

## **Exhibit F: TSID Conserved Water Policy**

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# Three Sisters Irrigation District

## Conserved Water Policy

Adopted July 5<sup>th</sup>, 2005

A. **Authority & Purpose.** The Board of Directors (the “Board”) of the Three Sisters Irrigation District (the “District”) is required to adopt this Conserved Water Policy (this “Policy”) pursuant to Oregon Administrative Rule (“OAR”) 690-018-0025 if the district wants to allocate conserved water. The rule requires that if the District seeks allocations of conserved water pursuant to ORS 537.455 to 537.500, then it must adopt a policy that, at a minimum:

- Describes how water saved by conservation measures will be allocated by the District
- Describes how the District will address the allocation of conserved water percentages under ORS 537.470
- Provides District patrons the opportunity to fund a share of the conservation project that is proportionate to the patron’s share of the water rights involved in the allocation of conserved water and to receive a corresponding share of the conserved water
- Provides District patrons an opportunity to petition for a vote by all District patrons on this Policy
- Provides District patrons an opportunity to appeal a proposed District conservation project to the Board for failure to follow this Policy

The purpose of this Policy is to provide District patrons with the information required by OAR 690-018-0025 and to set the procedures by which this Policy will be implemented.

B. **Definitions.** The following definitions shall apply in this Policy.

1. “**Commission**” means the Water Resources Commission.
2. “**Conservation**” means the reduction of the amount of water diverted to satisfy an existing beneficial use achieved either by improving the technology or method for diverting, transporting, applying or recovering the water or by implementing other approved conservation measures.
3. “**Conserved Water**” means that amount of water that results from conservation measures, measured as the difference between:
  - a. The smaller of the amount stated on the water right or the maximum amount of water that can be diverted using the existing facilities; and

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- b. The amount of water needed after implementation of conservation measures to meet the beneficial use under the water right certificate.
- 4. "District Allocation" means the amount of Conserved Water allocated to the District by the Commission.
- 5. "Funding Patron" means a patron or patrons of the District that funds all or a portion of a water conservation project as provided in paragraph C of this Policy.
- 6. "Funding Partner" means a granting agency including Federal, State or local agencies as well as non-profits that fund a portion of the water conservation project. Examples include but not limited to DRC- Deschutes River Conservancy, OWEB- Oregon Watershed Enhancement Board, NFWF- National Fish and Wildlife Foundation, BOR- Bureau of Reclamation, NRCS- National Resources Conservation Service, USFS – United States Forest Service, Soil & Water Conservation Districts, Watershed Councils, PGE, Tribes of Warm Springs, Bonneville Environmental Foundation, Northwest Power Conservation Council, Oregon Water Trust, etc.

C. **Applicability.** This Policy applies only to applications for allocations of conserved water filed with the Oregon Water Resources Department by the District after November 5, 2004. This Policy does not apply to applications for allocations of conserved water filed by individuals, including District patrons.

D. **Conservation Projects with Funding Partners.** For funding partners, conserved water will be divided into 2 portions. Saved water portion and conserved water application portion. The saved water will be used to firm up supply of the deliveries to existing water rights in the district. The conserved water application portion will be used to secure grant funding from funding partners to pay for the materials needed for the conservation project.

For a Funding Partner:

Total project cost	\$600,000.00
Total conserved water	1,000 acre feet
Funding partners contribution	\$300,000.00
Conserved water portion	500 acre feet
(covers 25% in stream required by statute)	
District in-kind Contribution	\$300,000.00
Saved water portion	500 acre feet
(shared by all patrons)	
For funding partners cost per acre ft	\$600.00

E. **Patrons May Fund Part of Water Conservation Project.** Patrons may fund a water conservation project in an amount that is proportionate to the patron's share of the water rights involved in the allocation of Conserved Water. Patrons that provide funding to the District for a water conservation project in advance, or within one year of, the District

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first making expenditures for the conservation project shall be a Funding Patron and receive the portion of the District Allocation to which Funding Patron is entitled under this Policy. Proportionate costs will include all costs associated not only with the completion of the project, but those costs associated with the planning and design of the project, all accompanying and necessary application and processing fees, including but not limited to legal and consulting fees to secure the Final Order from the Oregon Water Resources Department, and/or to respond to any legal challenges subsequent to receipt of the Final Order until conclusively resolved as determined by the Board of Directors.

For a Patron Funding 100% of Project:

Total project costs	\$600,000.00
Total conserved water	1,000 acre feet
Minimum in-stream contribution (required by statute)	250 acre feet – 25%
Net available acre feet to funding patron	750 acre feet
For funding patrons cost per acre ft	\$800.00

- F. **Allocation of Conserved Water.** Except for a Funding Patron, no patron shall be entitled to any of the District Allocation other than the amount necessary to maintain the patron's full delivery rate at its regular turn out(s). A Funding Patron shall be entitled to a portion of the District Allocation equal to the percentage of the funding for the water conservation project paid to the District by the Funding Patron.
- G. **Petitions to Vote on Policy.** District patrons may petition the Board to hold a vote of all District patrons on the approval of this Policy. The petition must be signed by fifty or more qualified electors within the District pursuant to ORS 545.199(1)(b) to be valid and to cause the District to hold a vote. Upon receiving a valid petition, the District shall hold a vote of all District patrons. The vote shall be whether to approve or reject this Policy. The vote shall be conducted according to the laws and procedures that govern District elections.
- H. **Approval of Project by Board.** Proposed water conservation projects shall be discussed and approved by the Board at any one of its regularly scheduled Board meetings. The Board shall limit its consideration to whether the proposed water conservation project complies with this Policy. Patrons may comment on the compliance of the proposed water conservation project with the conservation policy during the Board meeting at which it is discussed.
- I. **Appeal of Water Conservation Projects.** If the Board approves the proposed water conservation project, any patron in good standing may appeal the Board's decision in writing within two weeks from the date of the Board's decision. The appeal shall include the name, address, and telephone number of the patron appealing the Board's decision, a concise statement of the reasons the patron believes the proposed water conservation project does not comply with this Policy, and a concise statement of how the water conservation project should be modified to comply with this Policy. The Board shall consider a properly filed appeal at its next regularly scheduled meeting. The patron

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appealing the Board's decision shall have an opportunity to address the Board concerning the patron's appeal. The Board may take any of the following actions: (1) grant the appeal and reject the proposed water conservation project, (2) modify the proposed water conservation project as proposed by the appealing patron to comply with this Policy, (3) direct the District Manager to modify the proposed water conservation project so as to comply with this Policy, or (4) reject the appeal and approve the proposed water conservation project as proposed.

**J. Policy Review and Updates.** The Board shall review and update this Policy at the first regularly scheduled Board meeting following every fifth anniversary of the Board either adopting or reviewing and updating this Policy. The Board may, in its sole discretion, review and update this Policy at any other Board meeting. The Board shall follow the process and provisions of this Policy, as required by OAR 690-018-0025(2), whenever reviewing and updating this Policy.

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