



JORDAN VALLEY WATER  
CONSERVANCY DISTRICT

**Delivering Quality Every Day**

8215 South 1300 West • West Jordan, UT 84088 • Ph: 801.565.4300 • Fax: 801.565.4399

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MAR 12 2012

Environmental Response &  
Remediation

March 9, 2012

Brad Johnson  
Trustee for Natural Resources for the State of Utah  
Division of Environmental Quality  
P. O. Box 144870  
Salt Lake City, UT 84114

Subject: Lost Use Facilities in Southwest Jordan Valley Groundwater Project

Dear Mr. Johnson,

The Jordan Valley Water Conservancy District (JVWCD) is nearly complete with constructing facilities related to the Southwest Jordan Valley Groundwater Project. The Project facilities are being constructed in accordance with the Project Agreement between Kennecott Utah Copper Corporation and JVWCD (Project Agreement) and the Agreement Among The Trustee for Natural Resources for the State of Utah, JVWCD and Kennecott Utah Copper Corporation, as amended (Three Party Agreement). The District has encountered a variety of problems and delays associated with the construction of the Lost Use Facilities. As a result, the Lost Use Facilities will not be complete and operational in the foreseeable future.

In accordance with paragraph VI.J of the Three Party Agreement, the District will refund all amounts it has received from the cash portion of the Trust Fund for deposit in the Other Source Fund. The District proposes to refund the amounts received plus interest to the Trustee on April 20, 2012. Would you please have the applicable Department of Environmental Quality staff calculate the amount due as of April 20 and advise the District accordingly.

We understand that you, as Trustee, will also transfer the remaining balance of the previously segregated Lost Use funds (including interest) to the Other Source Fund in accordance with paragraph VI.J of the Three Party Agreement for further distribution to the District in accordance with paragraph VI.K of the agreement.

The District reaffirms its commitment under paragraph I.C.3 of the Three Party Agreement and paragraph 4 of the First Amendment to the Three Party Agreement to offer for sale to Affected Municipalities 1,235 acre-feet of Municipal Quality Water

SCANNED

DERR-2012-002610

JORDAN VALLEY WATER CONSERVANCY DISTRICT

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annually (Lost Use Water) from other sources available to the District in lieu of water that would have been produced by the Lost Use Facilities for a period of forty (40) years from and after February 1, 2010. The Lost Use Water is in addition to (i) 3,500 annual acre-feet of water to be offered to the municipalities from the Zone A Plant, (ii) 3,500 annual acre-feet of water to be offered to the municipalities from the Zone B Plant or other sources available to the District, and (iii) the annual quantities of water that the District was already obligated to provide to these municipalities pursuant to existing (as of August 31, 2004) contracts.

The first deliveries of Lost Use Water will occur later this Spring, and the District will separately prepare and submit to you the documentation required by paragraph VI.K of the Three Party Agreement to facilitate the Trustee's release of funds from the Other Source Fund in accordance with the agreement.

Operation of the Zone B Facilities will begin soon and it is gratifying to be involved in a project that provides such important benefits to the community. The District appreciates working with the Trustee, staff of the Department of Environmental Quality, and Kennecott on this project and looks forward to its successful operation.

Sincerely,



Richard P. Bay, P.E.  
General Manager/CEO

c: Doug Bacon  
Kelly Payne