

HOFSTETTER LAW OFFICE

608 West Franklin Street
Boise, Idaho 83702

Dana@IdahoWaterLaw.com

Dana L. Hofstetter
Attorney at Law

Telephone: (208) 424-7888
Facsimile: (208) 424-8774

February 27, 2009

Nick Spencer
Deputy Attorney General
Idaho Department of Water Resources
322 East Front Street
Boise, Idaho 83702

Re: Edwards Family LLC – Information Requests
SRBA Subcase Nos. 63-12, 63-2103A, 63-5065, 63-5967 and 63-7595

Dear Nick:

As you know, the SRBA Special Master in his Order of January 12, 2009 in Subcase Nos. 63-12 *et al.* has set a deadline of today to provide IDWR certain requested information. This letter provides the information described in the January 12, 2009 Order and the information requested of Edwards by IDWR, as described in Vicky Music's "mega-table" that was e-mailed to the parties on December 23, 2008.

With regard to the Order's direction to identify the geothermal claims, Edwards Family LLC has only one geothermal claim, 63-14, which is used for heating purposes. Edwards' other ground water claims, 63-5065 and 63-5067, are not for geothermal water or heating uses.

With regard to the questions posed to Edwards in the mega-table, I provide the following responses:

1. More of an explanation is requested as to why Edwards in its Objection to the Recommendation for Water Right No. 63-12 requested that the "Explanatory Material" should be listed instead under "Other Provisions. As you know, "Explanatory Material" is not included in the SRBA Court's Partial Decrees and the continuing legal effect of "Explanatory Material" may be limited. On the other hand, "Other Provisions" are included

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in SRBA Partial Decrees and are those provisions that are deemed necessary for definition of the right and/or administration of the right. Edwards believes that the "Explanatory Material" in the Director's Report Recommendation for Water Right No. 63-12 is necessary for definition and/or administration of the right and, therefore, should be included in the "Other Provisions" section.

2. IDWR requests clarification of Edwards' Objection for the Director's Report Recommendation for Bluegrass, LLC's Water Right No. 63-2103A. The original License for this water right (old Water License No. 4739) provided for a total diversion rate of 0.10 cubic feet per second ("cfs"). However, the Director's Report Recommendations for 63-2103A and 63-2103B total 0.12 cfs, or 0.02 cfs more than the quantity on the original License.

3. IDWR requested information about how resolution of 63-5067 may affect 63-5065. These rights are for the two "cold" ground water wells on the Edwards Family LLC property that are tied together and are part of the same diversion system. To the extent that certain of these uses are not covered under one right, they would need to be covered under the other right. Together these rights must cover all the cold ground water uses on the property.

4. IDWR requested information about the greenhouse water needs under Water Right No. 63-5067. The standard annual diversion volume that IDWR recognizes for irrigation purposes in the Boise area of 4.5 acre feet per acre ("afa") is based on IDWR's recognized irrigation season for the area of March 1 to November 15 (260 days). It is not appropriate to use these irrigation guidelines to determine the annual volume of diversion within the Edwards' greenhouses. Elevated temperatures are maintained year-round within the greenhouses to encourage optimum plant growth and plants may be layered on shelves or hanging. Thus, one acre of indoor greenhouse space utilized year round does not correlate with one acre of irrigated ground used only during the irrigation season. Water needed for plant growth in greenhouses is unique to each greenhouse operation and can be significantly greater than for outdoor irrigation of crops depending upon factors such as the temperature maintained in the buildings, the stacking of layers of plants, the types and growth stages of the plants and the rate of air exchange through the building. For example, a publication from the University of Arkansas indicates that 13 afa is needed for irrigation of nursery stock and over 24 afa for irrigation within greenhouses. Based on these considerations and actual well use at Edwards, both within the greenhouses and outside the greenhouses, the year round irrigation/commercial use under Water Right No. 63-5067 is about 77.5 afa.

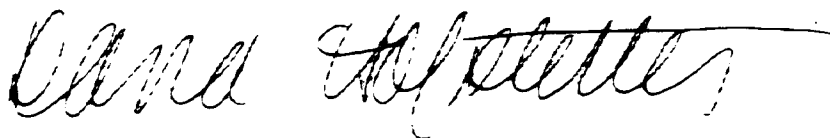
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5. IDWR requests more specific information about Edwards' Objection for the Director's Report Recommendation for 63-7595, asking for deletion of certain "Explanatory Material." Some of the provisions in "Explanatory Material" appear inconsistent with the conditions of Transfer Approval No. 4202. For example, the Explanatory Material incorrectly appears to authorize the diversion of geothermal water for irrigation which is inconsistent with the terms of Transfer Approval No. 4202.

Please let me know if you, Vicky Music or anyone else at IDWR has any questions about these matters or needs any additional information. Thank you.

Sincerely,

HOFSTETTER LAW OFFICE, LLC

A handwritten signature in black ink, appearing to read "Dana Hofstetter", with a long horizontal line extending from the end of the signature.

Dana L. Hofstetter

cc: Vicky Music
3006.3/0435

HOFSTETTER LAW OFFICE, LLC

608 West Franklin Street

Boise, Idaho 83702

Phone: (208) 424-7800

Fax: (208) 424-8774

E-Mail: Dana@IdahoWaterLaw.com**FAX COVER SHEET****DATE:** February 27, 2009**TO:** Nick Spencer**FAX:** 287-6701**CC:** Vicky Music

334-2348

FROM: Dana Hofstetter**RE:** Edwards – Water Right Nos. 63-12 *et al.*

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