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JUN 12 2008

DEPARTMENT OF
WATER RESOURCES

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**IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF TWIN FALLS**

In Re SRBA	)	Subcase Nos. 29-271 et al. (see Attachment A)
	)	
Case No. 39576	)	CITY OF POCATELLO'S
	)	NOTICE OF CHALLENGE
	)	

I. INTRODUCTION

City of Pocatello, and by and through its counsel of record, pursuant to Administrative Order 1, subpart 13, hereby gives notice of challenge to the Special Master's Order Denying Motion to Alter or Amend dated May 28, 2008. The affected subcases are state law-based SRBA claims filed by Pocatello.

The Special Master's Order denying Pocatello's Motion to Stay its State Law-Based Claims pending determination of the City's federal law claim 29-11609 was entered January 14, 2005. The Special Master's Order Granting in part and Denying in part the City of Pocatello's Motion for Summary Judgment on IDWR's Authority Under 42-1425 was entered August 18, 2006. The Special Master's Order Granting in part and Denying in part the City of Pocatello's Motion for Summary Judgment on Municipal Purpose of Use, Interconnection, and Injury Under I.C. 42-1425 was entered February 16, 2007. The Special Master's oral Order granting the State's Motion to Strike Affidavit of Josephine P. Beeman in Support of Pocatello's Post-trial

Brief was issued May 4, 2007. The Special Master's REPORT AND RECOMMENDATION and ORDER on MOTION TO RECONSIDER¹ was filed October 2, 2007.² The City of Pocatello's Motion to Alter or Amend, was filed November 28, 2007. A hearing on the Motion to Alter or Amend was held on February 27, 2008. The Special Master's Order Denying the Motion to Alter or Amend was filed on May 28, 2008.

II. ISSUES ON CHALLENGE

Pocatello raises the following issues on challenge as they may arise in the Order denying Motion for Stay, the Orders Granting in part and Denying in part Summary Judgments, the Special Master's Report and Recommendation, the Order on Motion to Reconsider, and the Order Denying Motion to Alter or Amend:

1. Because SRBA subcases are tried before the SRBA court without a jury, the appropriate legal standard for Motions for Summary Judgment is the summary judgment standard in non-jury trial cases (the trier of fact is entitled to arrive at the most probable inferences based upon the undisputed evidence properly before it and grant the summary judgment despite the possibility of conflicting inferences) -- not the summary judgment standard for cases to be tried by jury (all facts are to be liberally construed for the non-moving party and any reasonable

¹ This Order denied Pocatello's Motion to Reconsider the May 3, 2007 oral Order Granting State's Motion to Strike Affidavit of Josephine P. Beeman in Support of Pocatello's Post-trial Brief.

² An AMENDED MASTER'S REPORT AND RECOMMENDATION and ORDER ON MOTION TO RECONSIDER was filed October 30, 2007 which made no changes to the October 2, 2007 Special Master's Report and Recommendation "other than describing the place of use for Pocatello's municipal rights as 'Place of use is within the service area of the City of Pocatello municipal water supply system as provided for under Idaho Law' and deleting references to quarter-quarter legal descriptions in the place of use." This uncontested correction affected 27 of the 30 subcases in the October 2, 2007 Special Master's Report and Recommendation: 29-00271, 29-00272, 29-00273, 29-02274, 29-02338, 29-02401, 29-02499, 29-04221, 29-04222, 29-04223, 29-04224, 29-04225, 29-04226, 29-07106, 29-07322, 29-07375, 29-07450, 29-11339, 29-11348, 29-13558, 29-13559, 29-13560, 29-13561, 29-13562, 29-13637, 29-13638, and 29-13639.

A SECOND AMENDED MASTER'S REPORT AND RECOMMENDATION and ORDER ON MOTION TO RECONSIDER was filed November 30, 2007, making uncontested clerical corrections to 29-02401, 29-04221, 29-07450, and 29-13638.

inferences drawn in that party's favor). It was error to decide Pocatello's Motions for Summary Judgment using the summary judgment standard for cases to be tried by jury.

2. Pocatello is not aware of any rule of evidence or principle of law that precludes one party from pointing out as part of its legal arguments the opposing party's legal inconsistencies or changes in position.

3. The Special Master incorrectly characterized legal arguments in cases that have gone to the Idaho Supreme Court as "additional evidence". The Special Master's oral Order granting the State's Motion to Strike Affidavit of Josephine P. Beeman in support of Pocatello's Post Trial Brief (May 4, 2007) and Report and Recommendation and Order on Motion to Reconsider (Oct. 2, 2007; amended Oct. 30, 2007; amended Nov. 30, 2007) incorrectly characterized the exhibits attached to the Affidavit of Josephine P. Beeman in Support of Pocatello's Post Trial Brief as impermissible additional evidence.

4. The Court incorrectly adheres to the analysis that I.C. §42-1425, the accomplished transfer statute, does not provide for a change in source. For the purpose of transfers of water rights, the "source" element of a water right is simply an aspect of the "point of diversion".

5. The Court applies an incorrect test, whether Pocatello's senior surface water rights were "closely connected enough" to the groundwater wells proposed as alternate points of diversion "to be considered the same source", when evaluating Pocatello's alternate points of diversion for its senior surface water rights.

6. The Court improperly weighed the evidence and expert testimony presented at trial regarding the degree of interconnection within the aquifer.

7. The Court incorrectly concluded that any change to how water was diverted from Mink Creek and Gibson Jack Creek occurred after 1987.

