, deposes and says:

1. I am the Managing Engineer for United Water Idaho Inc. In that capacity I have been responsible for negotiations with respect to the intended one-year lease of the Initial Butte water right.

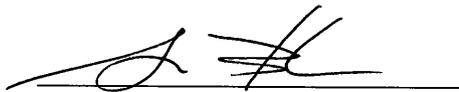
2. The lease agreement was conditional upon Idaho Department of Water Resources' (IDWR) review of eligibility criteria set forth in the Snake River Basin Water Right Acquisition Program set forth in the Invitation for Offers to Sell dated December 7, 2004. At the time of the hearing the proposed amount was 11,992 acre feet. IDWR, however, only approved 3,240 acre feet as eligible for payment on July 29, 2005.

3. Attached hereto is the final Addendum to Water Right Lease Agreement as executed by the Company and approved IDWR. Pursuant to the Addendum Agreement the

total annual lease payment to be received by the Company is the sum of \$53,460, less a ten percent (10%) administrative fee payable to IDWR, for a net rent of \$48,114.

4. I am over the age of 21 years and make this affidavit of my own knowledge.

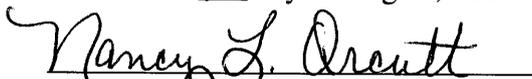
Dated this 22 day of August, 2005.



Scott Rhead

SUBSCRIBED AND SWORN to before me this 22 day of August, 2005.




Notary Public for IDAHO
Residing at Boise, Id.
Commission Exp.: 06-12-08

CERTIFICATE OF SERVICE

I hereby certify that on the 13rd day of August, 2005, I caused to be served, via the method(s) indicated below, true and correct copies of the foregoing document, upon:

Brad M. Purdy
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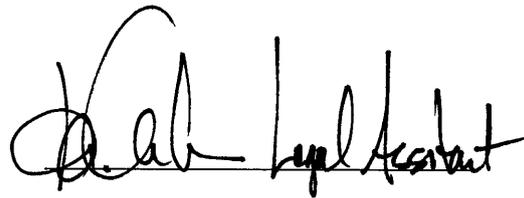
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A handwritten signature in black ink, appearing to read "Scott Rhead". The signature is written in a cursive style with a large initial "S" and "R".

LEASE SUMMARY:

Lease No. _____

Lessee: United Water

Water Right Nos. 02-2341, 02-2358, 02-2420, 02-2339

ADDENDUM TO WATER RIGHTS LEASE AGREEMENT

This Addendum Agreement ("Addendum") made and entered into between the undersigned UNITED WATER IDAHO INC., P.O. Box 190420, Boise, Idaho 83719-0420 ("Lessor"), and IDAHO GROUND WATER APPROPRIATORS, INC. ("IGWA"), acting for and on behalf of American Falls-Aberdeen, Bingham, Bonneville, Jefferson, Magic Valley, North Snake and Southwest Irrigation Districts, whose address is P.O. Box 1391, Pocatello, Idaho 83204 (collectively "Lessee") for the purpose of amending the Water Rights Lease Agreement entered into between the parties May 11, 2005:

A. WHEREAS, Lessor and IGWA entered into a Water Rights Lease Agreement dated May 11, 2005 ("Lease"); and

B. WHEREAS, the Lease provided in paragraph 3 that the total acres and rent would be subject to adjustment based upon IDWR's review of Lessor's water rights and determination of eligible and qualifying acres; and

C. WHEREAS, based upon IDWR's review and "Summary of Eligible Acres" dated July 7, 2005, copy of which is attached, Lessee's eligible acres and volume has been determined as set forth in said Summary resulting in a change in the amount of rent; and

D. WHEREAS, the parties enter into this Addendum Agreement for the purpose of amending the Lease and reflecting the actual acres eligible, volume eligible and rent payment.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. Paragraph 1 of the Lease is amended to reflect the following corrected acres and volume:

<u>Acres Eligible</u>	<u>Volume Eligible (af)</u>
720.0	3240.0

2. Paragraph 3 is amended to reflect the total rent of \$53,460.00, one-half of which has been paid, with the remaining one-half due on December 1, 2005, less the ten percent (10%) administrative fee to IDWR.

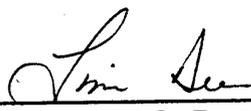
3. Except as above amended, the Lease between the parties is hereby reaffirmed and shall remain in full force and effect.

DATED this 8th day of August, 2005.

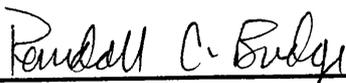
LESSOR:
UNITED WATER IDAHO INC.

