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AUG 14 2007

DEPARTMENT OF
WATER RESOURCES

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August 14, 2007

HAND DELIVERED:

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

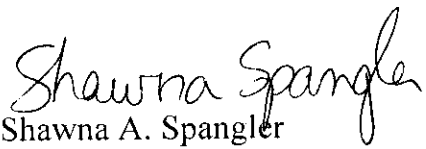
Re: In the matter of Application for Permit No. 63-32235
Our File No. 7116.1

Dear Sir or Madam:

Please file the enclosed Petition for Reconsideration relative to the above-entitled matter. Also enclosed is an extra copy to be conformed and returned to this office.

Thank you for your cooperation in this regard.

Sincerely,


Shawna A. Spangler
Legal Assistant to Michael C. Creamer

MCC:sas
Enclosure

Michael C. Creamer (Idaho State Bar # 4030)
GIVENS PURSLEY LLP
601 Bannock Street, Suite 200
P.O. Box 2720
Boise, ID 83701-2720
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Attorneys for South Channel LLC

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AUG 14 2007

**DEPARTMENT OF
WATER RESOURCES**

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

IN THE MATTER OF APPLICATION
FOR PERMIT NO. 63-32235,

PETITION FOR RECONSIDERATION

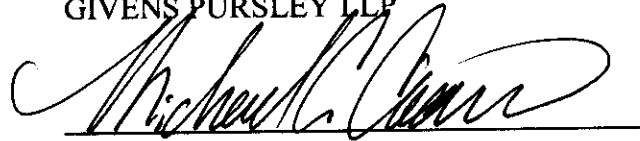
South Channel L.L.C. ("South Channel") through its attorneys Givens Pursley LLP, hereby objects to, and requests reconsideration of, the Idaho Department of Water Resources' ("Department") August 1, 2007 Notice of Approval of Application for Permit in the above-captioned matter. Specifically, South Channel objects to, and request reconsideration of, inclusion of Condition No. 6 of the Permit, which states that:

The Director retains jurisdiction to require the right holder to provide purchased or leased natural flow or stored water to offset depletion of Lower Snake River flows if needed for salmon migration purposes. The amount of water required to be released into the Snake River or a tributary, if needed for this purpose, will be determined by the Director based upon the reduction in flow caused by the use of water pursuant to this permit.

As demonstrated by the attached Request to Process, submitted by South Channel on August 9, 2005, South Channel already has agreed to provide mitigation to offset the effect of the anticipated depletions on the Snake River during periods of anadromous fish migration. See Exhibit A attached hereto. This offered mitigation, which involves the change in nature of use of certain senior Boise River natural flow water rights (approved contemporaneously by the Department in the matter of Transfer No. 72596), was the basis for processing and approval of South Channel's Permit Application. Because the offered mitigation fully offsets depletions to the Snake River attributable to appropriation of the tributary ground water source, as determined in the Permit Application approval process, Condition 6 should not be included in South Channel's Permit or any license subsequently issued by the Department.

Respectfully submitted this 14th day of August, 2007.

GIVENS PURSLEY LLP

A handwritten signature in black ink, appearing to read "Michael C. Creamer", written over a horizontal line.

Michael C. Creamer

Attorneys for South Channel L.L.C.

CERTIFICATE OF SERVICE

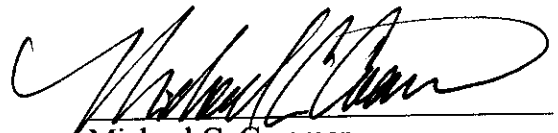
I hereby certify that on this 14th day of August 2007, I served a true and correct copy of the foregoing by delivering it to the following individuals by the method indicated below, addressed as stated.

South Channel LLC
533 E. Riverside Drive
Eagle, ID 83616

☒ U.S. Mail
☐ Facsimile
☐ Overnight Mail
☐ Hand Delivery
☐ E-mail

Toothman-Orton Engineering Co.
Attn: Steven E. Holt, PE
9777 Chinden Blvd.
Boise, ID 83714-2008

☒ U.S. Mail
☐ Facsimile
☐ Overnight Mail
☐ Hand Delivery
☐ E-mail


Michael C. Creamer

REQUEST TO PROCESS

COMPLETE REQUEST IF YOU WANT YOUR APPLICATION TO BE PROCESSED USING ONE OF THE
THREE ALTERNATIVES BELOW

Name of Applicant

South Channel L.L.C.

Mailing Address

533 E. Riverside Dr. Suite 110

Eagle, ID 83616

Application No.
(if known)

☐ IN LOCAL PUBLIC INTEREST

Yes, I want my application processed and before it is advertised, I will amend my application to demonstrate that the proposed appropriation is in the local public interest including the need to preserve flows in the Snake River during the migration periods of anadromous fish.

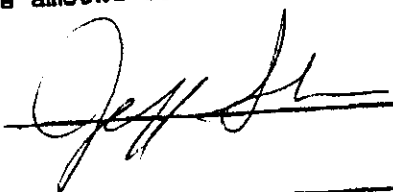
☒ PROPOSE MITIGATION NOW

Yes, I want my application processed and before it is advertised, I will amend my application to include proposed mitigation to offset anticipated depletions in the Snake River during periods of anadromous fish migration.

☐ WILL AGREE TO MITIGATION IN THE FUTURE IF NECESSARY

Yes, I want my application processed at this time, and I will accept a condition of approval that will require mitigation should the Director of the Idaho Department of Water Resources determine that mitigation is necessary to offset depletions from this appropriation to flows in the Snake River during periods of anadromous fish migration. I understand that mitigation is not required now but may be needed in the future. I also understand that the Director will not require mitigation until I have an opportunity to review the process by which the need for mitigation is established and the amount of water required is quantified.

Signature



Mangan
8/9/05

Date

Please return this form to:

Idaho Dept. of Water Resources
Western Regional Office
2735 Airport Way
Boise, ID 83705-5082