

**HEADWATER AUTHORITY OF THE SOUTH PLATTE
POLICY REGARDING THE SALE AND LEASE OF WATER FOR POND
AUGMENTATION PURPOSES**

ADOPTED AUGUST 14, 2024

Effective Date - October 1, 2024

This Policy memorializes HASP's procedures regarding the sale and lease of water for pond augmentation purposes.

BASIS: HASP's plans for augmentation decreed in Case Nos. 02CW389 and 12CW50 ("Plans") authorize HASP to augment out-of-priority depletions arising from water uses by HASP's customers, including for pond augmentation purposes. Both Plans include a cap on the total amount of depletions that can be augmented under each plan. Over time, the amount of "uncommitted" augmentation water has been reduced as HASP adds customers to the Plans.

HASP currently has customers that purchased water for pond augmentation. However, because pond augmentation often requires the commitment of a relatively large amount of augmentation water, HASP adopts this Policy to set forth how it will evaluate any future pond augmentation applications.

1. Application for more than 1 acre-foot of augmentation water. Subject to the Board's approval, HASP may provide water for pond augmentation purposes in amounts exceeding one (1) acre foot through long-term leases or sale. Presumptively, leases of pond augmentation water will be for a 5-year initial term, with the option to renew for an additional 5-year term at the sole discretion of the Board. The sale of over one (1) acre-foot of water for pond augmentation use is not prohibited under this Policy but is strongly disfavored, except in extraordinary circumstances as determined by the Board.

All applications for more than one (1) acre foot of pond augmentation water will be reviewed by the Board on a case-by-case basis, and the Board may approve, deny, or approve with conditions any application in its sole discretion. When evaluating any application, the Board may consider any available information, including but not limited to: (1) Purposes and use of pond; (2) Local and regional benefits associated with the pond; (3) Amount of water applied for; (4) Year pond was constructed; (5) Constraints or limitations affecting HASP's ability to augment the pond under the Plans; (6) Proposed length of lease term; and (7) Any other situation-specific information.

2. Application for 1 acre-foot or less of augmentation water. HASP will continue to sell or lease water for pond augmentation purposes where the total amount of water to be sold or leased is less than or equal to one (1) acre foot. All such applications will be evaluated in the same manner as other applications for less than or equal to one (1) acre-feet of water, irrespective of the intended use of the water.

3. Single year lease (spot water). If HASP determines that any amount of water is available in any single year, spot water can be purchased on a first-come, first-served basis, regardless of the intended use of the water.

HASP intends to periodically review this Policy as new water sources are added to the Plans and additional uncommitted augmentation water becomes available.