

COPY

PETITION TO THE UINTAH WATER
CONSERVANCY DISTRICT FOR ALLOTMENT
OF WATER FOR MUNICIPAL AND INDUSTRIAL USE

VERNAL CITY, a municipal corporation of the State of Utah, organized under the laws of the State of Utah, hereinafter referred to as "VERNAL CITY", hereby petitions the Uintah Water Conservancy District, hereinafter referred to as "District", for a perpetual allotment of 1,000 acre-feet annually of municipal and industrial water, hereinafter referred to as "project water". Such water to be made available through the Central Utah Project, Jensen Unit, hereinafter referred to as "Project".

Recitals

AVW&SID has previously petitioned the District for 4,000 acre feet of project water, which petition has been approved by the District and the U.S. Bureau of Reclamation.

Congress passed public law 102-575 which among other things provided for the District repayment obligation for municipal and industrial water for the Jensen Unit of the Central Utah Project be reduced to \$ 5,545,592.00 and gave the District the perpetual right to the use of 2,000 acre-feet of water annually.

As a result of the District's reduced water supply, the District has agreed to reduce the amount of water VERNAL CITY previously petitioned for to 1,000 acre-feet annually and to adjust VERNAL CITY's repayment obligation accordingly.

1. VERNAL CITY agrees to pay District annually on or before January 25 for water committed to VERNAL CITY by the District for that calendar year. VERNAL CITY's annual payment shall include: A rate per acre-foot sufficient to cover the proportionate share of the District's annual payment to the United States as outlined in the repayment contract No. 6-05-01-00143 dated June 3, 1976 and particularly as outlined in Article 4 of the Amendatory Contract No. 6-05-01-00143 dated December 30, 1992, including any supplements or amendments thereto hereinafter referred to as the "Government-District contract", attached as an exhibit to this petition, for that 1,000 acre-feet of project municipal and industrial water, and an appropriate share of the operation, maintenance and reserve fund expense.

(a) Payment for Untreated Water: It is mutually acknowledged that District shall acquire the perpetual right to use the 2,000 acre-feet municipal and industrial water annually. District is required under contract, to pay the allocated cost of the development of 2,000 acre-feet of municipal and industrial water, plus interest, in 49 annual installments. Payment commenced by the District on January 31, 1989 with the remaining installments to be due on each succeeding January 31st until the entire balance owing is paid in full.

Although District shall be required to pay the repayment obligation within 49 years from January 31, 1989, it is agreed that JENSEN shall pay the rate per acre-foot charged by District, as

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provided herein, on water committed to VERNAL CITY by the District until District's obligation to the United States for the cost allocated for construction of facilities capable of developing of municipal and industrial water has been paid in full, provided that VERNAL CITY will never have to pay more than its prorated share of said water. The balance of the project costs associated with municipal and industrial water will be paid by District or other municipal and industrial users purchasing water from the District.

Based on the amount of \$5,545,592 the construction costs associated with the 2,000 acre-feet of project municipal and industrial project water, the total annual cost per acre-foot is \$113.29, less 34% cost share by CUWCD or a total cost of per acre foot of \$74.77 annually

The ~~\$113.29~~^{74.77} per acre-foot rate shall be paid by VERNAL CITY for untreated water and requires that VERNAL CITY pay said per acre-foot rate to District on the 1,000 acre-feet of project water committed to VERNAL CITY until District has paid, as provided for above, for municipal and industrial water.

District reserves the right to increase or decrease the rate per acre-foot to be paid by VERNAL CITY, but only to reflect any increase or decrease in the allocated Jensen Unit construction costs for the municipal and industrial water allotted to the District.

(b) Operation, Maintenance and Reserve Fund Charges: The District shall notify VERNAL CITY in writing on or before April 1 preceding the year to which the notice is applicable as to the

estimated amount of operation, maintenance and reserve fund costs and charges reasonably accruing to that part of the 1,000 acre-feet of municipal and industrial water that has been committed to VERNAL CITY. VERNAL CITY shall pay the estimated amount set out in such operation and maintenance notices on or before January 25 for that calendar year. At the close of the calendar year, an adjustment shall be made by the District to reflect actual operation, maintenance and reserve fund costs and VERNAL CITY shall be billed for the difference or given a credit on the next calendar year's operation, maintenance and reserve fund cost as may be appropriate.

