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RECEIVED

JUN 28 2004

DEPARTMENT OF
WATER RESOURCES June 28, 2004

Jeff Peppersack, Manager
Idaho Department of Water Resources
1301 North Orchard Street
Boise, Idaho 83706
HAND DELIVERED

Re: Transfer No. 70974 (Hayden Lake Irrigation District)

Jeff :
Dear Mr. Peppersack:

Your letter of May 28, 2004, suggests that Hayden Lake Irrigation District (HLID) consider retaining "irrigation" as a purpose of use on Water Right No. 95-8581 because the definition of "municipal" purposes in Section 42-202B(6), Idaho Code, may not include irrigation of cropland for agricultural purposes. As you and I concluded in discussing this matter, whether or not the interpretation presented in your letter is accurate concerning the scope of uses included under a municipal use, retaining an increment of the right as irrigation will not disadvantage HLID even if the service area is fully converted from agricultural land to urban, suburban, commercial and industrial uses. When fully converted from agricultural land, water from the municipal system will undoubtedly continue to be used on lawns, gardens, landscaping and other small acreages. These small irrigation uses are within the scope of "municipal purposes" even under your more limited definition; but these small irrigation uses can also be recognized as "irrigation purpose."

HLID has determined that there is about 266 acres of irrigation of crop and pasture land now practiced within its service area. Of this amount, about 100 acres is actual cropland. As you can see, the character of land use in the area is rapidly changing. Because of this rapid conversion of agricultural land to municipal uses, it is unlikely that irrigation of pasture and crop land will exceed about 100 acres by the end of the 5-year period requested for implementation of the transfer approval. Water use on small parcels scattered over the entire service, as discussed in the previous paragraph, can be expected to always exceed 100 acres and will be recognized as either a municipal purpose or an irrigation purpose as needed to allow HLID to service these uses without having to file additional transfers as conversion from agricultural land to municipal uses diminishes the amount of agricultural land to less than 100 acres.

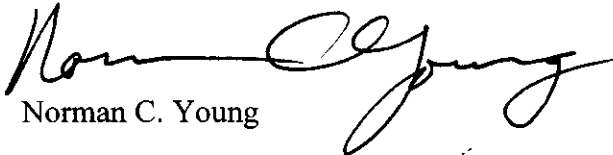
Based upon this understanding, HLID agrees that the application for transfer can be approved with a purpose of use for irrigation of 100 acres with a diversion rate of 2 cfs (0.02 cfs per acre) and a diversion volume of 300 afa. We understand that for municipal purposes, the rate would be 10.92 cfs and a diversion volume of 4237 afa. It is also my understanding that further notice of the transfer application is not needed because the

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approval is within the scope of the notice that has been published and the change simply recognizes the ongoing authorized use of water under this right.

I appreciate your responsiveness to the Petition for Reconsideration filed in this matter. Please contact me if there is anything further that needs to be done to allow an amended decision to be issued approving the application for transfer.

Sincerely,

A handwritten signature in black ink, appearing to read "Norman C. Young". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Norman C. Young

cc: Paul Klatt, J-U-B Engineers
HLID
Bob Haynes, IDWR Northern Region