



GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Water Resources

DENNIS J. STRONG
Division Director

May 27, 2010

Mr. Kent L. Jones, P.E.
Utah Division of Water Rights
PO Box 146300
Salt Lake City, UT 84114-6300

Kent:

Enclosed is the 40-Year Plan for the Board of Water Resources' Flaming Gorge Water Right. The plan is the same for the original right and all its segregations. The Water Rights covered by this plan include: 41-3479, 41-3516, 41-3529, 41-3532, 49-1654, 89-1595, 89-1596, 89-1614, 89-1616, 97-2220, 97-2237, 91-5075, 92-638, 92-656, and 93-3750.

Rather than submit 15 copies of the same plan, I am enclosing copies for you, John Mann, Bob Leake, Kurt Vest, and Marc Stilson.

Please contact me at 801-538-7298, or Shalaine DeBernardi at 801-538-7255 if you have any questions.

Thank you,

Eric L. Millis, P.E.
Deputy Director

Enclosures

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40-YEAR PLAN FOR WATER RIGHT NO. 41-3479

Background

In 1996, the U.S. Bureau of Reclamation (BOR) assigned the majority of approved Utah Water Right #41-3479 (A30414d) (Flaming Gorge Water Right) to the Utah Board of Water Resources (Board). This right allowed the storage of 500,000 acre-feet of water in Flaming Gorge Reservoir and was to be used for the Ultimate Phase of the Central Utah Project. After the decision was made to not build the Ultimate Phase and after discussions with the state, BOR transferred the majority of the right (447,500 acre-feet of diversion and 158,800 acre-feet of depletion) to the Board.

The Board desired to make this water available to Utah water users within the Colorado River Basin that could put the water to beneficial use. The Board went through a process of receiving applications for this water, approving those applications, then segregating and transferring portions of the right to those applicants. The applicants were given a time-frame for developing the water, and water not developed within that time would revert to the Board.

As part of this allocation process, the Board set aside 73,000 acre-feet of the Flaming Gorge Water Right in anticipation of the future Lake Powell Pipeline (LPP). In 2006, the Utah Legislature passed the Lake Powell Pipeline Development Act (73-28 UCA) which authorizes and directs the Board of Water Resources to develop the LPP. This project will divert water at Lake Powell, upstream of Glen Canyon Dam, and will deliver it to southwest Utah. The project is needed to supply the water needs of the growing population and provide for economic development.

The Board has filed a Request for Extension of Time to File Proof of Beneficial Use for the unused portion of the Flaming Gorge Water Right as well as for other portions of the right that have reverted, or will revert to the Board including: 41-3516, 41-3529, 41-3532, 49-1654, 89-1595, 89-1596, 89-1614, 89-1616, 97-2220, 97-2237, 91-5075, 92-638, 92-656, and 93-3750. If the extensions are granted, the Board will request that all segregated rights be consolidated back to Water Right 41-3479. The water represented by these rights will be delivered by the Board, through the LPP, to supply the municipal and industrial water needs of Kane County Water Conservancy District, Washington County Water Conservancy District and Central Iron County Water Conservancy District.

The Board has also agreed to subordinate their Flaming Gorge Water Rights to the BOR's water right for the Central Utah Project, and to the portions of the Flaming Gorge Water Rights that were transferred to the Uintah and Duchesne County Water Conservancy Districts for use in the Uintah Basin, subject to the districts also subordinating their rights to the BOR's water right for the Central Utah Project.

