



State of Idaho

DEPARTMENT OF WATER RESOURCES

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C. L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Interim Director

August 23, 2010

John Rosholt
BARKER ROSHOLT
PO Box 485
113 Avenue West, Suite 303
Twin Falls, Idaho 83303-0485

Re: Water Right License No. 01-07084B; Hazelton A Hydroelectric Project

Dear Mr. Rosholt:

Thank you for meeting with me on August 12, 2010. At the meeting, you explained that a license holder, SE Hazelton A LP, the holder of license number 01-07084B, is attempting to contract with Idaho Power Company for the sale of electrical power generated by the Hazelton A generating facility. The new contract must be considered and approved by the Public Utilities Commission ("PUC"). The validity of license number 01-07084B was questioned by Idaho Power and PUC staff because of the following condition:

With diversion and use of water for hydropower purposes under this license is subject to review by the Director on or after January 18, 2008. Upon appropriate findings relative to the interest of the public, the Director may cancel all or any part of the use authorized here and may review, delete or add conditions under which the right may be exercised.

The above quoted condition establishes a date after which the Department may review the license, and may amend components of the license as dictated by the public interest. The deadline for review is established primarily by the length of the prior power sales agreement term. Idaho Code § 42-203B(7) dictates that in establishing a term of years, the Department review the length of the power sales agreement. As a result, it is important that the term of the next power sales agreement be available to the Department in its consideration.

This letter confirms that license number 01-07084B is valid, and will continue to be valid during the negotiations regarding power sales agreement. The Department will initiate a process of review, hoping to take into consideration the upcoming term period for the power sales agreement.

Sincerely,

Gary Spackman
Interim Director

cc: Garrick Baxter
Jeff Peppersack