

**Oregon Water Resources Department  
Water Rights Division**

Water Rights Application  
Number S-86971

Prior to the issuance of a permit, the Department must receive permit recording fees in the amount of \$400.00. Please include your application number on your check made out to the Oregon Water Resources Department.

**Proposed Final Order**

*Summary of Recommendation:* The Department recommends that the attached draft permit be issued with conditions.

*Application History*

On September 13, 2007, Hot Lake Springs Resort submitted an application to the Department for the following water use permit:

- Amount of Water: 0.49 CUBIC FOOT PER SECOND (CFS)
- Use of Water: COMMERCIAL USE (GEOTHERMAL HEATING)
- Source of Water: A SPRING, TRIBUTARY TO CATHERINE CREEK
- Area of Proposed Use: UNION COUNTY WITHIN SECTION 5, TOWNSHIP 4 SOUTH, RANGE 39 EAST, W.M.

On February 8, 2008, the Department mailed the applicant notice of its Initial Review, determining that "*the use of 0.49 CFS from a spring, tributary to Catherine Creek, for commercial use is not allowable, and it appears unlikely that you will be issued a permit.*" The applicant did not notify the Department to stop processing the application within 14 days of that date.

On February 12, 2008, the Department gave public notice of the application in its weekly notice. The public notice included a request for comments, and information for interested persons about both obtaining future notices and a copy of the Proposed Final Order. No written comments were received within 30 days.

On February 22, 2008, the Department received information from the applicant's attorney and from GSI Water Solutions, on behalf of the applicant, stating that the proposed use of 0.49 CFS of water from a spring is non-consumptive commercial use (geothermal heating and cooling). The applicant proposed a closed-pipe system to provide heat to buildings on the property and then return the water to the spring.

In reviewing applications, the Department may consider any relevant sources of information, including the following:

- recommendations by other state agencies
- any applicable basin program
- any applicable comprehensive plan or zoning ordinance
- the amount of water available
- the rate and duty for the proposed use
- pending senior applications and existing water rights of record
- the Scenic Waterway requirements of ORS 390.835
- applicable statutes, administrative rules, and case law
- any comments received

*Findings of Fact*

The Grande Ronde Basin Program allows commercial use (geothermal heating).

Senior water rights exist on a spring, tributary to Catherine Creek, or on downstream waters.

A spring, tributary to Catherine Creek, is above the Grande Ronde River State Scenic Waterway.

Pursuant to Oregon Administrative Rule (OAR) 690-310-0260, the Department may issue water rights within or above the designated reach of a scenic waterway provided the free-flowing character of the waterway is maintained in quantities necessary for recreation, fish and wildlife uses. Under natural conditions, the water from the spring flows into the pond. Water will be diverted from the spring by pump and conveyed to the hotel by piping (closed-loop system) for circulation through the radiators within the hotel. The water exiting the heating system will be conveyed back to the pond near the natural discharge point of the spring. The Department finds that the proposed use is non-consumptive.

An assessment of water availability has been completed. This assessment compared a calculation of natural streamflow minus the consumptive portion of all relevant rights of record. A copy of this assessment is in the file. This assessment determined that water is not available for further appropriation (at an 80 percent exceedance probability) from March 1 through November 30.

The Department finds that the amount of water requested, 0.49 CFS, is an acceptable amount.

In accordance with OAR 690-033-0330, an interagency team reviewed this proposed use for potential adverse impacts on sensitive, threatened and endangered fish populations. This team consisted of representatives from

the Oregon Departments of Water Resources (WRD), Environmental Quality (DEQ), Fish and Wildlife (ODFW), and Agriculture. WRD and ODFW representatives included both technical and field staff. The interagency team recommended that additional limitations or conditions of use be imposed on this application as follows:

The local watermaster recommended approval of the proposed use as long as it is non-consumptive.

ODFW recommended that water be diverted only when Department of Environmental Quality sediment standards are being met.

DEQ recommended that the discharged spring water be returned at the spring discharge point in the same volume and timing as the original spring source. DEQ also recommended that no measurable degradation of water quality be permitted in the discharged spring water relative to the original source water.

Per OAR 690-033-0120(2)(a), the use of water from direct flow is not allowed April 15 through September 30. However, the Department finds the use is non-consumptive, therefore the seasonal limitation in OAR 690-033-0120(2)(a) is not relevant.

#### *Conclusions of Law*

Under the provisions of ORS 537.153, the Department must 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.

The proposed use requested in this application is allowed in the Grande Ronde Basin Program, or a preference for this use is granted under the provisions of ORS 536.310(12).

The proposed use will not injure other water rights.

The proposed use complies with other rules of the Water Resources Commission not otherwise described above.

The proposed use complies with the State Agency Agreement for land use.

Because water is not available for the proposed use, the required presumption has **not** been established.

OAR 690-310-0120(2)(b) states that when the presumption is not established, the Department shall determine whether the proposed use

will impair or be detrimental to the public interest, 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.

To determine whether the proposed use will impair or be detrimental to the public interest, the factors in ORS 537.170(8), shown in bold below, have been considered as follows:

- (a) **Conserving the highest use of the 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 to the public.**

The proposed use of water is to supply water for the historic Hot Lake Hotel. The water will circulate through the radiators at the Hotel.

