



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street, P.O. Box 83720, Boise, ID 83720-0098

Phone: (208) 287-4800 Fax: (208) 287-6700 Web Site: www.idwr.idaho.gov

July 29, 2005

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

CITY OF HAILEY
115 S MAIN ST
HAILEY ID 83333

JIM SPECK, ATTORNEY
PO BOX 987
KETCHUM ID 83340

RE: Permit No. 37-07854

Gentlemen:

On February 25, 2005, I received a letter from Thomas Hellen, City Engineer, regarding the letter I had written to the City on January 24, 2005. Mr. Hellen submitted a metes and bounds description of the location of the cogeneration site which I inserted into our "Deed Plotter" program. Enclosed you will find a layout that shows the location of the cogeneration site pursuant to the metes and bounds description submitted. I found that the location of the power plant is in the same location as our examiner identified as being within the NW $\frac{1}{4}$ NE $\frac{1}{4}$, Sec. 33, Twp. 3N, Rge. 18E. This permit was issued with the place of use that was to be developed within the NE $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 33, Twp. 3N, Rge. 18E.

It is the responsibility of the Department of Water Resources to insure that the permit has been developed as recorded. Changes that do not increase the authorized use of water under the permit can be requested and approved in accordance with Section 42-211, Idaho Code. In a case such as this, where the place of use is found to be located in a different 40-acre tract than what was recorded, it is our duty to request an amendment of the permit to correct the legal description.

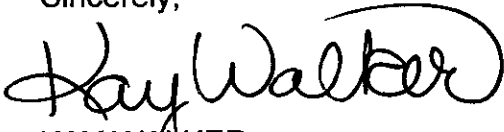
Please note that IDWR has changed the enclosed licensing amendment to show that this permit was issued for 5.0 cfs. The intent of this change is to focus on correcting the authorized place of use without addressing the diversion rate question in the amendment. On September 28, 2001, the Department received a letter from James P. Speck regarding the discrepancy of the amount of water diverted from the spring and the amount of water recorded at the flow meter at the power generator. Mr. Speck stated, "I reviewed the Report which states that the flow measured at the point of diversion from Indian Creek Spring was 2,809 gallons per minute or approximately 6.52cfs." He further goes on to say, "There is no reason, and we simply cannot explain, the lower reading of 3.38 cfs at the second flow meter. The city intends to replace that flow meter." At Mr. Speck's request we delayed licensing this right until the City could install a new meter and take another set of measurements. We have requested

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City of Hailey

documentation from the City showing what the new meter readings produced but have not received any information regarding the new meter installation from the City as of this date. The Department cannot license a water right for more than the amount actually being beneficially used in the power generation plant. Be advised that we will revisit the amount of water to be licensed once we receive the signed amendment form with the \$50.00 filing fee. If you have located any information in your records to show that the diversion and beneficial use of water during the authorized development period exceeded 3.38 cfs, please submit that documentation with the amendment form.

