

Douglas County agreed to purchase a pump for ODFW such that ODFW could more easily utilize its hatchery right from the North Umpqua River and thereby forego using Rock Creek water for its hatchery during critical low flow periods in Rock Creek. Rock Creek is an important spawning and rearing ground for winter steelhead, cutthroat trout and coho and spring Chinook salmon. Restoring Rock Creek flows during low flow periods by pumping North Umpqua water to the Rock Creek Hatchery will enhance wild fish populations in Rock Creek and in the North Umpqua River.

In exchange for Douglas County purchasing the pump for ODFW, ODFW agreed to transfer seven (7) cfs of its Rock Creek hatchery right instream into the North Umpqua River. ODFW agreed that this transfer, along with the benefits to Rock Creek and resulting enhancement to fish populations in Rock Creek and the North Umpqua River gained through the settlement agreement, would completely mitigate any injury that may otherwise be caused by OWRD issuing up to seven (7) cfs of additional water rights that could not otherwise be issued because no water was available due in part to the certification of ODFW's instream water rights. Thus, pursuant to the OWRD, ODFW, and Douglas County Agreement, OWRD could issue up to 7 cfs of additional water rights without harming the public interest in protecting senior instream water rights and without harming the public interest in protecting flows for sensitive, threatened or endangered fish species. (Settlement Agreement Applications 71172, 71173, 71174, 71181, 71182, 71183, 71184, 71185, 71190, 71192, and 73350.)

The 7 cfs of additional water rights sets aside 4 cfs for human consumption, domestic or domestic expanded; 1.5 cfs for industrial use or commercial use; and 1.5 cfs for irrigation use or agricultural use.

The above-referenced transfer was completed per transfer application T-9770 and approved per final order issued on January 21, 2005.

5. As of the date of this application, 0.09 cfs of the total 1.5 cfs for commercial and industrial use has been appropriated.
6. The conditions that would best protect the public interest, per comments by ODFW are as follows:

If the riparian area is disturbed in the process of developing a point of diversion, the permittee shall be responsible for restoration and enhancement of such riparian area in accordance with ODFW's Fish and Wildlife Habitat Mitigation Policy OAR 635-415. For purposes of mitigation, the ODFW Fish and Wildlife Habitat Mitigation Goals and Standards, OAR Chapter 635, Division 415.

The use may be restricted if the quality of the source stream or downstream waters decreases to the point that those waters no longer meet existing state or federal water quality standards due to reduced flows.

The permittee shall install, maintain, and operate fish screening and by-pass devices consistent with current Oregon Department of Fish and Wildlife (ODFW) standards. Fish screening is to prevent fish from entering the proposed diversion while by-pass devices provide adequate upstream and downstream passage for fish. The required screen and by-pass devices are to be in place and functional, and approved in writing by ODFW prior to diversion of any water. The permittee may submit evidence in writing that ODFW has determined screens and/or by-pass devices are not necessary.

Water may be diverted only when Department of Environmental Quality sediment standards are being met.

Before water use may begin under this permit, the permittee shall install a totalizing flow meter at each point of diversion. The permittee shall maintain the meter(s) in good working order. The permittee shall keep a complete record of the amount of water used each month, and shall submit a report which includes the recorded water use measurements to the Department annually or more frequently as may be required by the Director. Further, the Director may require the permittee to report general water-use information, including the place and nature of use of water under the permit.

The permittee shall allow the watermaster access to the meter(s); provided however, where any meter is located within a private structure, the watermaster shall request access upon reasonable notice.

7. If a permit is issued, it will require reasonable use of the water and include water-use measurement and reporting conditions commensurate with the amount of water use allowed.
8. The proposed use and diversion point is covered in the settlement agreement mentioned above and is downstream of the North Umpqua Scenic Waterway.

Discussion

1. Consideration of the Public Interest

In reviewing applications to appropriate surface water, the OWRD will presume that a proposed use will not impair or be detrimental to the public interest if the proposed use is allowed in the applicable basin program established pursuant to ORS 536.300 and 536.340 or given a preference under ORS 536.310(12), if water is available, if the proposed use will not injure other

water rights and if the proposed use complies with rules of the Water Resources Commission. ORS 537.153(2); OAR 690-310-0120.

