

**Colorado-Big Thompson Project Water Tracking
Revised Rule
(Effective Date: January 14, 2021)**

BASIS AND PURPOSE

Under the Water Conservancy Act, C.R.S. §§ 37-45-101 – 153, the Board has authority to make and enforce all reasonable rules and regulations for the management, control, delivery, use, and distribution of C-BT Project water. C.R.S. § 37-45-134. Pursuant to the contract concerning construction of the C-BT Project between the United States and Northern Water, dated July 5, 1938 (Repayment Contract), all seepage and return flows from the use of C-BT Project water are reserved to Northern Water to be allocated for use within the Northern Water boundaries. C-BT Project water seepage and return flows are an important source of water in the South Platte River basin for Northern Water constituents and taxpayers, particularly in Logan, Morgan, Sedgwick, Washington, and Weld Counties.

The purpose of this Rule is to ensure that C-BT Project water and C-BT Project water return flows are used in accordance with the Repayment Contract, Water Conservancy Act, and Northern Water's allotment contracts, for the benefit of lands within Northern Water. The information required to be reported in the Rule will assist Northern Water in the protection of C-BT Project water and C-BT Project water seepage and return flows for use within the Northern Water boundaries in accordance with the applicable law and contracts.

APPLICABILITY

This Rule shall be effective as of the date of approval by the Board, July 12, 2018, and shall apply to the use of C-BT Project water. The amendments to this Rule and the associated Accounting Procedures approved by the Board on January 14, 2021, concerning commercial and industrial uses of C-BT Project water, shall be effective as of that date. As of that date, the Rules Governing the Use of Colorado-Big Thompson Project Water and Windy Gap Project Water For the Development of Oil and Gas Wells effective on June 1, 2012, and the associated Water-Use Reporting & Accounting Procedures, shall be of no further force and effect for C-BT Project water.

DEFINITIONS

The following definitions apply to the C-BT Project Water Tracking Rule and associated Accounting Procedures.

Account Entity - An Account Entity may be comprised of a single C-BT Project water user, or multiple C-BT Project water users. In most instances, one or more Allotment Contracts have been certified for delivery through an Account Entity's respective quota account. An Account Entity may have multiple physical delivery points from the C-BT Project. For some agricultural water users, a "C-BT carrier" may be synonymous with an Account Entity having the same name.

Acre Foot Unit (AFU) - Unit of measurement used for the allocation of C-BT Project water to an Allottee in an Allotment Contract. An AFU receives 1/310,000th of the water annually declared to be available from the C-BT Project by the Board.

Allotment Contract - The contract between the Allottee and Northern Water that allocates C-BT Project water to the Allottee for a specified beneficial use. Allotment Contracts are issued by the Board on an AFU basis.

Allottee - A person as defined in C.R.S. 37-45-103 that owns one or more Allotment Contracts for C-BT Project water as issued by Northern Water.

Annual Carryover Program – Program to enable C-BT Project Allottees to carry over undelivered C-BT Project water in C-BT Project storage facilities from one year to the next.

Board – Northern Colorado Water Conservancy District Board of Directors.

C-BT Project water - All water allocated out of the C-BT Project, including Quota Allocations, Annual Carryover Program, Non-Charge Deliveries, Replacement Water, Regional Pool and any future water allocations instituted by the Board.

C-BT Project water exchange – An exchange of C-BT Project water is an operation between two or more structures that is accomplished by providing C-BT Project water as a substitute supply to a senior appropriator and diverting an equivalent amount of C-BT Project water at an upstream location for beneficial use, or in the case of an exchange of C-BT Project water to a reservoir that already has other water stored in it, an equivalent amount of such water is relocated to, and accounted for as, C-BT Project water in that reservoir. An exchange of C-BT Project water may also include an exchange as set forth in a water court decree entered prior to the effective date of this Rule that Northern Water has approved in writing. See also: Colorado Revised Statutes § 37-80-120 (2) and 37-83-104. Also see discussion of exchanges on page 26 of the Colorado State Engineer General Administrative Guidelines for Reservoirs (October 2011, Amended February 2016)

C-BT - Colorado-Big Thompson.