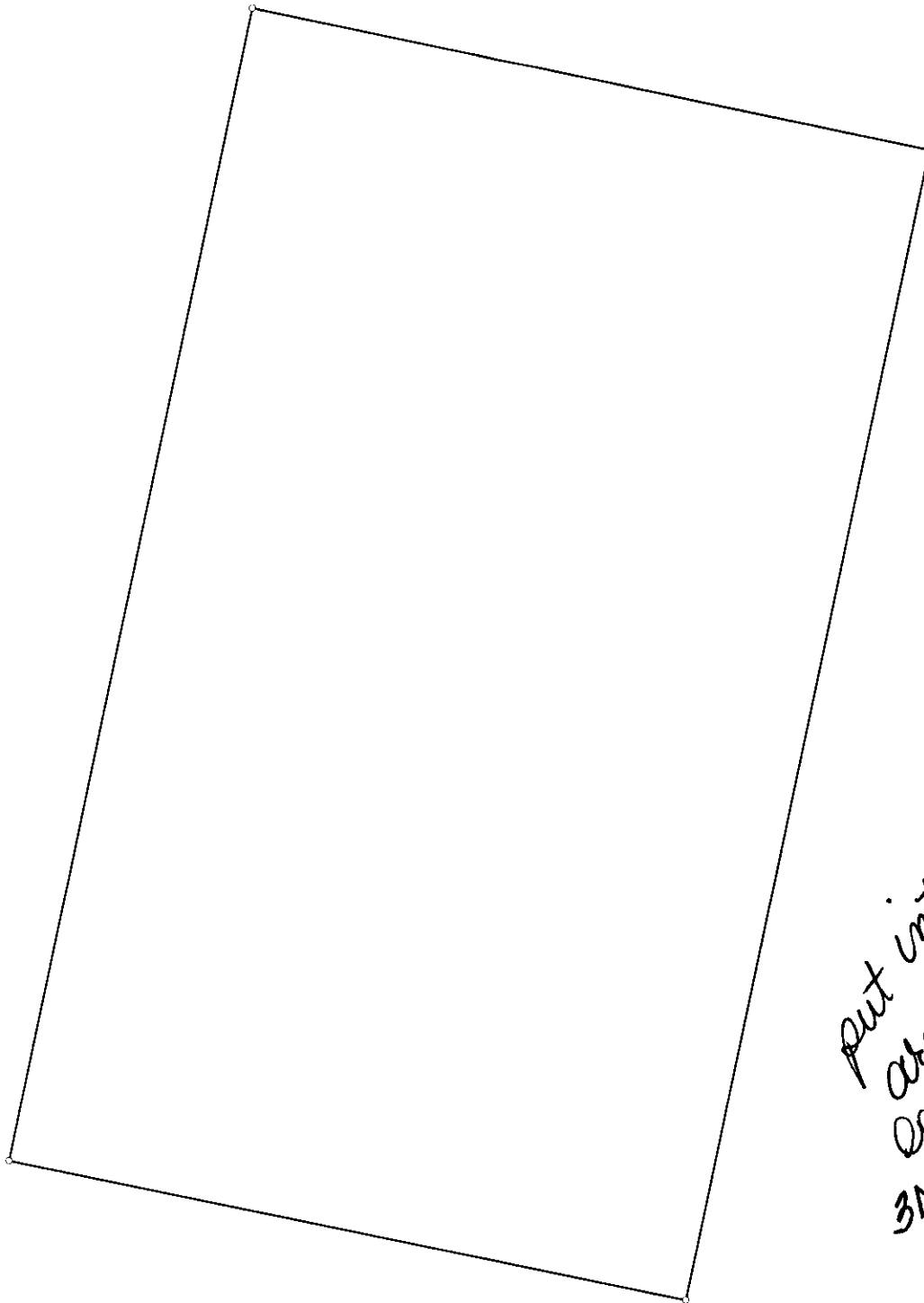
Please sign and submit the amendment form, \$50.00 amendment fee, and any information regarding system capacity that you might have within 30 days of the date of this letter. If we don't receive the amendment form and filing fee within the 30-day period we will take action to void this permit. If you have any questions in regard to this matter, please do not hesitate to contact me at (208) 287-4953.

Sincerely,



KAY WALKER
Sr. Water Resource Agent

KW:k
Enclosures



put into
abc view-
location:
3N 18E 33
NWNE

Title: City of Hailey		Date: 04-11-2005
Scale: 1 inch = 5 feet	File: 37-7854.des	
Tract 1: 0.0063 Hectares: 63.2 Sq M.: Closure = n00.0000e 0.00 M.: Precision >1/999999: Perimeter = 33 M.		
001=N+1372900.26M E+2475226.31M	004=S11.3006W 34.	007=S78.2954E 20.
002=ROTATE +0.20	005=N78.2954W 20.	
003=/S87.1857W 1880.99	006=N11.3006E 34.	



