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WATER RESOURCES
WESTERN REGION

City of Mountain Home

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May 6, 2005

Mr. John Westra, Regional Manager
ID Department of WA Resources, Western Region Office
2735 Airport Way
Boise, ID 83705

Dear Mr. Westra:

In recent weeks it has come to our attention that there is a significant backlog at the Idaho Department of Water Resources (IDWR) in processing water rights applications. We were informed that the application submitted by the City of Mountain Home on March 18, 2005 may not be reviewed for several more months. The purpose of this letter is to formally request that IDWR give priority to the City of Mountain Home's water right transfer process.

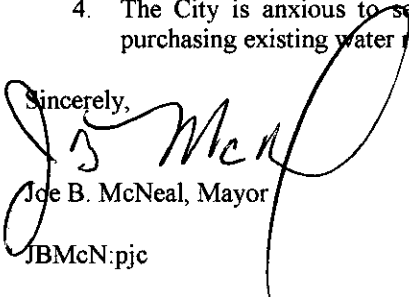
The City of Mountain Home is anxious to secure additional water rights. In February of 2005, the City entered into an agreement to purchase the Warkentin water right. Soon thereafter, the City filed an application to transfer the Warkentin water right to the City. It is our hope, that we could be nearly complete, if not complete, with the water rights transfer by February 24, 2006. This date corresponds to the one year anniversary of our option. For the City to extend their option an additional year will further commit the residents of the City of Mountain Home an additional \$30,000.

Given the history of water rights transfers in the Mountain Home area, we realize that the water rights transfer will likely be protested. We appreciate your cooperation in seeing that the proper procedures and steps are taken as quickly as possible.

In addition to the financial reasons mentioned above, we appreciate your consideration of the following issues in prioritizing Mountain Home's water right transfer application:

1. The water rights purchase is being funded by the Idaho Department of Environmental Quality (DEQ) loan funds. DEQ would prefer that this money be committed and the transfer be completed in a timely manner.
2. Planned water system improvements will result in a pumping capacity that exceeds current water rights. While the City does not intend on pumping in excess of the City's existing water rights, planned improvements required to better serve Mountain Home in the near future will result in a net pumping capacity that will exceed existing water rights.
3. The City is taking steps now to ensure sustainable development. By securing the water right, the City will secure needed water rights that will allow for continued growth for many years. Additionally, the City is currently making steps to assure that the City continues to secure water rights as development/growth occurs.
4. The City is anxious to set a precedent for responsible, municipal growth in the Mountain Home area by purchasing existing water rights, rather than seeking new water rights.

Sincerely,


Joe B. McNeal, Mayor

JBMcn:pjc