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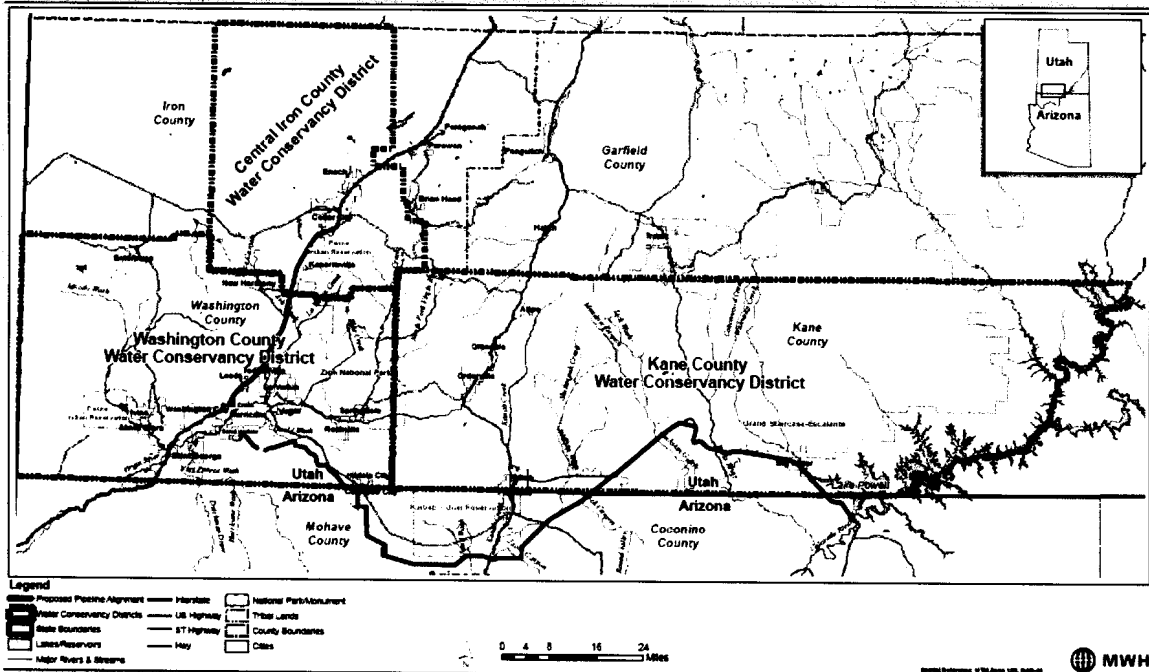


Figure 1 – Lake Powell Pipeline Project Location and Service Area

Development Plan

Development of the Lake Powell Pipeline Project is underway. To date, the State has spent in excess of \$21,000,000 on the Project. In March 2008 the Board, through the Federal Energy Regulatory Commission's (FERC) Integrated Licensing Process (ILP), began the process of obtaining the permits, licenses, easements, rights-of-way and approvals needed for the project. The principal activities by the Board thus far in this process is to do preliminary engineering to better define the project and its footprint and to perform the 23 environmental and cultural resource studies needed for the project's Environmental Impact Statement (EIS). MWH Americas is the doing this work under contract with the Board. The next step, beginning in the spring of 2011, is to turn over the production of the EIS to FERC. By mid 2013 the Board expects to have a Record of Decision, and all permits, licenses, easements, rights-of-way and approvals needed to construct, operate and maintain the project.

Final design would commence at that point and be completed by 2015. Construction is anticipated to span from 2016 to 2018 with water delivery beginning in 2020. It is anticipated more than 90% of the water would be used by 2040 and remainder would be used before 2060. Washington County Water Conservancy District could use the remainder before 2045 and depending on the need by the other two districts at that time may buy up any unused water at that time. See Figure 1.

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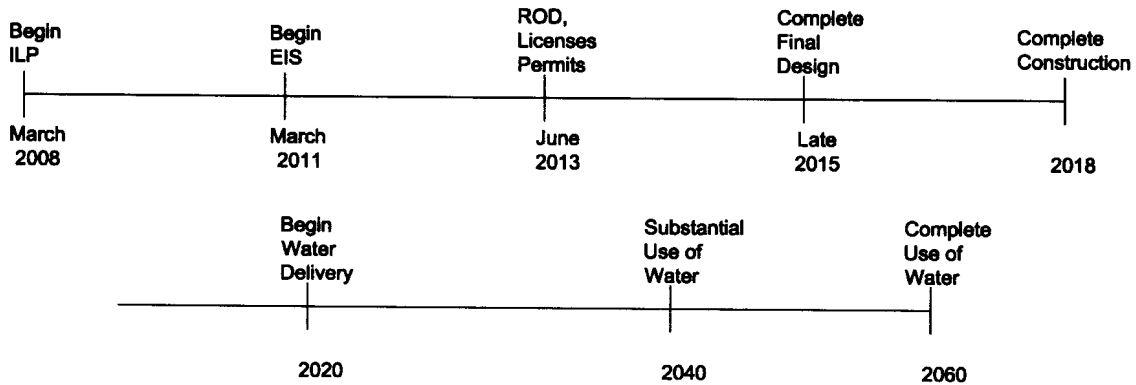