If the Department determines that the public interest presumption is not established, the Department shall determine whether the proposed use will impair or be detrimental to the public interest considering the factors listed in ORS 537.170(8) and may make specific findings to demonstrate that even though the presumption is not established, the proposed use will not impair or be detrimental to the public interest and propose approval of the application with appropriate modifications or conditions. ORS 537.170(8); OAR 690-310-0120(2).

Pursuant to OAR 690-310-0120(2), in determining whether a proposed use is in the public interest, OWRD must consider the following as provided in ORS 537.170(8):

- (a) Conserving the highest use of water for all purposes, including irrigation, domestic use, municipal water supply, power development, public recreation, protection of commercial and game fishing and wildlife, fire protection, mining, industrial purposes, navigation, scenic attraction or any other beneficial use to which the water may be applied for which it may have a special value for the public.
- (b) The maximum economic development of the waters involved.
- (c) The control of the waters of this state for all beneficial purposes, including drainage, sanitation and flood control.
- (d) The amount of waters available for appropriation for beneficial use.
- (e) The prevention of wasteful, uneconomic, impracticable or unreasonable use of the waters involved.
- (f) All vested and inchoate rights to the waters of this state or to the use of waters of this state, and the means necessary to protect such rights.
- (g) The state water resources policy formulated under ORS 536.295 to 536.350 and 537.505 to 537.534.

Water is not available from the North Umpqua River from July 1 through November 30 of each year. As such the OWRD cannot establish the public interest presumption for this application and instead considers the factors provided in ORS 537.170(8) to determine whether the proposed use will impair or be detrimental to the public interest. ORS 537.170(8); OAR 690-310-0120(2).

2. Analysis of Factors

Conserving the highest use of water for all purposes, including irrigation, domestic use, municipal water supply, power development, public recreation, protection of commercial and game fishing and wildlife, fire protection, mining, industrial purposes, navigation, scenic attraction or any other beneficial use to which the water may be applied for which it may have a special value for the public:

In determining the “highest use of the water for all purposes” the OWRD has examined the importance of water for the proposed use, has considered the importance of protecting senior water rights including instream water rights on the North Umpqua River, and the importance of restoring flows to Rock Creek during months it has historically suffered from critical low flows. A decision to allow the proposed use is at once ancillary to and central to implementing the settlement agreement entered into by ODFW, OWRD and Douglas County. This agreement assures that new uses will not injure senior instream water rights and assures that critical flows will be restored to Rock Creek. Accordingly, issuing this water right conserves the highest use of water for all purposes.

The maximum economic development of the waters involved:

Industrial use involves the use of water associated with the processing or manufacture of a product. The uses include construction, operation and maintenance of an industrial site, facilities and buildings. Examples of the uses include agricultural or forest product processing.

The control of the waters of this state for all beneficial purposes, including drainage, sanitation and flood control:

The proposed use is commercial and industrial, which is a beneficial use, and pursuant to the settlement agreement does not injure other beneficial uses of water including instream water rights.

The amount of waters available for appropriation for beneficial use:

Water is not available at an 80% exceedance level from July 1 through November 30 of each year.

Pursuant to the settlement agreement entered into by the OWRD, ODFW and Douglas County, ODFW agreed that the settlement agreement and transfer referenced in Findings of Fact #4 mitigates any potential for injury that could be caused by issuing this water right. Thus only pursuant to the settlement agreement and transfer, this water right may be issued without harming instream

water right Certificates 81500 and 81501 and without harming the public interest in protecting flows for fish.

The prevention of wasteful, uneconomic, impracticable or unreasonable use of the waters involved:

If a permit is issued, it will require reasonable use of the water and include water use measurement and reporting conditions commensurate with the amount of water use allowed.

All vested and inchoate rights to the waters of this state or to the use of waters of this state, and the means necessary to protect such rights:

Pursuant to the settlement agreement entered into by the OWRD, ODFW and Douglas County, ODFW agreed that the settlement agreement and transfer referenced in Findings of Fact #4 mitigates any potential for injury that could be caused by issuing this water right. Thus only pursuant to the settlement agreement and transfer, this water right may be issued without harming instream water right Certificates 81500 and 81501 and without harming the public interest in protecting flows for fish.