- (b) **The maximum economic development of the waters involved.**

The Hot Lake Hotel will have a beneficial economic impact to the local community by increasing employment, tourism and recreation.

- (c) **The control of the waters of this state for all beneficial purposes, including drainage, sanitation and flood control.**

The proposed 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.

- (d) **The amount of waters available for appropriation for beneficial use.**

Surface water is not available at an 80% exceedance level March 1 through November 30. However, the use is non-consumptive and will have no impact to the surface water.

- (e) **The prevention of wasteful, uneconomic, impracticable or unreasonable use of the waters involved.**

The draft permit is conditioned such that wasteful, uneconomic, impracticable or unreasonable use of the waters

involved is prevented. The proposed use as conditioned in the attached draft permit will require conservation measures and reasonable use of the water.

- (f) All vested and inchoate rights to the waters of this state or to the use of the waters of this state, and the means necessary to protect such rights.**

The pending application's priority date and the Department's existing system of regulation are the means necessary to protect existing vested and inchoate rights.

- (g) The state water resources policy formulated under ORS 536.295 to 536.350 and 537.505 to 537.534.**

The Department determined the proposed use is consistent with the state water resources policy formulated under ORS 536.295 to 536.350. ORS 537.505 to 537.534 relate to groundwater and are not relevant to this application.

The Department therefore concludes that, in accordance with OAR 690-310-0120(2)(b), although the presumption is not established, the proposed use as modified and conditioned in the attached draft permit will not impair or be detrimental to the public interest.

The Department finds that the proposed use is effectively non-consumptive in regard to maintenance of the flows of a scenic waterway under OAR 690-310-0260. Therefore, the proposed use will not impair the free-flowing character of the scenic waterway below.

#### Recommendation

The Department recommends that the attached draft permit be issued with conditions.

DATED January 26, 2010

*E. Timothy Wall*

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 **March 12, 2010**. 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;
- If you are the applicant, the protest fee of \$300 required by ORS 536.050; and
- If you are not the applicant, the protest fee of \$600 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 **March 12, 2010**. 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 \$150. If a hearing is scheduled, an additional fee of \$350 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 Kerry Kavanagh. 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 503-986-0816.*

*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 UNION

DRAFT PERMIT TO APPROPRIATE THE PUBLIC WATERS

THIS DRAFT PERMIT IS HEREBY ISSUED TO

HOT LAKE SPRINGS RESORT  
PO BOX 1043  
LA GRANDE, OR 97850

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

APPLICATION FILE NUMBER: S-86971

SOURCE OF WATER: A SPRING, TRIBUTARY TO CATHERINE CREEK

PURPOSE OR USE: COMMERCIAL USE (GEOTHERMAL HEATING)

MAXIMUM RATE: 0.49 CUBIC FOOT PER SECOND

PERIOD OF USE: YEAR ROUND

DATE OF PRIORITY: SEPTEMBER 13, 2007

POINT OF DIVERSION LOCATION: NW  $\frac{1}{4}$  SE  $\frac{1}{4}$ , SECTION 5, T4S, R39E, W.M.; 810 FEET SOUTH AND 910 FEET EAST FROM C1/4 CORNER, SECTION 5

THE PLACE OF USE IS LOCATED AS FOLLOWS:

NW  $\frac{1}{4}$  SE  $\frac{1}{4}$   
SECTION 5  
TOWNSHIP 4 SOUTH, RANGE 39 EAST, W.M.

Measurement, recording and reporting conditions:

- A. Before water use may begin under this permit, the permittee shall install a totalizing flow meter or other suitable measuring device as approved by the Director at each point of diversion. The permittee shall maintain the meter or measuring device in good working order.
- B. 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.

- C. The permittee shall allow the watermaster access to the meter or measuring device; provided however, where any meter or measuring device is located within a private structure, the watermaster shall request access upon reasonable notice.
- D. The Director may provide an opportunity for the permittee to submit alternative measuring and reporting procedures for review and approval.

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.

Any use of water under this permit must be non-consumptive. If conditions at the site change over time, the non-consumptivity must be maintained.

#### **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

DRAFT - THIS IS **NOT** A PERMIT

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for Phillip C. Ward, Director  
Water Resources Department

# Mailing List for PFO Copies

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Application #S-86971

PFO Date January 19, 2010

## Original mailed to applicant:

HOT LAKE SPRINGS RESORT  
MS. LEE MANUEL  
PO BOX 1043  
LA GRANDE, OR 97850

Copies Mailed By: _____ (SUPPORT STAFF) on: _____ (DATE)
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## Copies sent to:

1. WRD - File # S-86971
2. Water Availability: Ken Stahr

## PFO and Map Sheet Copies sent to:

3. WRD - Watermaster # 6
4. WRD - Regional Manager: EASTERN
5. Oregon State Parks

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

6. Barry, Jeff, CWRE #71100,  
GSI Water Solutions, Inc., 55 SW Yamhill Street, Suite 400, Portland, OR 97204
7. Howard, Elizabeth E., attorney  
Dunn Carney Allen Higgins & Tongue, LLP, Attorneys at Law  
851 SW Sixth Avenue, Suite 1500, Portland, OR 97204-1357

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

"\$20 LETTER" sent to Interested Persons who have not protested or paid for copies

CASEWORKER : Kerry Kavanagh