

Interim Director Gary Spackman
Idaho Department of Water Resources
322 East Front Street
P.O. Box 83720
Boise, ID 83720-0098

Re: Permit Nos. 02-7375 and 02-7379 and Application No. 02-10325

Dear Director Spackman:

Idaho Power Company and the other undersigned parties seek to resolve issues related to the subordination of the Company's hydropower water rights for those facilities addressed in the Swan Falls Agreement. Presently, Idaho Power holds permit no. 02-7379 for expansion of Swan Falls hydropower plant, permit no. 02-7375 for expansion of its Twin Falls hydropower plant and application no. 02-10325 for expansion of its Shoshone hydropower plant. In order to promote consistency, the parties request that the following subordination condition be substituted for condition 1 in permit 02- 7379:

The water right acquired under this permit for hydropower purposes shall be junior and subordinate to all rights to the use of water, other than hydropower, within the State of Idaho that are initiated later in time than the priority of this permit and shall not give rise to any right or claim against future rights to the use of water, other than hydropower, within the State of Idaho initiated later in time than the priority of this permit.

For purposes of the determination and administration of this water right, no portion of the waters of the Snake River or surface or ground water tributary to the Snake River upstream from Milner Dam shall be considered.

The parties also request that the two paragraphs set forth above be included in any permit issued for application no. 02-10325 and that the following paragraph be added to permit no. 02-7375:

For purposes of the determination and administration of this water right, no portion of the waters of the Snake River or surface or ground water

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tributary to the Snake River upstream from Milner Dam shall be considered.

This letter is limited to the subordination condition to be included in permit nos. 02-7375 and 02-7379 and application no. 02-10325. Nothing herein limits the rights of any signatory to this letter with respect to any other issues regarding these permits and application.

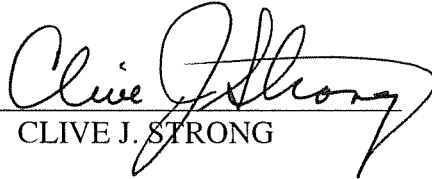
Thank you for your assistance in this matter.

Dated this 4th day of May, 2011.

IDAHO POWER CO.

By 
JAMES TUCKER

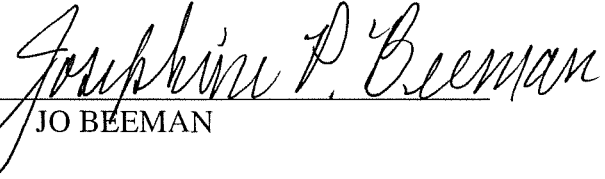
STATE OF IDAHO

By 
CLIVE J. STRONG

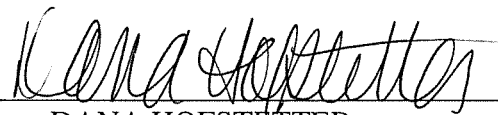
UPPER SNAKE WATER USERS

By 
JERRY RIGBY

CITY OF POCA TELLO

By 
JO BEEMAN

JEFF & JACKIE HARPER, BASIN
& RANGE RESOURCE
COMPANY LLC, and
INTERESTED WATER USERS

By 
DANA HOFSTETTER

IDAHO GROUND WATER
APPROPRIATORS, INC.

By 
RANDY BUDGE

cc: Armand Eckert, President, Magic Manufacturing Inc.
716-B East 4900 N., Buhl, ID 83316