The state water resources policy formulated under ORS 536.295 to 536.350 and 537.505 to 537.534:

The proposed use is consistent with the Water Resource Commission's basin program for this proposed use.

3. Resolution

The criteria for establishing the public interest presumption under ORS 537.153(2) are not satisfied. Nonetheless, after considering the factors of ORS 537.170(8) and conditioning the water right as specified in the draft permit, the proposed use will not impair or be detrimental to the public interest.

Conclusions of Law

1. Considering the factors set forth in ORS 537.170(8), the use, as conditioned in the draft permit, will not impair or be detrimental to the public interest. ORS 537.170(8); OAR 690-310-0120.

Recommendation

OWRD recommends that the attached draft permit be issued with conditions consistent with this Proposed Final Order.

DATED June 9, 2009



for Phillip C. Ward, Director
Water Resources Department

*If you have any questions,
please check the information
box on the last page for the
appropriate names and
phone numbers.*

Protests

Under the provisions of ORS 537.153(7) (for surface water) or ORS 537.621(8) (for ground water), you can protest this proposed final order. Protests must be received in the Water Resources Department no later than **July 24, 2009**. Protests must be in writing, and must include the following:

- Your name, address, and telephone number;
- A description of your interest in the proposed final order, and, if you claim to represent the public interest, a precise statement of the public interest represented;
- A detailed description of how the action proposed in this proposed final order would impair or be detrimental to your interest;
- A detailed description of how the proposed final order is in error or deficient, and how to correct the alleged error or deficiency;
- Any citation of legal authority to support your protest, if known; and
- If you are not the applicant, the protest fee of \$350 required by ORS 536.050 and proof of service of the protest upon the applicant.
- If you are the applicant, a statement of whether or not you are requesting a contested case hearing. If you do not request a hearing, the Department will presume that you do not wish to contest the findings of the proposed final order.
- *If you do not protest this Proposed Final Order and if no substantive changes are made in the final order, you will not have an opportunity for judicial review, protest or appeal of the final order when it is issued.*

Requests for Standing

Under the provisions of ORS 537.153(7) (for surface water) or ORS 537.621(8) (for ground water), persons other than the applicant who support a proposed final order can request standing for purposes of participating in any contested case proceeding on the proposed final order or for judicial review of a final order.

Requests for standing must be received in the Water Resources Department no later than **July 24, 2009**. Requests for standing must be in writing, and must include the following:

- The requester's name, mailing address and telephone number;
- If the requester is representing a group, association or other organization, the name, address and telephone number of the represented group;
- A statement that the requester supports the proposed final order as issued;
- A detailed statement of how the requester would be harmed if the proposed final order is modified; and
- A standing fee of \$100.00. If a hearing is scheduled, an additional fee of \$250.00 must be submitted along with a request for intervention.

After the protest period has ended, the Director will either issue a final order or schedule a contested case hearing. The contested case hearing will be scheduled only if a protest has been submitted and either:

- upon review of the issues, the director finds that there are significant disputes related to the proposed use of water, or
- the applicant requests a contested case hearing within 30 days after the close of the protest period.

If you do not request a hearing within 30 days after the close of the protest period, or if you withdraw a request for a hearing, notify the Department or the administrative law judge that you will not appear or fail to appear at a scheduled hearing, the Director may issue a Final Order by default. If the Director issues a Final Order by default, the Department designates the relevant portions of its files on this matter, including all materials that you have submitted relating to this matter, as the record for purpose of proving a *prima facie* case upon default.

This document was prepared by Joel Plahn. If you have any questions about any of the statements contained in this document I am most likely the best person to answer your questions. You can reach me at 503-986-0815.

If you have questions about how to file a protest or a request for standing, please refer to the respective sections in this Proposed Final Order entitled "Protests" and "Requests for Standing". If you have previously filed a protest and want to know its status, please contact Patricia McCarty at 503-986-0820.