Figure 2 – Lake Powell Pipeline Development Timeline

Water Use and Needs

The need for the Lake Powell Pipeline is driven by the rapid population growth that has been ongoing for many years, particularly in Washington County. Figures 3, 4, and 5 show the current Governor’s Office of Planning and Budget population projections for Kane, Iron and Washington counties through 2060.

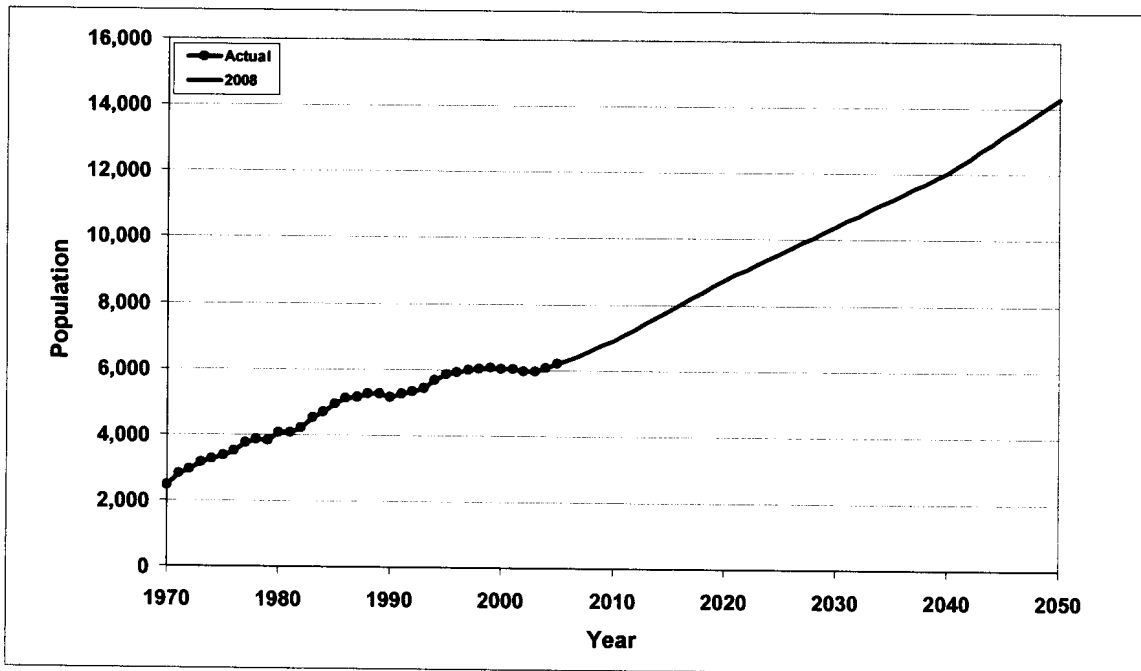


Figure 3 – Kane County Population Projections

Source: GOPB 2008

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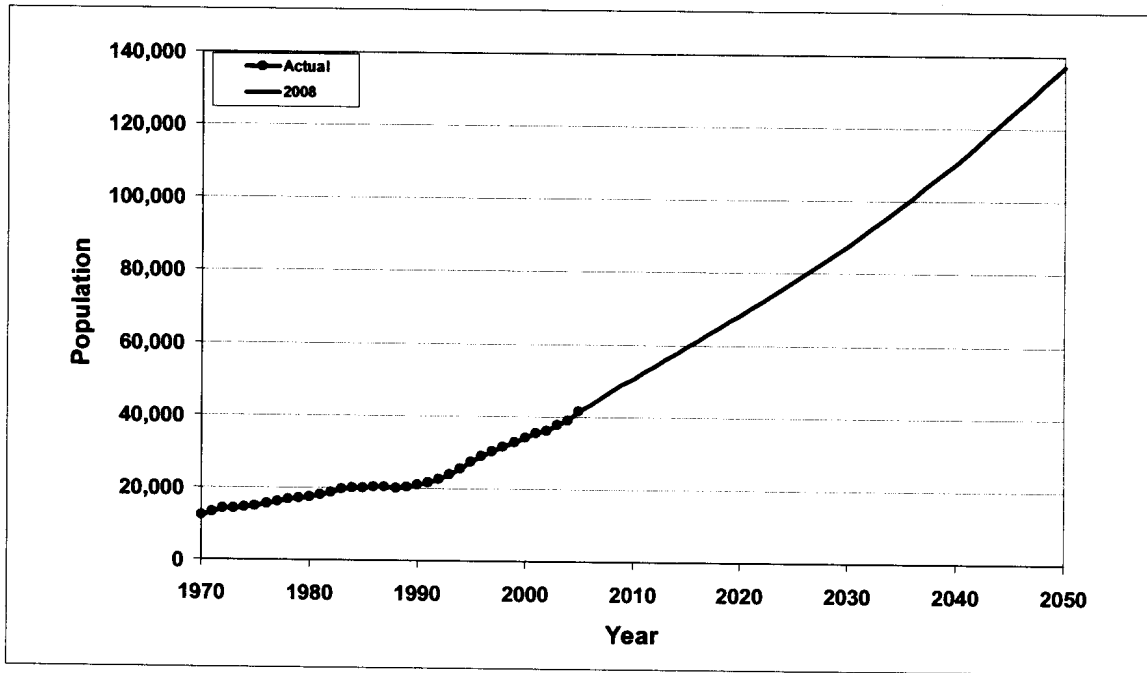


