



STATE OF IDAHO

OFFICE OF THE ATTORNEY GENERAL

LAWRENCE G. WASDEN

January 19, 2007

Mr. Daniel E. Williams
Huntley Park
250 S. 5th, Suite 680
P.O. Box 2188
Boise, ID 83701

RE: Pete Peterson – Demand Letter for Watermaster Expenses

Dear Mr. Williams:

Your demand letter dated December 15, 2006 addressed to Mr. Austin Moses, District Treasurer and Advisory Board members for Water District no. 11 was forwarded to the Idaho Department of Water Resources (IDWR). The Department has in turn asked my office to review the letter before responding back to the water district. Under I.C. § 42-604 water districts are considered instrumentalities of the state and are entitled to legal representation from the Office of the Attorney General. Future correspondence should be addressed to my office at the address on the letterhead.

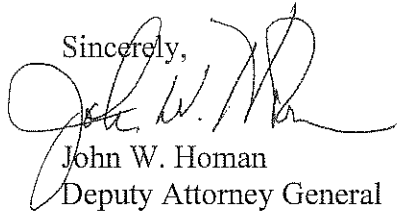
Additionally, IDWR has been copied with letters from PacifiCorp to you and your client, Mr. Pete Peterson, requesting a meeting to discuss the watermaster expenses. IDWR has indicated to me that it is hopeful an agreement can be reached between Mr. Peterson and PacifiCorp regarding the reimbursement of any outstanding expenses. IDWR's preference is that the local water district resolve budget and personnel issues on its own as much as possible and without unnecessary state intervention. Unfortunately, the lines of communication between those seeking to resolve this matter within the water district are either strained or absent.

My review of the water district minutes and the amounts submitted by the watermaster raise questions about those expenses as well as the existence of any contract for 2006. Without a contract for 2006, it is difficult to determine whether a certain payment is additional salary or prepaid expenses. Additionally, the monthly history of reimbursement for vehicle expenses does not appear consistent with the statewide standards established by the State Controller's Office. IDWR had previously requested that the water district obtain an independent financial audit, but the Advisory Committee could not agree on the scope of the audit or which year to audit. I am hesitant to advise IDWR to instruct the District Treasurer to reimburse Mr. Peterson for any remaining

expenses until these issues are resolved. Unless the matter is resolved locally without IDWR intervention, I intend to advise IDWR to request that the State Controller's Office conduct an audit of the water district's financial records for the years 2005 and 2006 before any expenses are reimbursed.

IDWR has requested that a representative from the Office of the Attorney General attend the annual meeting on February 6, 2007. Unless this matter is resolved in advance of the meeting, I plan to attend the meeting. Please feel free to give me a call at 287-4812 should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "John W. Homan". The signature is fluid and cursive, with a large initial "J" and "H".

John W. Homan
Deputy Attorney General
Natural Resources Division

- c. Water District # 11 Advisory Board
 - Austin Moses
 - Tim Luke
 - Lyle Swank
 - Gary Spackman