If you have other questions about the Department or any of its programs please contact our Customer Service Group at 503-986-0801.

Address all other correspondence to: Water Rights Section, Oregon Water Resources Department, 725 Summer St NE Ste A, Salem OR 97301-1266, Fax: 503-986-0901.

DRAFT

This is not a permit.

DRAFT

STATE OF OREGON

COUNTY OF DOUGLAS

DRAFT PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS DRAFT PERMIT IS HEREBY ISSUED TO

UMPQUA BASIN WATER ASSOCIATION INC.
4972 GARDEN VALLEY RD
ROSEBURG, OR 97470

The specific limits and conditions of the use are listed below.

APPLICATION FILE NUMBER: S-87299

SOURCE OF WATER: NORTH UMPQUA RIVER, TRIBUTARY TO UMPQUA RIVER

PURPOSE OR USE: COMMERCIAL AND INDUSTRIAL

MAXIMUM RATE: 1.41 CUBIC FEET PER SECOND

PERIOD OF USE: YEAR-ROUND

DATE OF PRIORITY: SEPTEMBER 29, 2008

POINT OF DIVERSION LOCATION: NWNE, SECTION 33, T26S, R6W, W.M.; 610
FEET SOUTH AND 1400 FEET WEST FROM NE CORNER, SECTION 33

THE PLACE OF USE IS LOCATED AS FOLLOWS:

NW ¼ NE ¼
SW ¼ NE ¼
SE ¼ NW ¼
NE ¼ SW ¼
SE ¼ SW ¼
NW ¼ SE ¼
SECTION 6

NE ¼ SW ¼
NW ¼ SW ¼
SW ¼ SW ¼
SECTION 7

NW ¼ NW ¼
SW ¼ NW ¼
SE ¼ NW ¼
NE ¼ SW ¼
NW ¼ SW ¼
SW ¼ SW ¼
SE ¼ SW ¼
SECTION 18

NE ¼ NW ¼
NW ¼ NW ¼
SE ¼ NW ¼

NE ¼ SW ¼
SE ¼ SW ¼
NW ¼ SE ¼
SW ¼ SE ¼
SE ¼ SE ¼
SECTION 19
TOWNSHIP 26 SOUTH, RANGE 5 WEST, W.M.

NW ¼ NE ¼
SW ¼ NE ¼
NE ¼ NW ¼
SE ¼ NW ¼
NE ¼ SW ¼
SE ¼ SW ¼
SECTION 12

NE ¼ NE ¼
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SECTION 13

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SECTION 21

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SECTION 22

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SECTION 23

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SECTION 24

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SECTION 25

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SECTION 26

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SECTION 28

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SECTION 32

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SECTION 33

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SECTION 34
TOWNSHIP 26 SOUTH, RANGE 6 WEST, W.M.

NE ¼ NW ¼
SECTION 35
TOWNSHIP 26 SOUTH, RANGE 7 WEST, W.M.

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SECTION 3

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SECTION 4

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SECTION 5

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SECTION 6

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SECTION 8

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SECTION 9

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SECTION 10

NW ¼ NW ¼
SECTION 11

SW ¼ SW ¼
SE ¼ SW ¼
SECTION 30

NW ¼ NW ¼
SW ¼ NW ¼
SECTION 31

TOWNSHIP 27 SOUTH, RANGE 6 WEST, W.M.

NE ¼ SE ¼
SECTION 1

SE ¼ NE ¼
NE ¼ SE ¼
SECTION 2

SW ¼ NE ¼
SE ¼ NW ¼
NE ¼ SW ¼
NW ¼ SE ¼
SECTION 11

SE ¼ SE ¼
SECTION 25

SE ¼ NE ¼
NE ¼ SE ¼
SECTION 35

NE ¼ NE ¼
SE ¼ NE ¼
SW ¼ NW ¼

NW ¼ SW ¼
SECTION 36
TOWNSHIP 27 SOUTH, RANGE 7 WEST, W.M.