By:  VICE PRESIDENT

LESSEE:
**IDAHO GROUND WATER
APPROPRIATORS, INC.**

By: 
TIM DEEG, President

ATTESTED:


RANDALL C. BUDGE, Secretary

**2005 LEASE AND RENTAL OF HIGH-LIFT SNAKE RIVER WATER RIGHTS
THROUGH THE IDAHO WATER SUPPLY BANK
BY IDAHO GROUND WATER APPROPRIATORS**

TABLE I: SUMMARY OF ELIGIBLE ACREAGE AND PAYMENT NO. 1 FOR LEASE AND RENTAL

	AMOUNT ELIGIBLE FOR LEASE/RENTAL ¹			PAYMENT 1 ³				PORTIONS OF WATER RIGHTS LEASED/RENTED
	Acres Eligible for Lease (ac)	Volume Eligible for Lease/Rental (af)	Payment Rate (price/af)	Total Payment 1 by IGWA (60% of Estimated Total)	Payment 1 to Entity (90% Payment 1)	Administrative Fee to IDWR (10% Payment 1)	Estimated Total Rental Payment by IGWA	
Water Right Owners ¹								
Atacazo Family, LLC	380.5	1141.5	\$38.50	\$21,973.88	\$19,776.49	\$2,197.39	\$43,947.75	2-10034, 2-10043
Clover Hollow, LLC	2470.1	7410.3	\$38.50	\$142,648.28	\$128,383.45	\$14,264.83	\$285,296.55	2-2386, 2-2387, 2-2388, 2-7148
Falcon Butte Farms, Inc.-Murphy Flats	3141.6	9424.8	\$38.50	\$181,427.40	\$163,284.66	\$18,142.74	\$362,854.80	2-2361, 2-7001, 2-10020
Falcon Butte Farms -Murphy Flats	165.9	235.0	\$38.50	\$4,523.75	\$4,071.38	\$452.38	\$9,047.50	2-7001
Storage Claim 2-7001	1906.7	5720.1	\$38.50	\$110,111.93	\$99,100.74	\$11,011.19	\$220,223.85	2-2251, 2-10017
Falcon Butte Farms, Inc.-Sinker Butte	7269.0	21807.0	\$38.50	\$419,784.75	\$377,806.28	\$41,978.48	\$839,569.50	2-2262
Grindstone Butte Mutual Canal Co.	502.6	1507.8	\$38.50	\$29,025.15	\$26,122.64	\$2,902.52	\$58,050.30	2-2361, 2-2370, 2-7001, 2-10020
Hartley, Don	569.5	1708.5	\$38.50	\$32,888.63	\$29,589.77	\$3,288.86	\$65,777.25	2-2361, 2-7001, 2-10020
Hulet, Blaine	811.3	2433.9	\$38.50	\$46,882.58	\$42,167.32	\$4,685.26	\$93,705.15	2-2186, 2-10249
Morris, G. Patrick & J. Mickey	119.5	358.5	\$38.50	\$6,901.13	\$6,211.02	\$680.11	\$13,802.25	2-10035, 2-10043
Sailor Creek Water Company	3483.4	10450.2	\$38.50	\$201,166.35	\$181,048.72	\$20,116.64	\$402,332.70	2-2210, 2-2268, 2-2367
South Elmore Irrigation Co., Inc.	720.0	3240.0	\$18.50	\$26,730.00	\$24,057.00	\$2,673.00	\$53,460.00	2-2339, 2-2341, 2-2358, 2-2420
United Water Idaho, Inc.								
TOTALS:	21,540.1	65,437.6		\$1,224,033.83	\$1,101,630.45	\$122,403.38	\$2,448,067.60	

¹ The Idaho Ground Water Appropriators (IGWA) entered into private lease agreements ("private agreements") with entities who either own water rights or have the authority to lease water rights to the Water Supply Bank (bank). IGWA filed applications to lease and rent portions of these rights to the bank and attached the private agreements as evidence of the authority to file on behalf of the water right owners. IGWA represents the Lessor in the lease with the bank, and will issue individual payments to the water right owners.

² The "Acres Eligible for Lease" represents the number of acres determined to be eligible for payment based on criteria set forth in the private agreements between IGWA and the water right owners, and in accordance with Water Supply Bank rules. The "Volume Eligible for Lease/Rental" represents the volume of water determined to be eligible lease and rental. With the exception of United Water Idaho rights and a portion of the lands offered by Falcon Butte Farms, the diversion volume was calculated at 3.0 acre-feet per annum per acre (afy/ac) based on the historic diversion per acre recognized in previous leasing programs by IDWR and Reclamation. In conformity with an approved Permittee Exchange between Reclamation and United Water Idaho, IGWA offered the full volume authorized under the water rights (4.5 afy/ac) in private lease agreement with United Water Idaho. The Department has agreed to recognize a withdrawal volume of 4.5 afy/ac for the amount of water shown to have been diverted through the 2004 Exchange on the Boise River. United Water provided information documenting a diversion of 3240 af in 2004 and is therefore obligated to file 720 acres within the place of use described by the Snake River water rights. The volume associated with Falcon Butte Farms Inc. - Storage Claim (no. 4) reflects the volume authorized under water right 2-7001 and is applied to 165.9 acres under this Lease Acceptance.

