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RECEIVED

MAR 16 2005

Department of Water Resources
Eastern Region

March 15, 2005

Roger Warner
Idaho Department of Water Resources
900 N. Skyline Dr., Ste. A
Idaho Falls, ID 83402

Re: Application for Permit No. 25-14114

Dear Mr. Warner:

I think we have informed you that we have been unable to work out any satisfactory accommodation with respect to the protests of the North Side and Twin Falls Canal Companies and the Bureau of Reclamation regarding the above referenced application for permit. We have therefore amended the application, a copy of which is enclosed with this letter, pursuant to the request of the Falls Water Company. The application has been amended to request only an increase in diversion rate to be able to overcome the pressure problems in order to give them one to two years before they use their entire volume under existing rights during which time they can consider various ways of mitigating for any additional diversions they may desire for outside use for homes for lawns, gardens, trees, shrubs and the like.

When we presented this proposal to provide interim relief for the water company, we were advised by North Side and Twin Falls that they did not believe Falls Water could increase its rate of diversion without increasing the annual volume. It is not our intent to misstate their position, but that is how we understood their response.

In any event, since we have already had the pre-hearing conference, perhaps all we need to do is schedule a time for a hearing when these issues can be presented to a hearing officer for resolution. It does not appear that anything has been changed that would require additional filing fees or additional publication. We will look forward to hearing from you as soon as it is convenient.

Roger Warner
Idaho Department of Water Resources
March 15, 2005
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Yours very truly,

A handwritten signature in black ink, appearing to read "Kent W. Foster", written in a cursive style.

Kent W. Foster

Enclosure

c: Travis Thompson
 E. Gail McGarry, Bureau of Reclamation
 Scott Bruce