

COPY

LAW OFFICES OF

**RACINE OLSON NYE BUDGE & BAILEY
CHARTERED**

201 EAST CENTER STREET
POST OFFICE BOX 1391
POCATELLO, IDAHO 83204-1391

TELEPHONE (208) 232-6101
FACSIMILE (208) 232-6109

www.racinelaw.net

SENDER'S E-MAIL ADDRESS: rcb@racinelaw.net

BOISE OFFICE

101 SOUTH CAPITOL
BOULEVARD, SUITE 208
BOISE, IDAHO 83702
TELEPHONE: (208) 395-0011
FACSIMILE: (208) 433-0167

IDAHO FALLS OFFICE

477 SHOUP AVENUE
SUITE 203A
IDAHO FALLS, ID 83402
TELEPHONE: (208) 528-6101
FACSIMILE: (208) 528-6109

LOUIS F. RACINE (1917-2005)
WILLIAM D. OLSON
W. MARCUS W. NYE
RANDALL C. BUDGE
JOHN A. BAILEY, JR.
JOHN R. GOODELL*
JOHN B. INGELSTROM
DANIEL C. GREEN**
BRENT O. ROCHE
KIRK B. HADLEY
FRED J. LEWIS
MITCHELL W. BROWN
ERIC L. OLSEN
CONRAD J. AIKEN***
RICHARD A. HEARN, M.D.†
DAVID E. ALEXANDER††
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BRENT L. WHITING
LISA R. TANNER†††
JUSTIN R. ELLIS
JOSHUA D. JOHNSON‡
JONATHAN S. BYINGTON
DAVE BAGLEY
CAROL TIPPI VOLYN‡‡
THOMAS J. BUDGE

*ALSO MEMBER WY & IL BARS
**ALSO MEMBER UT BAR
***ALSO MEMBER CO BAR
†ALSO MEMBER D. C. BAR
††ALSO MEMBER MO BAR
†††ALSO MEMBER CA BAR
‡ALSO MEMBER IL BAR
‡‡ALSO MEMBER WA BAR

October 17, 2006

Claudia Conder
Water Rights Administrator
PacifiCorp
1407 W. North Temple, Ste 110
Salt Lake City, Utah 84116

Re: *Bear Lake West Property Owners Association, Inc.*
Application to Amend Permit Nos. 11-7399, 11-7424

Dear Claudia:

The above-referenced Water Right Permits are owned by Bear Lake West Property Owners Association, Inc. ("BLWPOA") and provide domestic water for Bear Lake West's Subdivision Plat B and C. This is the north part of the subdivision. The south part of Bear Lake West Subdivision is under an entirely separate water system and water rights, which is owned and operated by the Bear Lake West Homeowners Association ("BLWHOA").

Because PacifiCorp would have an interest in these permits as well as other new water rights in the Bear River Ground Water Management Area to ensure that they do not result in any depletion to the Bear River Drainage that is not fully mitigated, I am providing you with this advance notice of the Applications we will be filing shortly to amend these Permits. Enclosed is a copy of the Application for Amendment of Permit for each permit. Attached to each is an identical narrative which provides an explanation of the amendments being requested. Since these permits are used as a part of a single water delivery system, a primary purpose of the amendment is to combine both permits so they reflect the same points of diversion and place of use.

Additionally the permits provided sufficient water for in-home domestic use and irrigation.

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Department of Water Resources
Eastern Region

of ½ acre for a total of 100 homes. There are currently 112 homes hooked up to the system, an additional 12 in the process of being completed, with 402 total lots in the subdivision. Accordingly, BLWPOA amended its Restrictive Covenants to restrict outside irrigation to 2000 square feet. As a result of this limitation, the water previously available for outside irrigation is limited, thus increasing the water available for remaining lots, which would be sufficient for a total of 182 homes. The purpose and intent is not to expand or increase water available under the existing rights in any way. This represents the solution recommended by IDWR to BLWPOA.

Finally these Amendments seek to change the nature of the use from domestic to municipal. This is to allow for the continued buildout of the subdivision over time, inasmuch as municipal water rights do not have the 5-year limitation for applying water to beneficial use, which is the case for other water rights. Again, this was a suggestion made by IDWR.

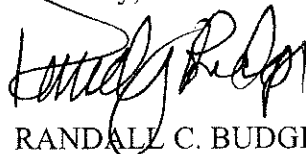
Ordinarily (unlike the amendment of a licensed or decreed right) amendment of a permit does not require publication. However, because these amendments seek to change the nature of use from domestic to municipal, IDWR does intend to publish notice of the applications.

Upon approval, the proposed amendments would allow domestic water to be provided to a total of 182 lots for in-house use with the outside irrigation restricted to 2000 square feet. If and when additional water is needed to hook up remaining lots in the subdivision, it will be necessary for BLWPOA to secure additional new water rights and provide the required mitigation.

We expect to file these Applications in the next several days, after which legal notice will be published in the Montpelier News Examiner. This letter is intended to give you a courtesy advance notice of these matters. There is no expansion and no change in the quantity of use, which remains the same. Accordingly there would appear to be no reason for concern or objection by any other water right holders.

Should you have any questions or concerns, please do not hesitate to contact me.

Sincerely,



RANDALL C. BUDGE

RCB:rr

Enclosures

cc: Bear Lake West Property Owners Association, Inc.
Jody Williams
IDWR: Roger Warner/Eastern Region Manager