(c) Equal Treatment: District shall not allot municipal and industrial water to any other municipal-type entity from the Jensen Unit project at more advantageous rates and terms than provided under subparagraph (a) of this paragraph.

2. The parties mutually acknowledge that after District has fully met its repayment obligations to the United States under the Government-District contract for municipal and industrial water allotted to the District, it may be possible and reasonable for District to reduce its rates to VERNAL CITY. However, the parties also acknowledge that District at said time may endeavor to develop other water supplies for allotment to VERNAL CITY and other areas within District for municipal and industrial purposes, and that District may not be able to develop and provide such additional water supplies unless its municipal and industrial rates are maintained at a level which, together with tax income, shall

provide the revenues to finance said new facilities. However, unless a new allotment of municipal and industrial water is petitioned for by VERNAL CITY, the parties hereto mutually agree that when the District's repayment obligations to the United States under said Government-District contract have been fully paid, the parties shall renegotiate the rates to be charged by District to reflect the decrease in District's annual obligations regarding this 2,000 acre fee of municipal and industrial water, by reason of the fact that District's contract with the United States as to said water has been fully paid.

3. The allotment of 1,000 acre-feet of water per year hereunder is made in perpetuity.

4. It is mutually agreed that the water to be delivered to VERNAL CITY hereunder will be untreated water.

5. The first annual payment by VERNAL CITY shall be made on or before January 25, 1989 or and additional payments have been made on or before January 25 of each year for the years 1990, 1991, 1992 and 1993. Subsequent annual payments are to be made on or before January 25 of each year thereafter for all water theretofore committed to VERNAL CITY.

6. Water is to be delivered to VERNAL CITY in accordance with operating criteria to be developed (after consultation with VERNAL CITY) by the District as approved by the United States. Payments required by paragraph 1 hereof shall be made on all water committed to VERNAL CITY from the District, whether all or any part of the

water is called for or used by VERNAL CITY. It is mutually agreed that during some water years the Project may have water available, but VERNAL CITY can reasonably meet its water needs in whole or in part from its own sources. During such times, the water may be diverted in whole or in part to storage. Such stored water will remain project water, and there shall be no carry-over storage privilege, specifically earmarked for VERNAL CITY, or for any other project water user.

7. Class B taxes may be levied annually by District's Board of Directors upon property within VERNAL CITY boundary, as provided by Sec. 73-9-17, U.C.A. 1953 as amended, by Chapter 132, Laws of Utah, 1953, and by Chapter 160, Laws of Utah, 1957, and as the same may be hereafter amended, at rates sufficient to produce the annual payment required to be paid by VERNAL CITY, as fixed in accordance with paragraph 1 hereof, less any sum paid or undertaken to be paid by VERNAL CITY from water revenues and other sources. In making such levies, District's Board of Directors shall take into account the deficiencies and defaults of prior years, and shall make ample provision for the payment thereof.

8. Water allotted hereby is to be made available to VERNAL CITY at Red Fleet Reservoir and measured for delivery to VERNAL CITY at the inlet to the Tyzack Aqueduct. The point of delivery shall be at or near the end of the Tyzack Aqueduct Reach 1 at the location of the Ashley Valley Purification Plant. Municipal and industrial water developed by the Jensen Unit is intended to be

used in the area shown on the enclosed map. Water allotted hereby is to be used in the service area within the boundary of VERNAL CITY.

9. In the event there is a shortage of project water caused by drought, inaccuracy in distribution not resulting from negligence, hostile diversion, prior or superior claims, or other causes not within the reasonable control of District, no liability shall accrue against District, or the United States, or any of their officers, agents or employees, or either of them, for any damage, direct or indirect, arising therefrom and the payment to District provided for herein shall not be reduced because of any such shortage or damage. If a shortage occurs within the Jensen Unit in project municipal and industrial water, then deliveries of water pursuant to this petition shall be reduced in the proportion that the number of acre-feet of such shortage bears to the total number of acre-feet allotted for municipal and industrial use. The determination of shortages shall be made by District's Board of Directors.

10. Any commitment of water and payments to District for water so committed pursuant to this petition shall be subject to the Water Conservancy Act of Utah, Title 73, Chapter 9, U.C.A. 1953, as amended, the rules and regulations of District's Board of Directors, and the Government-District contract, as the same may be supplemented or amended.

DATED this _____ day of January, 1993.

VERNAL CITY CORPORATION

By: _____
MAYOR

Attest:

Secretary