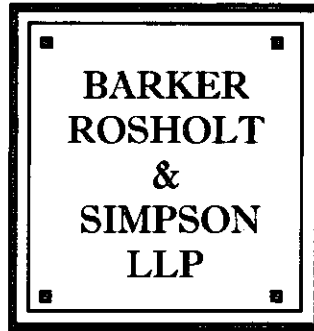


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March 17, 2009

VIA HAND DELIVERY AND E-MAIL

Hearing Officer Gerald Schroeder
Idaho Department of Water Resources
322 E. Front St.
Boise, ID 83720-0098

Re: Canal Companies Appeal of License No. 01-07011

Dear Hearing Officer:

The parties in intervention and the Canal Companies were unable to agree upon the proper form of proposed order to submit for the Hearing Officer's approval, and therefore we have elected to submit two proposed orders and leave it to you to determine which to sign (and/or modify). Based upon my notes and recollection of the Hearing Officer's oral findings, the attached accurately reflects the Hearing Officer's order to the parties about how this matter will proceed. The proposed order being submitted by the parties in intervention broadens the scope of the Canal Companies' appeal of the license conditions and elements being challenged by the Canal Companies.

Before the parties in intervention and Canal Companies can devise a schedule for these proceedings it is important for the Canal Companies to know whether the scope of the appeal is limited to the issues raised by the Canal Companies or may potentially be broadened as apparently proposed by the parties in intervention, as it will dictate the length of time necessary for discovery prior to the hearing on the appeal. We would be happy to address this matter further at another status conference if necessary.

Very truly yours,

BARKER ROSHOLT & SIMPSON LLP



Shelley M. Davis

Enc.

Cc via E-Mail: Counsel for the IWRB, Ground Water Users and Upper Snake Water Users

**BEFORE THE DEPARTMENT OF WATER RESOURCES
OF THE STATE OF IDAHO**

IN THE MATTER OF)
APPLICATION FOR PERMIT & LICENSE)
NO. 01-07011)
)
APPLICANT:)
Twin Falls Canal Company &)
North Side Canal Company)
_____)

**ORDER GRANTING PETITIONS
FOR INTERVENTION**

On December 2, 2008, the Aberdeen-American Falls Ground Water District, Bingham Ground Water District, Bonneville-Jefferson Ground Water District, Clark-Jefferson Ground Water District, Madison Ground Water District, and Aberdeen-Springfield Canal Company (hereinafter the "Ground Water Users") filed a Petition to Intervene in the license appeal proceeding initiated in the above-captioned water right matter. On December 4, 2008, the Mud Lake Water Users, Independent Water Users, Jefferson Canal Company, Montevue Canal Company, Producer's Canal Company, and Fremont-Madison Irrigation District (hereinafter the "Upper Snake Water Users") filed a Petition to Intervene in the same license appeal proceedings. On January 29, 2009, the Idaho Water Resource Board (hereinafter the "IWRB") also filed a Petition to Intervene in these same proceedings. Based on the representations of counsel for the all of the potential intervenors, their clients claim an interest only in the Canal Companies appeal of license condition number 1, included in the license issued October 20, 2008, and have no interest or intent to participate in the appeal as to license condition number 5 and the volumetric limitation also being challenged by the Canal Companies on appeal. The Licensees/Petitioners, North Side Canal Company and Twin Falls Canal Company, opposed the intervention of all of the potential intervenors.

This Hearing Officer heard oral argument of the parties on the Petitions to Intervene on March 13, 2009, and made oral findings at the conclusion of the hearing. This written order confirms the oral findings made by me at the hearing held on March 13, 2009.

THEREFORE, IT IS HEREBY ORDERED that the Petitions to Intervene of the Ground Water Users, Upper Snake Water Users, and Idaho Water Resource Board are **GRANTED**. Based on the representations of counsel for all intervenors at the hearing on the Petitions to Intervene, their intervention is limited to participation in the appeal of license condition no. 1. Furthermore, in conformance with IDAPA Rule No. 37.01.01.353, the participation of these parties as intervenors may not expand or unduly broaden the issues appealed by the Canal Companies, and therefore, no new or additional license conditions may be proposed by the parties in intervention. The participation of all intervenors is limited to the matters put at issue by the Canal Companies as initiated by the Canal Companies in their Protest and Request for Hearing filed on November 4, 2008. Furthermore, as the asserted interests of all intervenors appear to overlap significantly with the interests of the Idaho Department of Water Resources as recorded in the Department's Final Order issuing license no. 01-7011, it is further ordered that for purposes of participation the intervenors consolidate their efforts wherever possible with one another, and with the Idaho Department of Water Resources.

Dated this ____ day of March, 2009.

Hon. Gerald Schroeder
Hearing Officer