Figure 4 – Iron County Population Projections

Source: GOPB 2008

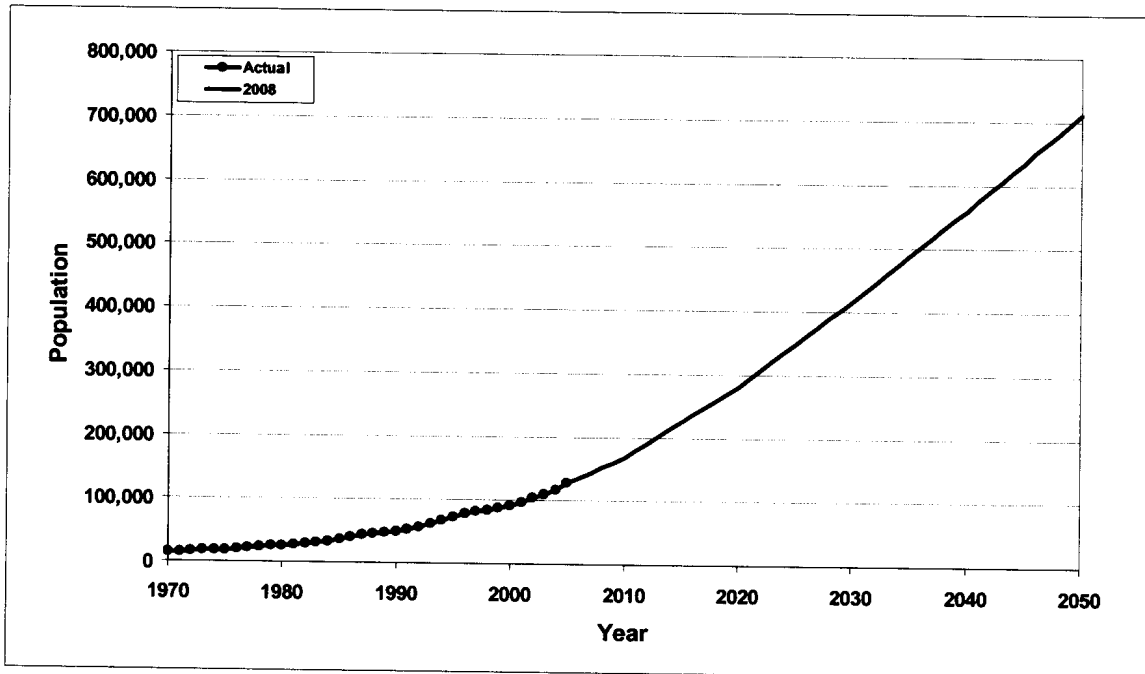


Figure 5 – Washington County Population Projections

Source: GOPB 2008

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Water use within the three counties will increase proportional to the population growth. The state's water conservation goal of a 25% decrease in per capita use by 2050 is accounted for in the projections. The districts have also included their presently developed supplies and additional supplies they may develop in the future in assessing the need for, and timing of, the project. Even so, additional water still must be imported into the area by 2020 for the needs of Washington County and Central Iron County water conservancy districts. Washington County's future needs will be the greatest and are therefore the principal driver of this project. Figure 5 shows Washington County Water Conservancy District's presently developed supplies, anticipated