Commercial or Industrial Non-Allottee Water Supply Entity - A Non-Allottee business, entity, or individual that delivers C-BT Project water to a commercial or industrial use, including construction sites and to oil and gas well drilling sites for oil and gas well development, in ditches, rivers, water lines, trucks, or other conveyance.

Customer – Any person, company or entity that receives treated C-BT Project water from a Utility. A customer may be a Utility that receives C-BT Project water from another Utility through a master meter and then delivers the C-BT Project water to its customers through individual taps. For example, a customer may be a town that takes delivery of C-BT Project water from a water district through a master meter and then delivers that water to its customers through individual taps.

Irrigation – The application of water for beneficial use, without waste for the primary purpose of growing and producing crops to be harvested, or consumed by livestock, including pasture lands, and for uses incidental to the primary production of such crops.

Non-C-BT Project water – Any source of water that is not C-BT Project water, including sources delivered via the C-BT Project facilities such as Windy Gap Project water.

Non-charge Deliveries - Water delivered out of the C-BT Project intended to reduce the amount of spilling from C-BT Project collection system facilities. The conditions under which non-charge may occur are found in the *Agreement On Operating Procedures For Green Mountain Reservoir Concerning Operating Limitations And In Resolution Of The Petition Filed August 7, 2003, In Case No. 49-CV-2782, U.S. District Court for the District of Colorado.*

Northern Water - Northern Colorado Water Conservancy District.

Quota Allocations - The amount of C-BT Project water declared available each year to an Allottee by the Board. The declared quota represents the percentage of an acre-foot of C-BT Project water made available for each AFU owned by the Allottee.

Replacement Water - Water credited to a water user's Replacement Account each water year because of an existing Replacement Contract or other contractual obligation between Northern Water and the water user. Northern Water makes Replacement Water available to the Replacement Water contract holder in lieu of certain pre-existing water supplies that were interrupted due to C-BT Project construction.

Regional Pool - An amount of water residing within the C-BT Project in a given water year and accounted for by Northern Water. The Regional Pool is supplied by C-BT Project quota water allocated the previous water year but: 1) not utilized by an Account Entity during that previous

water year; 2) not transferred to another Account Entity during that previous water year; or 3) not certified via Northern Water's Annual Carryover Program.

Seasonal Transfer - The transfer of quota water through Northern Water's administrative process. This transfer may presently be done electronically through Northern Water's accounting system Allottee interface or using a CD-4 card.

Utility – A city/town government or a district that provides water service, wastewater treatment, or both water service and wastewater treatment for customers. A Utility may serve water to another Utility. For example, a rural domestic water district may provide water to a town (which is its customer) through a master meter and the town may then provide water to customers within the town.

RULE

1. Storage of C-BT Project Water.
 - 1.1. The storage and beneficial use of C-BT Project water must be accounted for as described in the Accounting Procedures associated with this Rule.
 - 1.2. Stored C-BT Project water may only be released for accomplishing a beneficial use authorized by the Board.
 - 1.3. Stored C-BT Project water may not be booked-over or otherwise changed to another source or character of water.
 - 1.4. Stored C-BT Project water may be relocated into another reservoir by operation of a C-BT Project water exchange as described in this Rule.
 - 1.5. C-BT Project water may be temporarily detained for up to 72 hours without record of storage.
2. C-BT Project Water Exchange.
 - 2.1. The exchange of C-BT Project water must be accounted for as described in the Accounting Procedures associated with this Rule.
 - 2.2. C-BT Project water diverted or relocated into an upstream reservoir by exchange retains the legal characteristics of C-BT Project water.
 - 2.3. The C-BT Project water provided as a substitute supply for a C-BT Project water exchange must be released simultaneously with and at the same rate as the upstream diversion, or relocation of C-BT Project water into an upstream reservoir, unless otherwise specifically approved by a decree of the water court entered prior to the effective date of this Rule and approved in writing by Northern Water. The other exception would be to include water travel time to prevent injury to water rights as required by the Colorado Division of Water Resources.

