

WATER SERVICE CONTRACT
BETWEEN THE
UNITED STATES DEPARTMENT OF THE INTERIOR
AND THE
CENTRAL UTAH WATER CONSERVANCY DISTRICT

THIS AMENDATORY CONTRACT made this _____ day of _____ 2021, pursuant to the Act of June 17, 1902, as amended and supplemented, particularly Section 9 of the Reclamation Project Act of 1939, (53 Stat. 1187, August 4, 1939) (Act) , and the Colorado River Storage Project Act of April 11, 1956 (70 Stat. 110) as amended and supplemented (CRSPA), particularly by the Central Utah Completion Act (P.L. 102-575) of 1992 (CUPCA), between the UNITED STATES OF AMERICA (United States), acting through the Secretary of the Interior (Secretary), and the CENTRAL UTAH WATER CONSERVANCY DISTRICT (CUWCD), a water conservancy district organized and existing pursuant to the laws of the State of Utah, and particularly the Water Conservancy Act, Utah Code Ann. 1990, Section 17-A-2-1401 et seq., as amended, with its principal place of business and office at Orem, Utah County, Utah.

WITNESSETH, That:

WHEREAS, the United States and CUWCD have investigated, planned, and propose to construct the Utah Lake Drainage Basin Water Delivery System of the Bonneville Unit of the Central Utah Project (ULS) for the storage, diversion, and distribution of project water from the Colorado River and the Bonneville Basin drainage areas for municipal and industrial (M&I) use and other project purposes, in accordance with the 2004 Supplement to the 1988 Definite Plan Report (DPR), and the Utah Lake Drainage Basin Water Delivery System Final Environmental

Impact Statement (FEIS); and

WHEREAS, The United States and CUWCD entered into Repayment Contract No. 04-WC-40-120 (Repayment Contract) which, among other things, established CUWCD's obligation to repay certain construction costs of the ULS allocated to M&I water supply; and

WHEREAS, the United States and CUWCD entered into contract No. 04-WC-40-240 on March 15, 2005, to make up to 20,000 acre-feet of ULS water available annually for temporary supplemental irrigation use prior to the completion of the ULS facilities and its utilization for M&I purposes through the establishment of Block Notices, and such temporary supplemental irrigation use is contemplated in the DPR and the FEIS; and

WHEREAS, ULS distribution facilities are not yet sufficiently completed to establish Block Notices to certain areas within South Utah County desiring to receive ULS water, and

WHEREAS, up to 22,090 acre-feet of ULS water is currently available annually prior to the completion of the ULS facilities and its utilization for M&I purposes, and such temporary supplemental irrigation use is contemplated and analyzed in the DPR and the FEIS, and temporary use of the water for M&I purposes is addressed by CE#-***; and

WHEREAS, there exist alternate (non-Project) delivery mechanisms to provide water to these areas, and

WHEREAS, Section 9(e) of the Act authorizes the Secretary to enter into contracts to furnish water for irrigation purposes at such rates and for such time periods as the Secretary deems appropriate, and

WHEREAS, Section 9(c)(2) of the Act authorizes the Secretary to enter into contracts to furnish water for M&I purposes at such rates and for such time periods as the Secretary deems appropriate, and

WHEREAS, it is the intent of the United States and CUWCD to amend contract No. 04-WC-40-240 in order to:

1. Continue to provide for temporary supplemental irrigation use until such time as delivery facilities are completed and Block Notices can be established, and

2. Provide for temporary use of water for Municipal and Industrial (M&I) purposes in that area scheduled to receive said Block Notices.

3. Provide for continued temporary use of water for supplemental irrigation and M&I through any deferral period associated with said Block Notices.

NOW, THEREFORE, the parties hereto agree to supersede the language in Agreement No. 04-WC-40-240 as follows:

1. IRRIGATION WATER AVAILABILITY, CHARGES, AND PAYMENTS

(a). The United States hereby makes available to the CUWCD ULS water for temporary supplemental irrigation use in south Utah County during the years and in the amounts specified in the schedule attached as Exhibit A. In accordance with Section 9(e) of the Act, CUWCD agrees to pay in advance to the United States \$5.60 annually per acre-foot of ULS water supplied for supplemental irrigation use under this Contract. Such annual payment(s) will be made by CUWCD on or before April 1 of each year in the amount shown on Exhibit A .

(b). Irrigation Water Charge Payments made pursuant to this Contract shall be credited to the Upper Colorado River Basin Fund and applied toward those Bonneville Unit construction costs allocated to irrigation supply, pursuant to Section 5 of the Colorado River Storage Project Act of 1956 (70 Stat.105).

(c). CUWCD shall assess the users of the temporary supplemental irrigation water provided for herein an amount sufficient to recover the charges provided for in paragraph 1a. above, as well as an appropriate share of CUWCD's costs of operation, maintenance, and replacement (OM&R) including OM&R reserves assessed for delivery of CUP Agricultural water.

(d). It is understood that the ULS water supply made available pursuant to paragraph 1(a).

herein is subject to shortages due to runoff conditions which are beyond the control of the United States and the CUWCD, even though the United States and/or the CUWCD's Board of Trustees would be required to impose such shortages. If a reduction in water supply occurs in any year, the annual payment for that year in the amount specified in Exhibit A will be reduced by the amount of the shortage imposed.

2. MUNICIPAL AND INDUSTRIAL WATER AVAILABILITY, CHARGES, AND PAYMENTS

(a). The United States will make available to the CUWCD the temporary use of ULS water for Municipal and Industrial purposes.

(b). Such water shall only be available when in excess to established Block Notices and temporary irrigation water agreements detailed in Section 1 of this Agreement.

(c). CUWCD shall assess the users of such water at a rate of \$200 per acre foot, plus an appropriate share of CUWCD's costs of OM&R and OM&R reserves assessed for delivery of CUP M&I water. Revenue associated with temporary M&I use will be remitted annually to the United States, and accounted for as incidental revenue, in accordance with Section 5 of CRSPA.

3. PRIORITY OF ALLOCATION OF ULS WATER

Priority of allocation of ULS water shall be as follows:

1. ULS Block Notice as facilities to deliver project water are completed.
2. Existing (as of the date of signature of this amendment) temporary irrigation water agreements.
3. Additional temporary M&I water agreements.
4. Additional temporary Irrigation water agreements.

Anticipated availability of water is depicted in Exhibit A, but will be governed by the above priorities.

4. CONTRACT TERMS

(a). This Contract is supplemental to the Repayment Contract, particularly to Article VIII. of that contract. Articles XII through XXX of the Repayment Contract are by this reference incorporated into this Contract and made a part hereof. As stated in Article X of the Repayment Contract, ULS water used temporarily for irrigation purposes shall not be subject to the water conservation and recycling requirements contained in the Repayment Contract. ULS water used temporarily for irrigation purposes shall only be available to the extent that it does not conflict with the reliability of M&I water under existing or anticipated Block Notices.

(b). The term of this contract shall be from the date of execution through December 31, 2040.

IN WITNESS WHEREOF, the parties hereto have caused this contract to be duly executed as of the day and year first above written.

UNITED STATES OF AMERICA

**CENTRAL UTAH WATER
CONSERVANCY DISTRICT**

Reed R. Murray, Program Director
Department of the Interior

L. Alma Mansell, Chairman

Reviewed for Legal Sufficiency:

ATTEST:

Intermountain Region
Office of the Solicitor

Gene Shawcroft, General Manager

EXHIBIT A

New Table depicting anticipated availability of water based on anticipated future block notices

DRAFT