

**HEADWATER AUTHORITY OF THE SOUTH PLATTE
POLICY REGARDING CUSTOMERS' DEPLETIONS EXCEEDING
PURCHASED/LEASED WATER**

ADOPTED MAY 10, 2017

This policy memorializes HASP's procedures when any customer's depletions exceed the annual amount of allocated water to that customer.

1. HASP shall notify any customer when the customer's depletions have reached 80 percent of the annual amount allocated to that customer, if the customer is projected to exceed the depletions on an annual basis. The notice to the customer will inform the customer of the amount of water used, the amount remaining, and the projected date when 100 percent of the allocated amount will be reached. The notice will also state that diversions should immediately cease when the allocated amount is reached, unless additional replacement water is leased or purchased by the customer. Additionally, the notice will state that failure to cease diversions or to purchase/lease additional water will result in HASP charging the customer at a rate of 125 percent of the then-current lease rate for any amount of excess depletion. The Division Engineer's Office and Water Commissioner will be copied on the notice.

2. HASP shall send a second written notice to the customer if that customer reaches 100 percent of the allocated depletions in less than a year and did not purchase or lease additional replacement water after the first notice. This notice will state that any further diversions are out-of-compliance with the customer's augmentation certificate and that any excess depletion shall be charged to the customer at a rate of 125 percent of the then-current lease rate. The Division Engineer's Office and Water Commissioner will be copied on the notice.

3. Any customer whose depletions exceed the purchased or leased amount of water during the water year shall be charged the amount of the excess depletion at a rate of 125 percent of the then-current lease rate for water. HASP, at its discretion, may require the customer to reimburse HASP for legal, engineering and administrative costs associated with addressing the overage.

4. HASP's consultants will work with the customer to determine if the customer's excess depletions are an anomaly or will occur again. If HASP determines such excess depletions are not an anomaly and will occur again, the customer will be required to purchase or lease on a longer term basis additional water from HASP.

5. Failure to comply with HASP's notices or requirements or a customer's repeated depletions in excess of the purchased/leased amounts may result in the permanent removal of the customer from HASP's plan for augmentation in HASP's discretion.