Measurement, recording and reporting conditions:

- A. Before water use may begin under this permit, the permittee shall install a totalizing flow meter at each point of diversion. The permittee shall maintain the meter(s) in good working order. The permittee shall keep a complete record of the amount of water used each month, and shall submit a report which includes the recorded water use measurements to the Department annually or more frequently as may be required by the Director. Further, the Director may require the permittee to report general water-use information, including the place and nature of use of water under the permit.
- B. The permittee shall allow the watermaster access to the meter(s); provided however, where any meter is located within a private structure, the watermaster shall request access upon reasonable notice.

The permittee shall install, maintain, and operate fish screening and by-pass devices consistent with current Oregon Department of Fish and Wildlife (ODFW) standards. Fish screening is to prevent fish from entering the proposed diversion while by-pass devices provide adequate upstream and downstream passage for fish. The required screen and by-pass devices are to be in place and functional, and approved in writing by ODFW prior to diversion of any water. The permittee may submit evidence in writing that ODFW has determined screens and/or by-pass devices are not necessary.

The permittee shall not construct, operate or maintain any dam or artificial obstruction to fish passage in the channel of the subject stream without providing a fishway to ensure adequate upstream and downstream passage for fish, unless the permittee has requested and been granted a fish passage waiver by the Oregon Fish and Wildlife Commission. The permittee is hereby directed to contact an Oregon Department of Fish and Wildlife Fish Passage Coordinator, before beginning construction of any in-channel obstruction.

Water may be diverted only when Department of Environmental Quality

sediment standards are being met.

STANDARD CONDITIONS

Failure to comply with any of the provisions of this permit may result in action including, but not limited to, restrictions on the use, civil penalties, or cancellation of the permit.

Where two or more water users agree among themselves as to the manner of rotation in the use of water and such agreement is placed in writing and filed by such water users with the watermaster, and such rotation system does not infringe upon such prior rights of any water user not a party to such rotation plan, the watermaster shall distribute the water according to such agreement.

If the riparian area is disturbed in the process of developing a point of diversion, the permittee shall be responsible for restoration and enhancement of such riparian area in accordance with ODFW's Fish and Wildlife Habitat Mitigation Policy OAR 635-415. For purposes of mitigation, the ODFW Fish and Wildlife Habitat Mitigation Goals and Standards, OAR 635-415, shall be followed.

The use may be restricted if the quality of the source stream or downstream waters decreases to the point that those waters no longer meet existing state or federal water quality standards due to reduced flows.

This permit is for the beneficial use of water without waste. The water user is advised that new regulations may require the use of best practical technologies or conservation practices to achieve this end.

By law, the land use associated with this water use must be in compliance with statewide land-use goals and any local acknowledged land-use plan.

The use of water allowed herein may be made only at times when sufficient water is available to satisfy all prior rights, including prior rights for maintaining instream flows.

Completion of construction and application of the water shall be made

within five years of the date of permit issuance. If beneficial use of permitted water has not been made before this date, the permittee may submit an application for extension of time, which may be approved based upon the merit of the application.

Within one year after making beneficial use of water, the permittee shall submit a claim of beneficial use, which includes a map and report, prepared by a Certified Water Rights Examiner.

Issued _____, 2009

DRAFT - THIS IS **NOT** A PERMIT

Phillip C. Ward, Director
Water Resources Department

Mailing List for PFO Copies

Application #S-87299

PFO Date June 9, 2009

Original mailed to:

Applicant: UMPQUA BASIN WATER ASSOCIATION INC, 4972 GARDEN VALLEY RD,
ROSEBURG, OR 97470

Copies sent to:

1. WRD - File # S-87299
2. Water Availability: Ken Stahr

<p>Copies Mailed By: _____ (SUPPORT STAFF) on: _____ (DATE)</p>

PFO and Map Sheet Copies sent to:

3. WRD - Watermaster # 15
4. Regional Manager: SWR

Copies sent to Other Interested Persons (CWRE, Agent, Well Driller, Commenter, etc.)

Jordan Engineering 460 Jordan lane Roseburg OR 97471

"\$10 LETTER" sent to Interested Persons who have not protested or paid for copies

Affected Landowners (include "Notice of Proposed Final Order--Affected Landowner"):

- 1.

CASEWORKER : jmp