supplies and the projected demand. This shows the LPP being needed by 2020 and meeting the demands through about 2040, at which point the district will need to find other sources of water. It is also possible that if, at that time, the other two districts do not anticipate using all of their Lake Powell Pipeline water that Washington County Water Conservancy District may acquire it.

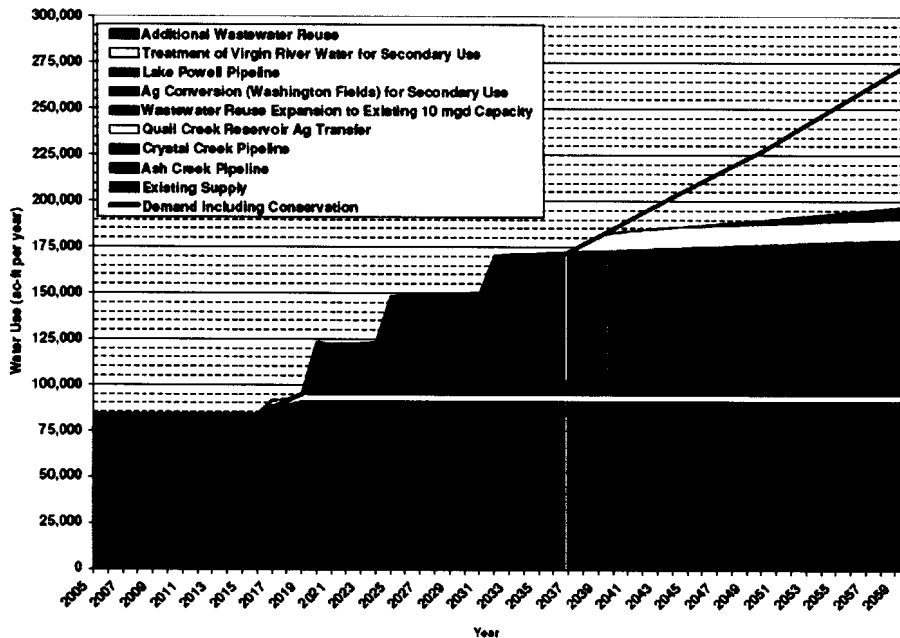


Figure 6 – Washington County Water Conservancy District Water Supply and Needs

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Summary

It is anticipated all the water for which this extension request is being filed will be used by the three water conservancy districts to be served by the LPP. Development of the LPP is underway and is expected to be in operation by 2020. At least 90% of the water is anticipated to be used by 2040 and fully used before 2060, perhaps much sooner depending on circumstances.

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