

EXHIBIT 1

Army Corps of Engineers Permit SPK-200600922

to

ATTACHMENT A
Environmental Requirements

Addendum No. 1

Glendale Water Supply Improvement Project
Contract No. 0910-181



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
U.S. ARMY ENGINEER DISTRICT, SACRAMENTO
CORPS OF ENGINEERS
1325 J STREET
SACRAMENTO CA 95814-2922

July 25, 2007

Regulatory Branch (SPK-200600922)

Mr. Ron Penrose
Project Manager
Truckee Meadows Water Authority
1350 Capitol Boulevard
Reno, Nevada 89520



Dear Mr. Penrose:

We are enclosing your copy of Department of the Army Permit SPK-200600922. Please note you are only authorized to complete the work described in the permit.

If you sell the property associated with this permit, the terms and conditions of this permit will continue to be binding on the new owner. To validate the transfer of this permit, have the succeeding party sign the permit transfer section at the end of the permit and forward a copy to this office, along with their printed name, address, telephone number, and other contact information.

The time limit for completing the work is specified in General Condition 1. If the work will not be completed prior to that date, you may request a time extension. Your request for an extension must be received by this office for consideration at least 30 days before the time limit date.

Please refer to identification number SPK-200600922 in any correspondence concerning this project. If you have any questions, please contact Kathleen A. Dadey at our Sacramento Office, 1325 J Street, Room 1480, Sacramento, California 95814 2922, email Kathleen.A.Dadey@usace.army.mil, or telephone 916-557-7253. You may also use our website: www.spk.usace.army.mil/regulatory.html.

Sincerely,

Thomas Cavanaugh
Acting Chief, Northern California/Nevada Section

Enclosure

Copy furnished without enclosure:

David Potter, U.S. Fish and Wildlife Service, 1340 Financial Boulevard, Suite 234, Reno,
Nevada 89502
Elizabeth Goldman, U.S. Environmental Protection Agency, 75 Hawthorne Street,
San Francisco, California 94105
Glen Gentry, Nevada Division of Environmental Protection, 901 South Stewart Street, Carson
City, Nevada 89701
Michael Wilken, Eco:Logic, 10381 Double R Boulevard, Reno, Nevada 89521
Richard Duncan, JBR Environmental Consultants, 5355 Kietzke Lane, Suite 100, Reno, Nevada
89511

DEPARTMENT OF THE ARMY PERMIT

Permittee: Truckee Meadows Water Authority

Permit Number: 200600922

Issuing Office: U.S. Army Engineer District, Sacramento
Corps of Engineers
1325 "J" Street
Sacramento, California 95814-2922

NOTE: The term "you" and its derivatives, as used in this permit, means the permittee or any future transferee. The term "this office" refers to the appropriate district or division office of the Corps of Engineers having jurisdiction over the permitted activity or the appropriate official of that office acting under the authority of the commanding officer.

You are authorized to perform work in accordance with the terms and conditions specified below. A notice of appeal options is enclosed.

Project Description:

To replace and upgrade the existing Truckee River diversion structure for the Glendale Water Treatment Plant. Work will include construction of the new diversion structure and restoration of the west bank of the river. In addition, a roughened channel fish passage and fine plate fish screen are included as part of the project. Dewatering and construction activities will disturb approximately 2.1 acres of the Truckee River temporarily and 1.1 acres permanently. Work will occur during low flow periods for approximately three months.

All work is to be completed in accordance with the attached plan(s).

Project Location: In Reno, in Section 7, Township 19 North, Range 20 East, Washoe County, Nevada.

Permit Conditions:

General Conditions:

1. The time limit for completing the work authorized ends on July 31, 2012. If you find that you need more time to complete the authorized activity, submit your request for a time extension to this office for consideration at least one month before the above date is reached.
2. You must maintain the activity authorized by this permit in good condition and in conformance with the terms and conditions of this permit. You are not relieved of this

requirement if you abandon the permitted activity, although you may make a good faith transfer to a third party in compliance with General Condition 4 below. Should you wish to cease to maintain the authorized activity or should you desire to abandon it without a good faith transfer, you must obtain a modification of this permit from this office, which may require restoration of the area.

3. If you discover any previously unknown historic or archeological remains while accomplishing the activity authorized by this permit, you must immediately notify this office of what you have found. We will initiate the Federal and state coordination required to determine if the remains warrant a recovery effort or if the site is eligible for listing in the National Register of Historic Places.
4. If you sell the property associated with this permit, you must obtain the signature of the new owner in the space provided and forward a copy of the permit to this office to validate the transfer of this authorization.
5. If a conditioned water quality certification has been issued for your project, you must comply with the conditions specified in the certification as special conditions to this permit. For your convenience, a copy of the certification is attached if it contains such conditions.
6. You must allow representatives from this office to inspect the authorized activity at any time deemed necessary to ensure that it is being or has been accomplished in accordance with the terms and conditions of your permit.

