

March 27, 2002

Re: Advisory Committee Suggested for Water District No. 120

Dear Participant in the Basin 35 Mediation Discussions:

An item of discussion at the Basin 35 mediation discussions held in Boise on February 26, 2002, was the makeup of the advisory committee for Water District No. 120, which is in the final stages of being established. The purpose of this letter is to provide you my suggestions on this issue prior to the next mediation meeting scheduled on April 3, 2002, in Pocatello. The following discussion of the factors affecting options for structuring the water district advisory committee is intended to provide a starting point for developing equitable and workable governance for the water district.

The challenge in establishing an appropriate advisory committee is assuring that all water users have effective representation on the committee, without having an excessively large number of committee members. Water users in Water District No. 120 can be categorized several ways such as by location within the district, by the purpose of use for ground water rights administered through the district, by membership or non-membership in a ground water district or irrigation district, or by the relative priority of rights. The importance of each of these distinctions to any water user may vary depending upon the particular issue being considered. Obviously, fashioning an advisory committee that satisfies all water users at all times will be difficult. Accordingly, at the outset it is important to understand and reach agreement that the makeup of the advisory committee may have to be adjusted from time-to-time as appropriate improvements are identified.

Initially, I suggest that the advisory committee for Water District No. 120 be selected as follows:

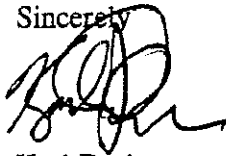
- Two members from the Aberdeen-American Falls Ground Water District;
- Two members from the Bingham Ground Water District;
- Two members from the Jefferson-Bonneville Ground Water District;
- Two members from cities holding ground water rights within Water District No. 120;
- One member from the Falls Irrigation District;
- One member from holders of industrial/commercial ground water rights within the district;
- One ex-officio (non-voting) representative from Water District No. 1;
- One ex-officio (non-voting) representative from Water District No. 36A; and
- One ex-officio (non-voting) representative from Water District No. 130.

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The members should be selected prior to the annual meeting or at a caucus of the constituents of each group of water right holders held during the annual water district meeting. The selections should be confirmed by a resolution enacted at the annual meeting. Membership on the advisory committee should be determined annually. Designation of alternate members could encourage full representation at meetings and could be used to rotate representation among groups having differing interests within the above listed categories.

During our meeting on April 3 in Pocatello, we expect ample opportunity to discuss these suggestions and modifications or other ideas you may have.

Sincerely

A handwritten signature in black ink, appearing to read 'Karl Dreher', written over the word 'Sincerely'.

Karl Dreher
Director