PRWUA Conservation Program Participation Rules for Shareholders

Purpose & Intent: The primary objective of these rules is to ensure full compliance with the Utah state water code governing Colorado River Demand Management Programs (DMP) with an emphasis on resisting permanent "buy-and-dry" scenarios within the Company service area. In part, these rules are promulgated to support Price River Water Users Association (PRWUA or Company) and its shareholders' desire to track the newly enacted 2-out-of-5-year agricultural leasing restriction under Utah Code § 73-3-30.3 (Dedicated Water Application). By mirroring this framework locally, these rules aim to discourage speculative investment in water rights acquired purely for leasing purposes and ensure conservation programs operate as intended—maintaining long-term agricultural stability, protecting shareholder equity, and safeguarding community water security.

1. System-Wide Limits & Selection Process

- **Annual Volume Caps:** Current program participation is capped at 6,000 acre-feet. However, the exact allowed enrollment will be determined annually by the PRWUA Board based on system circumstances (such as winter reservoir storage forecasts in Scofield Reservoir).
- **Sector-Based Allocation (Ag vs. M&I):** If total shareholder requests exceed the available capacity for a given year, available volume will be split between Ag and M&I participants based on the total proportional breakdown of Ag and M&I shares in the PRWUA system.
- **First-Year Startup & Selection:** For the initial implementation year, the Board will set target share amounts for both sectors. If oversubscribed, selection will occur via a draw/lottery system, with priority given to new applicants.
- **Application Deadlines & Ranking:** PRWUA will establish an internal application deadline ahead of the program sponsor's application submission date (e.g. Colorado River Authority of Utah (CRAU) for DMP). If ranking is necessary, applications will be evaluated based on pre-determined ranking criteria.

2. Water Right & Historical Beneficial Use Verification

- **Historical Use Requirement:** Applicants must provide verifiable documentation demonstrating that the water associated with enrolled shares was placed to legal beneficial use in at least 3 of the previous 5 years.
- **Acceptable Evidence:** Acceptable proof includes cropping records, FSA field records, satellite/remote sensing imagery, canal delivery logs, or lease agreements.

3. Agricultural (Ag) Operating Rules

- **Approved Conservation Practices:** Enrolled Ag shares must implement verified practices, such as partial irrigation, drip conversions, crop switching, or full/split-season fallowing. Practices will be approved and monitored by the sponsor, CRAU.

- **Participation Frequency:** Shareholder participation is limited to 40% of shares owned over a rolling 5-year period. Shareholders may choose to enroll 100% of their shares for 2 years within a 5-year block, enroll 40% of their shares annually, or select a proportional combination within these limits.
- **Delivery Limits:** Ag conservation is strictly limited to reservoir storage forbearance in Scofield Reservoir. No water from enrolled shares may be delivered to down canals.

4. Municipal & Industrial (M&I) Operating Rules

- **Participation Frequency:** Enrolled M&I shares are subject to the same limit of 40% over a rolling 5-year period.
- **In-County Beneficial Use Requirement:** If a shareholder participates in the DMP, any remaining shares owned that are not enrolled in the program must still be put to beneficial use in the traditional delivery area.
    - For shareholders participating at the 2-out-of-5-year level (100% of shares enrolled for 2 years), they must make a reasonable attempt to lease or put their shares to beneficial use during each of the 3 off-years.
    - For shareholders participating at a lower percentage each year (e.g., 40% annually), all non-enrolled shares (the remaining 60%) must be used or leased for local beneficial use.
- **Leasing Restrictions:** Non-enrolled or unused shares cannot be leased to other entities or individuals actively participating in DMP or other similar conservation programs.

5. Administrative Fee Structure

- **Administrative Deduction:** PRWUA will retain an administrative fee from program payouts to cover, among other things, program management, share verification, legal compliance, reporting, water accounting, and metering oversight.
- **Fee Rate:** The standard administrative fee is set at 10%.

6. System Operations

- **Assessments and Fees:** All PRWUA assessments/fees and associated canal company carrying charges must be paid by participating shareholders.
- **Conservation Water Delivery:** PRWUA will require at least a portion of the water represented by shares enrolled to be delivered during summer months. This portion will be established by PRWUA and communicated to participating shareholders.
- **Delivery Rate:** Water represented by shares enrolled will be subject to the delivery rate set by PRWUA. If a different delivery rate is set for Ag and M&I shares, the conserved water will be subject to the lower of the rates set.