8. The Court improperly required the condition imposed on Pocatello's interconnected well system. This condition was inserted after the licensing stage. The dispute over the condition forces the court to undertake the exact type of complex technical analysis that is properly left for IDWR in administering the water right and is an inappropriate determination at the decree stage.

9. The Special Master's decisions do not reference the Idaho Supreme Court decision in Fremont Madison which is controlling as to 42-1425.

10. There is no mention of the APA legal standards with respect to IDWR's unpromulgated rules (the transfer guidelines). Court relies on the guidelines in its decision.

11. The decisions do not discuss a standard for review of evidence at trial.
12. This is not a standard at the SRBA court, and the only one I am aware of is in IDWR's statements that are based on its unpromulgated guidelines re transfers. The court should not legitimize what is counter to the APA.
13. Agencies errors of law are not subject to collateral estoppel. This is in error as a matter of law.
14. This section appears to address IDWR's prima facie evidence, with no mention of Pocatello's evidence, except for comments that "no evidence was presented" ... as to various matters -- which may be a reference to the Master's factual conclusions regarding the totality of the evidence.
15. No findings about nature of water system from which Pocatello diverts its water.
16. The Court has an obligation to consider the evidence before it which includes Pocatello's trial evidence. The decisions do not consider Greg Sullivan's testimony and the interconnection of the sources. IDWR did no investigation. This is the standard from IDWR's transfer guidelines which can't be applied because they have not been promulgated under the APA.
17. The decisions as to the priority dates for the Alameda wells are counter to the reasonable evidence standard. There was evidence about population growth and number of wells from which priority can be inferred under the reasonable evidence standard.
18. Pocatello's evidence burst the prima facie bubble and IDWR had no countering evidence. testimony is only part of the evidence in the record. Error of law?
19. The different source conclusion is unsupportable. If supportable, then this decision stands for the proposition that the wells are not connected to the surface water system either upstream or downstream from the LPRVA.
20. 42-1425 is the applicable law. The "injured" water user has to raise that issue. Those that did settled with Pocatello, and the court cannot base a decision on IDWR's unpromulgated rules to defeat that settlement.
21. The court allowed the testimony counter to the Director's report.in over the objection of Pocatello. Assign this an an error of law on that grounds and also on the grounds that this is counter to the legal standards which attach to 42-1425.

III. TRANSCRIPTS

Transcripts of the following proceedings have already been prepared and provided to the parties and to the Court:

- January 12, 2005: Hearing on Pocatello's Motion for Stay its State Law-Based Claims pending determination of the City's federal law claim 29-11609;
- January 17, 2007: Hearing on Pocatello's Motion for Summary Judgment on Municipal Purpose of Use, Interconnection, and Injury Under I.C. 42-1425;
- February 26-March 1, March 8, 2007: Trial

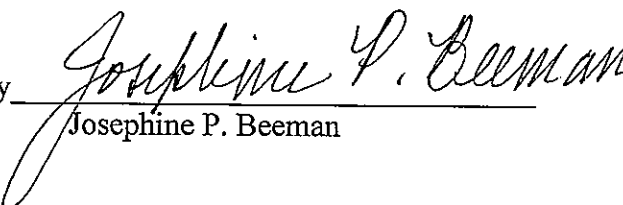
A transcript of the hearing on Pocatello's Motion to Alter or Amend, held February 27, 2008, is being requested and will be provided to the parties and the SRBA court under separate cover. No other hearing transcript is requested for purposes of Pocatello's Notice of Challenge.

IV. MOTION FOR STAY

A Motion to Stay accompanies this Notice of Challenge. The Motion explains that Pocatello's federal-law SRBA claim 29-11609 is now pending proceedings before the United States Supreme Court. That appeal may moot the recently concluded proceedings before Special Master Bilyeu for these thirty (30) state-law claims or may require the Special Master's Report & Recommendation to be modified to be consistent with the mandate on appeal.

Dated this 11th day of June 2008.

BEEMAN & ASSOCIATES, P.C.
Attorneys for the City of Pocatello

By 
Josephine P. Beeman

Attachment A (30 subcases)

29-00271
29-00272
29-00273
29-02274
29-02338
29-02401
29-02499
29-04221
29-04222
29-04223
29-04224
29-04225
29-04226
29-07106
29-07118
29-07119
29-07322
29-07375
29-07450
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29-13639

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 11th day of June 2008, I caused a true and correct copy of the foregoing **CITY OF POCA TELLO'S NOTICE OF CHALLENGE** to be served on the following by the method indicated:

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Via email

STATE OF IDAHO

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Via U.S. mail

A & B IRRIGATION DISTRICT
BURLEY IRRIGATION DISTRICT

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DIRECTOR OF IDWR
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UNITED STATES OF AMERICA

Represented by:
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ENVIRONMENT & NAT'L RESOURCES
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MINIDOKA IRRIGATION DISTRICT

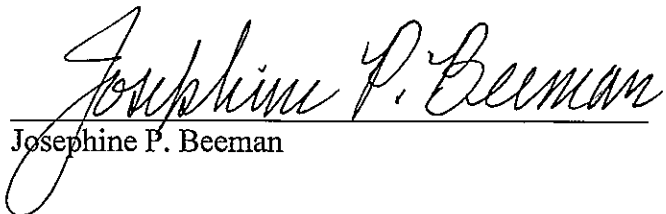
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