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DEPARTMENT OF
WATER RESOURCES

STATE OF IDAHO

OFFICE OF THE ATTORNEY GENERAL

LAWRENCE G. WASDEN

October 7, 2013

Craig L. Saxton
Idaho Department of Water Resources
322 E. Front Street
P.O. Box 83720
Boise, Idaho 83720-0098

Allen Merritt
Idaho Department of Water Resources
1341 Fillmore Street, Suite 200
Twin Falls, Idaho 83301-3380

Re: Applications for Permit Nos. 1-7142, 1-10609 (lower valley applications), 1-10612 (middle valley application), 1-10613, 21-7577, 21-7578, 21-7580, and 21-13160 (upper valley applications)

Gentlemen:

This letter summarizes the Idaho Water Resource Board's ("IWRB") recent efforts, progress, and future plans for the resolution of protests to the above-referenced water right applications. The primary focus of settlement discussions to date has been resolution of issues raised in the protests filed against the issuance of the lower valley applications. The IWRB now has a better understanding of the protestants' concerns and is actively working on the development of conditions and agreements that would support issuance of permit nos. 1-7142 and 1-10609. More recently, the IWRB has initiated discussions with parties involved in the middle and upper valley application proceedings to understand the nature of the protests and how they might be resolved. The status of each application group is set out below.

Lower Valley Applications

- Protestants: Idaho Department of Fish and Game, Idaho Rivers United, Trout Unlimited, Idaho Conservation League, Henrys Fork Foundation, Greater Yellowstone Coalition

The protestants and IWRB are drafting an agreement that sets out a procedure and protocol for ongoing review of potential impacts of managed ground water recharge on fish, wildlife, and recreation resources and on water quality. The Henrys Fork Foundation and

Greater Yellowstone Coalition are monitoring settlement discussions but advise their focus is primarily on the impacts of the middle and upper valley applications. We hope to finalize a protocol for the lower valley applications in the near term.

- Protestants: A & B Irrigation District, American Falls Reservoir District No. 2, Burley Irrigation District, Milner Irrigation District, Twin Falls Canal Company

The IWRB is working with the protestants and North Side Canal Company, a collaborating water delivery company, to address the individual consent agreements required by Idaho Code § 42-202 and the issues raised in the protests. We hope to finalize acceptable agreements in the near term.

- Protestant: United States Bureau of Reclamation

The Bureau of Reclamation and the IWRB met in April, 2013 to discuss the agency's concerns. A follow up meeting scheduled for October 1, 2013, was cancelled when agency staff were placed on furlough. A second meeting will be scheduled as soon as possible.

- Protestant: Idaho Power Company

Idaho Power Company's renewal of protest letter dated March 19, 2013, clarifies that the Company's participation in these proceedings is in furtherance of a managed recharge program for the Snake River Basin that achieves, to the extent possible, benefits for all water uses, including hydropower. The IWRB will be working with the Company to further define the IWRB's and the Company's mutual interests in conducting an effective managed recharge program.

- Protestant: United States Bureau of Land Management

The IWRB held two meetings with the Bureau of Land Management to understand the issues raised in the protests related to federal permitting requirements and will continue these efforts.

- Intervenor: Idaho Water Users Association

The IWRB has and will continue to provide the Idaho Water Users Association with progress reports on the resolution of issues raised by the protestants.

Middle and Upper Valley Applications

- Protestants: Idaho Department of Fish and Game, Idaho Rivers United, Idaho Conservation League, Henrys Fork Foundation, Greater Yellowstone Coalition

A teleconference is scheduled with the protestants and Trout Unlimited¹ for October 31, 2013, to identify information needed for adopting site-specific protocols and conditions that address concerns related to the potential impacts of the middle and upper valley recharge permits on fish, wildlife, and recreation resources and on water quality.

- Protestants: A & B Irrigation District, American Falls Reservoir District No. 2, Burley Irrigation District, Freemont Madison Irrigation District, Milner Irrigation District, Minidoka Canal Company, and North Side Canal Company

During the months of October, November, and December, the IWRB will initiate discussions with the protestants to understand their concerns about the middle and upper valley applications.

- Protestant: United States Bureau of Reclamation

The Bureau of Reclamation and the IWRB met in April 2013 to discuss the agency's concerns. A follow up meeting scheduled for October 1, 2013, was cancelled when agency staff were placed on furlough. A second meeting will be scheduled as soon as possible.

- Protestant: Idaho Power Company

Idaho Power Company's renewal of protest letter dated March 19, 2013, clarifies that the Company's participation in these proceedings is in furtherance of a managed recharge program for the Snake River Basin that achieves, to the extent possible, benefits for all water uses, including hydropower. The IWRB will be working with the Company to further define the IWRB's and the Company's mutual interests in conducting an effective managed recharge program.

- Protestant: United States Bureau of Land Management

The IWRB held two meetings with the Bureau of Land Management to further understand the issues raised in the protests related to federal permitting requirements and will continue these efforts.

- Intervenor: Idaho Water Users Association

The IWRB has and will continue to provide the Idaho Water Users Association with progress reports on the resolution of issues raised by the protestants.

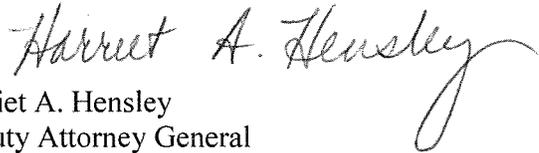
In summary, there has been significant sharing of information and progress toward setting out conditions and other agreements necessary for a negotiated settlement of the lower valley applications. More recently, the IWRB has initiated discussions focused on the protestants' concerns regarding the middle and upper valley applications. The IWRB will also

¹ On August 27, 2013, Trout Unlimited filed a Petition to Intervene in the middle and upper valley proceedings.

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be working with the middle and upper valley recharge partners to identify issues related to the required consent agreements. The IWRB anticipates providing you with further updates on the status of settlement negotiations by the end of the year. Please feel free to contact me with any questions or concerns.

Sincerely,

A handwritten signature in cursive script that reads "Harriet A. Hensley". The signature is written in black ink and is positioned to the right of the typed name.

Harriet A. Hensley
Deputy Attorney General
Natural Resources Division

HAH:vw

cc: Protestants
Intervenors
Mat Weaver
Brian Patton
IWRB