



State of Idaho

DEPARTMENT OF WATER RESOURCES

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@ WD 170

October 20, 2006

JAMES E. RISCH  
Governor

KARL J. DREHER  
Director

J. R. Challis  
Watermaster  
Water District No. 72-C  
P. O. Box 910  
Challis, ID 83226-0910

Re: Merging of Water Districts in Upper Salmon River Basin

Dear Mr. Challis:

On October 9, 2006, you wrote to me expressing frustration for my not having responded to your earlier letter of March 9, 2006, regarding the merging of water districts no. 72-B and no. 72-C and the potential for including other water rights in the expanded district, which would remain a subdistrict within the Upper Salmon Water District, Water District No. 170. While I did not reply back to you in writing, I did respond by having Tim Luke, manager of the Department's Water Distribution Section, work with you to evaluate the interest in your proposals among affected water right holders

I understand that Mr. Luke corresponded with you by email regarding this matter on May 3, 2006. A copy of the email is attached for your reference. I also understand that Mr. Luke provided you with contact information for potentially affected right holders and explained that merging water districts no. 72-B and no. 72-C and potentially expanding into other areas requires notice to all right holders within and potentially within a water district followed by a hearing each time a water district, even though a subdistrict, is created or modified. While the costs for such notice and hearing are not borne by the water district, those are costs to the Department. Consequently, I do not believe the best course of action is to provide notice multiple times followed by multiple hearings for multiple proposals to modify either Water District No. 72-B or No. 72C. Rather, I intend to wait to decide how best to proceed until we have more complete indications about how various water right holders believe their rights should be organized into water districts within the Upper Salmon Water District.

In the meantime, the cost savings that would occur through the joint administration of water districts no. 72-B and no. 72-C can be realized by both districts sharing the same watermaster, the same office, and the same support services. In this manner, both districts can benefit from any economies of scale derived from joint operations without being formally merged.

J. R. Challis  
October 20, 2006  
Page 2 of 2

Consistent with this approach, water districts no. 72-B and no. 72-C can submit a single, joint, annual report for the 2006 water year. Separate and unique reports for each water district are not required. However, since Garden Creek and Challis Creek are separate and distinct tributaries to the Salmon River, information in the joint report should be organized and identified by water district to the extent practical. The annual report should not be submitted for the "Challis Area Water District" since that entity does not exist.

Additional actions to organize the Upper Salmon Water District (Water District No. 170) and subdistricts, including the possible merger of water districts no. 72-B and no. 72-C will follow this letter. If you have further questions in the meantime, please contact either Tim Luke or myself at the Department's offices in Boise. I also request that you distribute copies of this letter to members of the advisory committees for water districts no. 72-B and no. 72-C.

Sincerely,  
  
Karl J. Dreher  
Director

Attachment

copy w/attachment to: Gary Chamelain – Idaho Water Resource Board  
Tim Luke

**Luke, Tim**

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**From:** Luke, Tim  
**Sent:** Wednesday, May 03, 2006 6:46 AM  
**To:** 'J R "Jack" Challis'  
**Cc:** Foster, Bob; Merritt, Allen; Spackman, Gary; Tuthill, Dave  
**Subject:** RE: Merging of Sub-Districts 72-B & 72-C

Jack,

Both the director and staff have been busy with a number of issues over the past few months. The Director in particular has been preoccupied with the recent legislative session, litigation and trying to reach settlements between surface and ground water users in the Southern part of the state. We apologize for not providing an immediate follow-up to your letter.

I think I indicated to you that Karl and I discussed your idea of merging 72-B and C after the hearing last fall. Karl felt, and I advised you, that IDWR would have to go through the procedure of scheduling a hearing to merge Water Districts 72-B and C. I understood that is why you adopted the resolutions you did at your annual district meetings. It would be my recommendation to the Director that we delay any hearing on this matter till late summer or early fall, unless you or the users feel there is some greater sense of urgency. My recommendation for the delay is due more to the current workload, schedules and priorities that I and others have over the next three to four months, although I believe there may be other good causes for delay.

With respect to inclusion of other areas to be included in the same sub-district as 72-B and C, I again would recommend what I think I recommended to you earlier this winter, that is if you have an interest in a larger sub-district, then you should talk with those users and determine if there is broader interest. The users can propose additional or larger sub-districts. I don't think it would be a waste of time to proceed with talking to other users. In fact, if there is broad support for merging a larger area with Districts 72-B and C, then it may be more efficient to consider the larger area in one notice and hearing that could be scheduled in the fall, rather than doing a hearing now on 72-B and C, and potentially a second hearing later on to modify the combined 72-B and C with a larger area.

I will try to discuss your letter with the Director this week and see if he has additional any recommendations or response to your matter of interest.

Tim

-----Original Message-----

**From:** J. R. "Jack" Challis [mailto:Jack@RandRforHorses.com]  
**Sent:** Tuesday, May 02, 2006 9:34 PM  
**To:** Luke, Tim  
**Subject:** Merging of Sub-Districts 72-B & 72-C

Tim:

Attached is a copy of the letter we forwarded to Director Dreher back in early March. To date we have not even received so much as an acknowledgement. Can you tell us if this merger is even being considered? We would like to proceed with other prospective water users that might like to possibly join us but I feel it a waste of time if our request is not even going to be considered. Can you "shed any light" on the status of this issue?

Jack