

MEMO

Date: December 26, 2001
To: Provo River Distribution System Board of Directors
From: Russell O. Brown
Re: Policy on Change and Exchange Applications

A committee was appointed at the January 9, 2001 annual meeting to appoint a committee to draft a policy on Change and Exchange applications. The appointed committee held two meetings: one on January 12, 2001; and one on January 25, 2001.

Enclosed for your review are the following:

- A draft of a policy dated July 25, 2001;
- Minutes of the January 25, 2001 committee meeting;
- Comments by Lee Sims on that January 25, 2001 meeting;
- Minutes of the January 12, 2001 meeting.

I am sending this information to facilitate discussion of the draft policy at the January 8, 2002 annual meeting.

D R A F T
July 25, 2001

PROVO RIVER DISTRIBUTION BOARD

A Policy on Change and Exchange Applications in the Provo River System

As all water users in the Provo River system should pay their fair share of the cost associated with the operation of the system, a policy has been developed to address change and exchange applications and the costs associated with their use. There are three types of change and exchange applications:

- 1) An application where a shareholder in a stock canal company changes the point of diversion of the water represented by his stock to a well.
- 2) An application where owners of storage rights exchange reservoir water for a well or another diversion point. These owners are usually large entities where the end-user is not typically the owner of the storage right.
- 3) An application where an individual requests a change in the point of diversion for a small decreed river right from the river to a well.

A. IDENTIFICATION OF CHANGES AND EXCHANGES

The State Engineer has a list of approved change and exchange applications. Once each year, in the late winter, the River Commissioner, with the assistance of personnel from the State Engineer's office, will research all of the changes and exchanges made during the previous year. They will determine any reductions of river diversion that should be made for the coming year and add to, or modify, the list of changes or exchanges that would be assessed during the coming year.

B. ASSESSMENTS

1. The amount of a supplemental assessment to cover the cost of administration by the State Engineer and the River Commissioner shall be determined by the River Distribution Board at its annual meeting.
2. Supplemental assessments will begin upon approval of an application by the State Engineer.
3. The State Engineer will bill for the three types of change and exchange applications as follows:
 - a) When a shareholder in a stock canal company changes the point of diversion, the canal company will be billed the normal river assessment and a supplemental assessment for change applications. The canal company will then be responsible for the collection of supplemental assessments.
 - b) When owners of storage rights exchange reservoir water for a well or another diversion point, the State Engineer will bill the owner of the storage right the normal river assessment and a supplemental assessment for exchange applications. The owner of the storage right will be responsible for the collection of supplemental assessments.
 - c) When an individual requests a change in the point of diversion for a small decreed river right, the State Engineer will bill the owner of the river right the normal river assessment and a supplemental assessment for the change application. The River Commissioner will be responsible for the collection of the assessments.

C. ENFORCEMENT

In the case of a delinquent account, the entity responsible to collect the assessment must request that the change or exchange associated with the delinquent account be withdrawn. In other words, the company, the owner, or the River Commissioner responsible for collecting assessments must request that a change or exchange associated with a delinquent account be terminated for failure to pay the assessment. The State Engineer will then send a letter telling the applicant to cease use of the water.

The River Commissioner will make field inspections as needed to determine that water is being used in accordance with the application and the river decree.