Special Conditions:

1. This Corps permit does not authorize you to take an endangered species, in particular the threatened Lahontan cutthroat trout and endangered cui-ui. In order to legally take a listed species, you must have separate authorization under the Endangered Species Act (e.g., an Endangered Species Act Section 10 permit, or a Biological Opinion under Endangered Species Act Section 7, with "incidental take" provision with which you must comply). The attached Fish and Wildlife Service Biological Opinion (Number 1-5-07-F-041, dated June 29, 2007) contains mandatory terms and conditions to implement the reasonable and prudent measures that are associated with "incidental take" that is also specified in the Biological Opinion. Your authorization under this Corps permit is conditional upon your compliance with all the mandatory terms and conditions associated with incidental take of the attached Biological Opinion, which terms and conditions are incorporated by reference in this permit. Failure to comply with the terms and conditions associated with the incidental take statement, where a take of the listed species occurs, would constitute an unauthorized take, and it would also constitute non-compliance with your Corps permit. The Fish and Wildlife Service is the appropriate authority to determine compliance with the terms and conditions of its Biological Opinion, and with the Endangered Species Act. You must comply with

all conditions of this Biological Opinion, including those ascribed to the Corps.

2. You must undertake mitigation as described in the "Revegetation Specifications Glendale Weir Replacement Project", dated June 28, 2007, which is incorporated by reference in this authorization. In addition, you must submit "as built" plans of the revegetated areas to the Corps within 60 days of completion of the mitigation.
3. All terms and conditions of the June 20, 2007 Section 401 Water Quality Certification are expressly incorporated as conditions of this permit.
4. All boulders, rocks and other fill material must be clean to ensure that their placement does not increase suspended sediment or turbidity at the project location or downstream.
5. You must place silt curtains and undertake Best Management Practices during all in-water work, including restoration of the west bank, to minimize turbidity.
6. You must steam clean equipment before it reaches the project area to minimize the potential for introduction of invasive species.

Further Information:

1. Congressional Authorities: You have been authorized to undertake the activity described above pursuant to:
 - () Section 10 of the Rivers and Harbors Act of 1899 (33 U.S.C. 403).
 - (X) Section 404 of the Clean Water Act (33 U.S.C. 1344).
 - () Section 103 of the Marine Protection, Research and Sanctuaries Act of 1972 (33 U.S.C. 1413).
2. Limits of this authorization.
 - a. This permit does not obviate the need to obtain other Federal, state, or local authorizations required by law.
 - b. This permit does not grant any property rights or exclusive privileges.
 - c. This permit does not authorize any injury to the property or rights of others.
 - d. This permit does not authorize interference with any existing or proposed Federal projects.
3. Limits of Federal Liability. In issuing this permit, the Federal Government does not assume any liability for the following:
 - a. Damages to the permitted project or uses thereof as a result of other permitted or

unpermitted activities or from natural causes.

- b. Damages to the permitted project or uses thereof as a result of current or future activities undertaken by or on behalf of the United States in the public interest.
 - c. Damages to persons, property, or to other permitted or unpermitted activities or structures caused by the activity authorized by this permit.
 - d. Design or construction deficiencies associated with the permitted work.
 - e. Damage claims associated with any future modification, suspension, or revocation of this permit.
4. Reliance on Applicant's Data. The determination of this office that issuance of this permit is not contrary to the public interest was made in reliance on the information you provided.
5. The permittee understands and agrees, that, if future operations by the United States require the removal, relocation, or other alteration, of the structure or work herein authorized, or if, in the opinion of the Secretary of the Army or his authorized representative, said structure or work shall cause unreasonable obstruction to the free navigation of the navigable waters, the permittee will be required, upon due notice from the Corps of Engineers, to remove, relocate, or alter the structural work or obstructions caused thereby, without expense to the United States. No claim shall be made against the United States on account of any such removal or alteration.

6. Reevaluation of Permit Decision. This office may reevaluate its decision on this permit at any time the circumstances warrant.

Circumstances that could require a reevaluation include, but are not limited to, the following:

- a. You fail to comply with the terms and conditions of this permit.
- b. The information provided by you in support of your permit application proves to have been false, incomplete, or inaccurate (see 4 above).
- c. Significant new information surfaces which this office did not consider in reaching the original public interest decision.

Such a reevaluation may result in a determination that it is appropriate to use the suspension, modification, and revocation procedures contained in 33 CFR 325.7 or enforcement procedures such as those contained in 33 CFR 326.4 and 326.5. The referenced enforcement procedures provide for the issuance of an administrative order requiring you comply with the terms and conditions of your permit and for the initiation of legal action where appropriate. You will be

required to pay for any corrective measures ordered by this office, and if such directive, this office may in certain situations (such as those specified) accomplish the corrective measures by contract or otherwise and bill you for the cost.

6. Extensions. General Condition 1 establishes a time limit for the completion of the activity authorized by this permit. Unless there are circumstances requiring either a prompt completion of the authorized activity or a reevaluation of the public interest decision, the Corps will normally give favorable consideration to a request for an extension of this time limit.

Your signature below, as permittee, indicates that you accept and agree to comply with the terms and conditions of this permit.

RP/ David J. Williams _____
Permittee Date 7/11/07

This permit becomes effective when the Federal official, designated to act for the Secretary of the Army, has signed below.

[Signature] _____
Kevin J. Roukey, Chief,
Central California/Nevada Section
(For the District Engineer) Date 7/24/07

When the structures or work authorized by this permit are still in existence at the time the property is transferred, the terms and conditions of this permit will continue to be binding on the new owner(s) of the property. To validate the transfer of this permit and the associated liabilities associated with compliance with its terms and conditions, have the transferee sign and date below.

Transferee Date