



State of Idaho

DEPARTMENT OF WATER RESOURCES

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C. L. "BUTCH" OTTER
Governor

DAVID R. TUTHILL, JR.
Director

11/29/2007

H K Hydro LLC
26 N State St.
Salt Lake City, UT 84103

Scott Kaster
4580 Clear Lakes Rd.
Buhl, ID 83316

RE: Licensing of Permits 47-7700 and 47-7702

Gentlemen:

As you know the rights identified above were claimed in the Snake River Basin Adjudication (SRBA) as required and IDWR recommended the rights as permitted with a condition that the appropriation process be completed and the use would ultimately be subject to the license that would be issued. Recently the SRBA court has informed IDWR that they will hold up issuance of decrees for the rights recommended as permits. In light of this, IDWR is attempting to complete the licensing process for the rights recommended as permits which includes your rights.

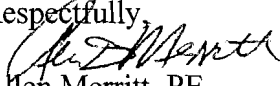
As you may recall, a field examination of your facility was conducted in the Spring of 2005 but at that time no maximum flow through the power plants was determined. It was discussed at that time that you would provide power records so that water flows could be calculated for the developed systems since there are no measuring devices installed on the system.

The purpose of this letter is to again request copies of historical power records for the subject power plants or other flow measurement documents clearly showing what waters are diverted through the power plants and beneficially used for power generation.

We are on a relatively short timeline for completing the licensing process so that the SRBA court can issue the decrees so I request your cooperation in submitting the required data within the next 30 days. Failure to respond could result in the permits being voided.

If you have questions please feel free to contact this office.

Respectfully,


Allen Merritt, PE
Southern Region Manager