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Hydro Plus

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ATLANTA POWER CO-OP

6-18-2019

Dear Atlanta power co-op,
On 6-6-2019 I arrived in the town of Atlanta Idaho to do an evaluation of the power system that provides power to the Town of Atlanta. Leaving Buhl about 9 AM and arriving on site site around 3 PM. Met Jean Haught and started to map out the power poles going to the Ranch across the river. Then worked our way around town til around 8 PM. And quit for the day.

6-18-2019

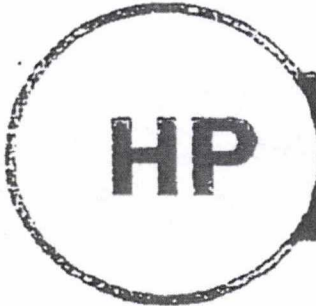
Jean had a meeting until 11 AM, So I started mapping out the south end of town, got done at 11 AM and met Jean. We finished looking at the west end of town and worked our way west out of town and went to the power plant. Finished about 3 PM. Weather was not in our favor so we headed for home.

After looking at 188 poles, I believe 65 poles need replaced. Some looked to be very old and unsafe. A lot of work has been done from the power plant to the town and from town to the ranch and to the phone company, but in town and the south end of town needs a lot of work.

I briefly talked with Caribou Construction and they quoted me over the phone without looking, [REDACTED] to replace poles and wire and all needed parts to make the system safe. This may seem high but the location is remote and Utility Contractors are not cheap.

I wanted to give a value of the system based on KWH consumed by the town but Linda the bookkeeper is out til next week and it looks like the rate structure is complicated and at this point I do not want to make suggestions about rate structure changes.





The Power Company takes in about [REDACTED] per month. Linda could give me a better idea on the annual income. Rule of thumb of buying and selling Hydro plants is between 4 and 8 times the gross income. [REDACTED] would be [REDACTED] per year times 4 equals [REDACTED]. 8 times would be [REDACTED]. With the shape the power plant is in now, I would value it at [REDACTED]. This would include all equipment, land, parts and Buildings associated with generating and maintaining the entire power plant and grid system.

There is a lot of money invested in the power grid. New poles, wire, transformers, switches and parts. Best guess, with local people doing the work and proper training on line work, I believe [REDACTED] could get the repairs done on the power grid. I do not believe in taking [REDACTED] off the value of the Hydro. It is unfortunate that the power grid is so large but it is needed to transport the energy. I don't believe it is an asset, but a liability. It does not produce energy, yet it does consume a small amount with line loss and transformer loss. Probably about 1% losses. Power lines are included in the sale price and maintenance must be done.

The value of the Hydro could go up if the income went up, but that is up to the board and the towns people. The [REDACTED] would be for labor, materials, and extra equipment not included in the sale, to purchase or repair the grid. The repairs could also be done over a 5 year period or as needed.

I do not have at this time the KWH consumed by each residence but here are some solar system prices from Backwoods solar. .25 to 1 KWH [REDACTED] 1.5 -3 KWH, [REDACTED] 4-8 KWH [REDACTED] 8-10KWH, [REDACTED] 12-18KWH, [REDACTED] 16-24KWH, [REDACTED] 500,000 divided by 35 meters is 14,285.71 per meter. An average home consumes about 3 KWH. Personally, I would stick with the Hydro, once repairs are made, far less maintenance than 35 solar systems.

Thanks

Scott Easter