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WATER RIGHTS
SALT LAKE HARRY A. HAYCOCK
Executive Vice President
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March 27, 1991

Mr. Robert L. Morgan, P.E.
State Engineer
Utah Division of Water Rights
1636 West North Temple, Suite 200
Salt Lake City, Utah 84116

Re: Operation of the Santa Clara Power Canal

Dear Mr. Morgan:

The date for appeal of your Final Order regarding operation of the Santa Clara Power Canal has passed, and Utah Power & Light Company (UP&L) is in the process of compliance with it. Below are described some of the actions UP&L has taken and some of the concerns that have arisen as the Company has tried to operate under the January 31, 1991 Order.

1. UP&L has installed all three parshall flumes at the specified locations.
2. UP&L will monitor flows on a daily basis and calculate the percent losses for each significant reach of canal. These flows will be provided to the river commissioner and the Cedar City office upon request.
3. UP&L has installed three new headgates and has repaired two others per your request. UP&L believes these headgates should be regulated only by the river commissioner, and locks should be installed to prevent unauthorized diversions by water users, since unauthorized diversions will be charged against UP&L as losses.
4. UP&L will continue to perform maintenance on the canal to reduce losses to the extent possible. We will periodically update you on specific maintenance programs as they are completed.

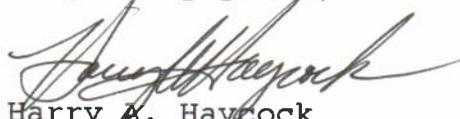
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As noted in No. 3 above, UP&L has significant concerns about legal water use and conservation by others on the river and canal. Due to the dilapidated condition of the headgates, accurate water measurement from the canal to the Veyo Irrigation Company users has been impossible for some time and may have contributed to lax management by several users. As long as the Company's canal was leaking, however, it was easy to blame any loss on the Company.

The Company voluntarily replaced the headgates and has performed a significant amount of repairs on the canal. As a water user on the system, with a real interest in management and conservation, the Company wants to see other users monitor and provide records of use. The Company believes that locking headgates and daily water measurement, by the commissioner, is the least obligation that should be placed on the other users of the river's water in view of the stringent monitoring and control requirement imposed on the Company. By this letter the Company is asking you to implement this plan. Good water management and tight monitoring and control, especially in the ongoing drought, are essential if all users are to divert and use their rights in priority.

If you wish to discuss these issues further, please contact Jody Williams at 220-2851 or Carly Burton at 220-2174.

Very truly yours,



Harry A. Haycock
Executive Vice President

JLW:cld
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cc: Gerald Stoker, Area Engineer
Stan deSousa
Carly Burton
Scott Johson
Jody Williams