The "Payment Rate" was negotiated between IGWA and the water right owners. It includes the ten (10%) administrative fee to be credited to the water supply bank in accordance with Water Supply Bank rules.

³ Total Payment 1 by IGWA was calculated based on one half (50%) of the "Estimated Total Rental Payment by IGWA". For the purposes of the first payment, all of the eligible acres were considered to have been left idle in accordance with criteria set forth in the private agreements, and the water supply bank lease acceptance and the rental agreement between IGWA and the Water Supply Bank. Compliance will be monitored throughout the irrigation season. "Payment 1 to Entity" represents ninety percent (90%) of the Total Payment 1, and the "Administrative Fee" represents remaining ten percent (10%). Total Payment 1 by IGWA = (Acres Eligible for Lease) x (Payment Rate per Acre) x (50%). Payment 1 to Entity = (Total Payment 1 by IGWA) x (90%). Note: IGWA is the lessor and renter in this transaction. Therefore, IGWA is required to pay only the 10% Administrative Fee to IDWR and will issue individual payments to the water right owners or entities.

**2005 RENTAL OF HIGH-LIFT SNAKE RIVER WATER RIGHTS
THROUGH THE IDAHO WATER SUPPLY BANK
BY IDAHO GROUND WATER APPROPRIATORS**

	AMOUNT ELIGIBLE FOR RENTAL ²		PAYMENT ¹				PORTIONS OF WATER RIGHTS RENTED
	Acres Eligible for Rent (ac)	Volume Eligible for Rental (af)	Payment Rate (price/af)	Total Payment 1 by IGWA (50% of Estimated Total)	Payment 1 to Entity (90% Payment 1)	Administrative Fee to IDWR (10% Payment 1)	
Water Right Owners ¹							
Little Valley Mutual Irrigation Company	199.2	597.6	\$20.60	\$6,155.28	\$5,539.76	\$615.53	\$12,310.56
Montberth, Edward Ray,	514.9	1544.7	\$20.60	\$15,910.41	\$14,319.37	\$1,591.04	\$31,820.82
Susan & Herbert R.	761.4	2284.2	\$20.60	\$23,527.26	\$21,174.53	\$2,352.73	\$47,054.52
Snake River Ranch, Ltd.							
TOTALS:	1,475.5	4,426.5		\$45,592.95	\$41,033.66	\$4,559.30	\$91,185.90

¹ The Idaho Water Resource Board (IWRB) entered into private lease agreements ("private agreements") with entities who either own water rights or have the authority to lease water rights to the Water Supply Bank (bank). The rights, or portions thereof, were leased to the Water Supply Bank to make water available for mitigation purposes during the 2005 irrigation season.

² The "Acres Eligible for Lease" represents the number of acres determined to be eligible for payment based on criteria set forth in the private agreements between IWRB and the water right owners, and in accordance with Water Supply Bank rules.

The "Volume Eligible for Lease/Rental" represents the volume of water determined to be eligible lease and rental. The diversion volume was calculated at 3.0 acre-feet per annum per acre (af/acre) based on the historic diversion per acre recognized in previous leasing programs by IDWR and Reclamation.

The "Payment Rate" was negotiated between IWRB and the water right owners. It includes the ten (10%) administrative fee to be credited to the water supply bank in accordance with Water Supply Bank rules.

³ "Total Payment 1 by IGWA" was calculated based on one half (50%) of the "Estimated Total Rental Payment by IGWA". For the purposes of the first payment, all of the eligible acres were considered to have been left idle in accordance with criteria set forth in the private agreements, and the water supply bank lease acceptance and the rental agreement between IGWA and the Water Supply Bank. Compliance will be monitored throughout the irrigation season. "Payment 1 to Entity" represents ninety percent (90%) of the Total Payment 1, and the "Administrative Fee" represents remaining ten percent (10%). Total Payment 1 by IGWA = (Acres Eligible for Lease) x (Payment Rate per Acre) x (50%). Payment 1 to Entity = (Total Payment 1 by IGWA) x (90%). Note: IGWA is the renter in this transaction and is required to pay the amount identified under "Total Payment 1 to the water supply bank." A 10% Administrative Fee will be retained, and the IDWR and will issue individual payments to the water right owners or entities.