

August 19, 2015

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Gentlemen:

Having seen the challenges you are facing today in gathering comments and information, I elected to provide our information in written form to avoid further exacerbating your day in Sparks!

As both of you are well aware, tackling the solutions and mitigations to drought once it is upon us belies the many years required to fashion feasible solutions and then make them a reality. This drought will, in time, lessen but as we all know it will return as it always has and we will be further down the road—hopefully with more tools and flexibility to work through the recurring drought issues.

Part of the query was to describe what “we had done lately” to *respond* to drought; which is perhaps at the crux of the matter—we need to plan for drought and shortages well before they arrive because when they arrive and when we have to respond it is typically too little, too late.

To that end, our company began in 2000 to address the issue of water resource availability in three Nevada communities—Washoe County, Lyon County/Carson City and Lincoln County. While Lincoln County began as a response to an RFP and the development of a water component to their master plan, Washoe County and a private property owner had a water importation project which we brought to fruition with the final piece of that puzzle becoming law in September of 2014. Lyon County and Carson City had conjunctive use challenges, needs for emergency capability and system reliability between their two systems as well as a need to “back-up” their respective systems.

In each of these instances we were able to assist with technical expertise, project financing and permitting expertise that was necessary to get to completion within reasonable timeframes.

Today, in this time of drought, TMWA as the resulting entity by merger has a diversification of its water supply and a significant piece of infrastructure to assist in their future community

planning because of our North Valleys Water Importation Project. Lyon County and Carson City have additional infrastructure and additional supplies as well as system capabilities that they did not previously have to deal with today's challenges.

Lincoln County has water resources for the designated master plan areas within their county and has an ongoing data collection program to determine, with current twenty-first century data, the nature and extent of the water resources in many of the hydrographic basins in Lincoln County.

Because of the foregoing and other projects in which we are involved in the southwest, we believe that Nevada must move forward and encourage the adoption and implementation of at least some of the following enumerated resource areas;

- 1) Create and empower communities to develop reservoirs as well as groundwater recharge and storage projects
- 2) Provide for the ability to create water banking regulations at the local level to support and manage community development and the water resource needs throughout a hydrographic basin
- 3) Offer incentives to agricultural communities that are effectuating change through changes in cropping patterns or the use of innovative technology to promote conservation in agricultural practices. These efforts should be rewarded for increasing efficiency, not penalized. Used in conjunction with fallowing programs and added flexibility to our "use it or lose it" mandate, we can provide flexibility in basin management during times of drought, conversion of crop types and patterns and an assurance that agriculture and the ability to have locally produced food remains a part of our communities.
- 4) Encourage the use of public/private partnerships in water resource development; realizing that often there is a lack of political will over successive governing boards to finish large public works projects. There is and will continue to be a shortage of funding at the public level to undertake decade long project permitting, development and delivery.
- 5) Remember that permitting for many projects in western states requires a significant amount of time and expense in obtaining federal permits for rights of way which conflict with state approvals and timelines. Explore accelerated permitting where ROW's over federal ground are to be granted in favor of state or local governmental entities who will assume operation, maintenance and control of the ROW.
- 6) Given the time wasted by staff and applicants in the hearing process dealing with issues that are not germane to the awarding of water rights within the state system—require protestants to hold a junior or senior water right that is claimed

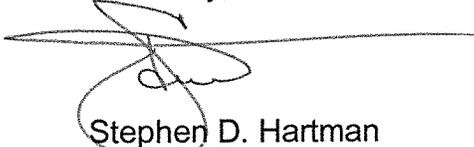
to be impaired by the requested applicants' action, which is set forth in detail at the time of the filing of the protest.

- 7) In the acrimonious situations demonstrated by the problems of Pahrump and its proliferation of "domestic wells", we may have a solution in requiring all domestic well owners to actually acquire a water right equal to the amount of their "inside" consumptive use from a senior water rights holder in the basin. Sooner than later, the domestic well issue will run directly into the prior appropriation doctrine and the domestic well owners will lose that battle but their communities will not be the better for the conflict.

Our travels take us to other jurisdictions in the West where the states at least, with the notable exception of California, follow a reasonably consistent approach to water resources and their nurturing and care of that precious resource. If we let science and not emotion drive resource development and use for the future and we ensure that that science is current and peer reviewed, we will be able to deal with the significant issues before us. As we view our future, it is my personal belief that Nevadans must be mindful of the incessant interpretation of various federal statutes and Acts in an ongoing effort to control western water. Because of the state's largest land manager, we will always be fighting an uphill battle when it comes to providing water resources for the future of our communities and our state.

I would appreciate the ability to work on the various tasks that lie in front of us all by crafting workable approaches, regulations and legislation, if needed, which will make future challenges easier, if possible. Thank you for the opportunity to share some of our thoughts.

Sincerely,



Stephen D. Hartman
Vice President, General Counsel

cc: Jason King
Mark Foree
Dylan Frehner
Mike Workman