



State of Idaho

DEPARTMENT OF WATER RESOURCES

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March 27, 2012

C. L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Interim Director

TERRY SCANLAN
SPF WATER ENGINEERING
300 E MALLARD DR SUITE 350
BOISE ID 83706

RE: Water Right 63-12593

Dear Terry:

I have read the letter you addressed to Craig Saxton on March 4, 2012, concerning the Beneficial Use Field Report you prepared for Permit 63-12593. You should be pleased to know that on March 23, 2012, IDWR issued a water right license as recommended in your report based on the clarification provided in your letter. There should be no remaining outstanding issues related to your letter, other than recognition that there is a need for common understanding of how beneficial use for heating and cooling should be evaluated in the future.

Now that IDWR has substantially eliminated the backlog of transfer applications, Director Spackman has initiated an effort to take on the field examination backlog. The backlog currently stands at over 2600 permits. IDWR's partnership with Certified Water Right Examiners will be critical to achieving our goal of eliminating the examination backlog in five years or so.

Part of the effort to reduce the backlog involves finding a way to conduct or review examinations and issue licenses for beneficial uses that are technically difficult to evaluate. Many heating and cooling systems fall into the highly technical category, and some examinations and licenses have been delayed for that reason. Quantifying the volume of water diverted and beneficially used in connection with heating and cooling systems has been especially problematic for IDWR. Because IDWR has not typically required measurement and reporting of the volume diverted, many field examiners tend to base a volume on an evaluation of the diversion capacity and, perhaps, an evaluation of heating or cooling degree days during the season of use. This method typically shows the diversion capacity available to meet the estimated need during the development period, but it misses evaluation of the heat exchanger (or other mechanical unit) to determine if it also has the capacity to utilize sufficient water to meet the estimated demand. The information you provided about the heat exchange unit in the Idanha hotel was sufficient for water right licensing purposes, but not all reports are as thorough.

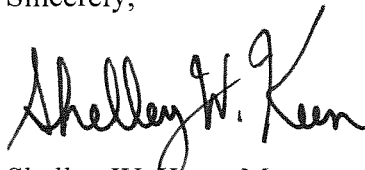
IDWR would like to develop instructions for examiners who evaluate heating and cooling systems. Instructions would include evaluation of heat exchanger units as well as the diversion systems and the estimated demand. We are still developing perspective. One alternative would be to simply require measuring and reporting, which would add expense and effort in many

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cases. Also, measuring and reporting doesn't help with permits for which proof has already been submitted. Another alternative would be to require a "design grade" engineering report and analysis like the report provided by Musgrove Engineering in connection with Permit 65-13912 and 65-13913. However, that level of analysis represents a due-diligence that might not be available or warranted in many instances. The level of analysis that would suffice in most instances, however, is not yet clear to us.

IDWR appreciates your offer to discuss what is really needed. Your suggestions would be welcome. Please call me at 208-287-4947, or email me at shelley.keen@idwr.idaho.gov, if you have ideas, concerns, or questions.

Sincerely,

A handwritten signature in black ink that reads "Shelley W. Keen". The signature is written in a cursive, flowing style.

Shelley W. Keen, Manager
Water Rights Section