Idaho Department of Water Resources

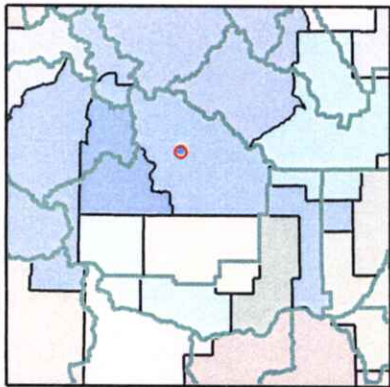
Water Right Number:

37-7854

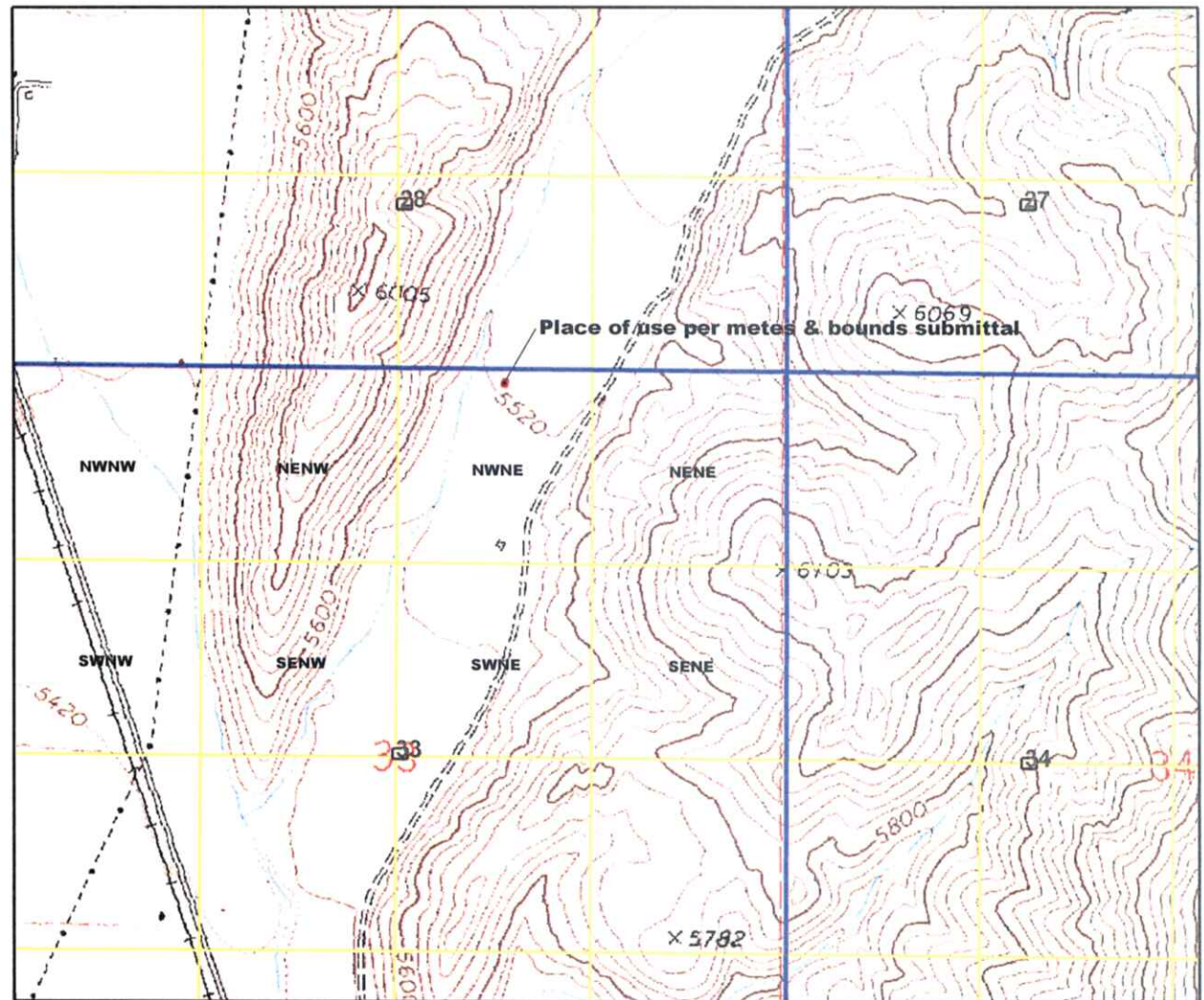
T03N R18E

Legend

-  Hailey power.shp
-  Sections
-  GCDB03N18E GCDB



Blaine County
IDWR Basin 37



Prepared by K. Walker
On Monday, July 25, 2005
Topo X74