- 2.4. C-BT Project water stored in a reservoir may not be relocated to another upstream reservoir location, except by release of the C-BT Project water from the first reservoir and re-diversion of such water by exchange, as prescribed in this Rule, unless otherwise approved by a decree of the water court entered prior to the effective date of this Rule and approved in writing by Northern Water. The provisions of this Section 2.4 do not apply to movement of C-BT Project water between reservoirs supplied by the same diversion structure within the same delivery system.
3. Notice for Diversion of untreated C-BT Project Water to a Commercial or Industrial Non-Allottee Water Supply Entity.¹
 - 3.1. An Account Entity who provides untreated C-BT Project water to a Commercial or Industrial Non-Allottee Water Supply Entity pursuant to a written or unwritten agreement shall give Northern Water advance written notification that includes the name and contact information of the Commercial or Industrial Non-Allottee Water Supply Entity and the timing, location of use, and amount of C-BT Project water to be provided.
 - 3.2. An Account Entity who becomes aware that untreated C-BT Project water that it diverts is subsequently provided by another entity to a Commercial or Industrial Non-Allottee Water Supply Entity shall give Northern Water written notification within 10 days of becoming aware of such occurrence. The Account Entity shall also provide to Northern Water the location of use, and name of and contact information for the party who provided the untreated C-BT Project water and the Commercial or Industrial Non-Allottee Water Supply Entity that used the untreated C-BT Project water to the extent the Account Entity is aware of such information.
 - 3.3. For purposes of this Section 3, written notification may consist of email, regular mail, or hand delivery to Northern Water.
4. Accounting for beneficial use of untreated C-BT Project Water by a Commercial or Industrial Non-Allottee Water Supply Entity.
 - 4.1. A Commercial or Industrial Non-Allottee Water Supply Entity shall describe the use of and account for untreated C-BT Project water, unless this information is submitted by the Account Entity, as described in the Accounting Procedures associated with this Rule.
 - 4.2. Upon request by Northern Water, the Commercial or Industrial Non-Allottee Water Supply Entity or Account Entity shall certify by affidavit in a form acceptable to

¹ The provision of C-BT Project water to a Commercial or Industrial Water Supply Entity by sale, lease, rent or other agreement is subject to and may be limited by the terms of Northern Water's allotment contracts, rules, regulations, and policies, including without limitation Rule 11 and the Rule Governing the Subcontracting of Beneficial Use of Colorado-Big Thompson Project Allotment Contracts.

Northern Water that all C-BT Project water is being delivered within Northern Water boundaries.

5. Accounting for Delivery of Treated C-BT Project Water to Customers.
 - 5.1. Utilities that provide treated C-BT Project water to customers for municipal, domestic, commercial, or industrial use including construction and oil and gas well development purposes shall account for C-BT Project water treated and provided to its customers each day as described in the Accounting Procedures associated with this Rule.

6. Accounting for Return Flows from Delivery of Treated C-BT Project Water to Customers.
 - 6.1. Utilities that provide treated C-BT Project water to customers for municipal, domestic, commercial, or industrial use shall account for C-BT Project water return flows each day as described in the Accounting Procedures associated with this Rule.
 - 6.2. Upon request by Northern Water, the Commercial or Industrial Non-Allottee Water Supply Entity or Account Entity shall certify by affidavit in a form acceptable to Northern Water that all C-BT Project water is being delivered within Northern Water boundaries.

7. Violations.
 - 7.1. If any Allottee, Account Entity, Utility, Commercial or Industrial Non-Allottee Water Supply Entity, other entity or person is found by Northern Water to be in violation of this Rule, Northern Water shall notify that party in writing of the violation. The party must commence to cure the violation after receiving such notice.
 - 7.2. An Allottee, Account Entity, Utility, Commercial or Industrial Non-Allottee Water Supply Entity, other entity or person must stop delivery or use of C-BT Project water if directed so by Northern Water in order to assure these and/or other Northern Water Rules or Procedures are not violated.
 - 7.3. After providing written notice of a violation of this Rule to any party identified in Section 7.1 or 7.2, Northern Water may stop delivering C-BT Project water to that party if the violation is not cured within 30 days of such notice. Northern Water may grant an extension of the 30 day cure period if appropriate, but such extensions shall be dependent on continued due diligence to cure by that party.