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2022 FEB 18 PM 1:07

IDAHO PUBLIC  
UTILITIES COMMISSION

- 1.) Order to show cause. Why the commission should not impose all penalties discussed here-in.

- **Addressing the first group of penalties which have been on hold. I would like the commission to consider that if in all of these negotiations we find it necessary for me to take a large discount off of the appraisal, maybe \$100,000 or something, isn't that almost a form of penalty because all I'm trying to do here is get back some of my money for retirement, most people in life put money in a 401k or different things I ended up spending most of my after tax dollars on this utility. We are dealing with 37 years of my life and \$100,000s of thousands of dollars, I would like to ask the commission not to just throw this together or take it lightly.**

**One reason would be that we have been working with the co-op, they were told that they need to remove the diesel generator from my property, and I want a plan from them, and it's been about 8 months and I haven't heard from them other than someone said I should move it and that's not going to happen. This addresses the first \$12,000 worth of penalties; they should still be on hold. The latest group of penalties for non-reporting for the years of 2020 and 2021. As the commission is well aware when I was reminded that those had not been filed and paid, I immediately got on the horn, and we filed and paid them. The main reason I can offer that they were not paid and filed in a timely manner is I was pre-occupied with trying to survive covid. I almost died. Last summer, in June I decided that I would like to come to Idaho and Atlanta and work on the issues with Atlanta Power, upon arriving in Boise I had a huge, infected abscess on my stomach, I was checked into the er on two different occasions, I was on 4 antibiotics, they had to cut open the abscess and it took weeks for it to drain. At that point being 67 miles into Atlanta didn't seem like a good idea, I wasn't comfortable with it because I was sick. I realized that I needed to stay somewhere closer to medical care. I stayed at my nephew's ranch, after about 2 months I was finally healed.**

2.) Should we open a new investigation into whether or not the company is providing safe and adequate service to its customers.

- **That is up to the commission if they want to, that would be fine. That being said we are working on a sale with Gene Haught and Nick Johnes and supporting them on making necessary repairs, supplying them with parts or whatever is needed. So if the sale occurs that issue becomes moot but Nick Johnes has told me that he has a plan to upgrade the electrical system around town. Which should cost around \$70,000. This brings up an interesting point, you can blame all the people you want but \$70,000 can't come from cash flow. You will need to have a rate increase and a rate case to do this but let's stop here, I have been brought before this commission because Atlanta Power needs to supply safe and reliable power and that is true but at this point there really needs to be a major upgrade to the system which is the \$70,000 we are talking about. We don't have this much money sitting in an account somewhere so even though the law says it must happen, I'm sure the commission would agree that a rate increase would be necessary and a rate case. This brings up a question I am trying to figure out in the appraisal in the sale for Atlanta Power, they suggest \$200,000 but we are now talking about \$70,000 if this is paid through a rate increase why should it come off of my appraisal. One of my questions is why should my equity be used to do repairs that benefit the company many years down the road which would add value to the company. I would also like to point out to the commission that accepting \$365,000 is far below what the final numbers on the appraisal is (which still need to be put together) but I'd say at this point they are far north from half a million. We would like to ask if the commission has considered the offer on the table from Gene Haught and Nick Johnes?**

3.) Appoint a receiver or similar relief should not be employed to operate the company due to its continued failure to comply with Idaho statutes and the commissions regulatory authority to ensure the provision of safe and reliable service.

- **Once again, with the ongoing sale my opinion is the best people to help with continuing operations are Gene Haught and Nick Johnes but for the commissions comfort, Genes wages are pre-paid through this coming June at \$800 a month. Linda's are paid through April. The property taxes are current through October, we have a bill with water district 69 for about \$160 and some fees with the Boise National Forest that are due, but we have no long-term debt. So, Im not sure what a receiver would be doing at this point, we are co-operating with the commission and there is no emergency that a receiver needs to deal with.**

4.) It is further order that the company shall provide contact information on how customers should contact the company on service issues at the show cause hearing.

- **The first point of contact is Gene Haught, his phone number is 208-864-2170. I usually receive a call from Gene if it something he needs to speak to me about. If he is unable to reach me, he calls my daughter Sara who knows where I'm at and how to get ahold of me. As far as contacting me by mail, the address that I am still receiving mail at is**

**Israel Ray  
508 Auklet Place  
Fairbanks, AK 99709**

**And by email at [Israelray1958@gmail.com](mailto:Israelray1958@gmail.com)**

5.) It is further ordered at the show cause hearing the company shall provide the commission the foregoing information whether the company is still negotiating a potential transaction with aecc, if not why? If negotiations are ongoing what terms remain to be negotiated?

**– Atlanta Power had ongoing discussions with the co-op about a sale and this subject was discussed. We discussed with the co-op that they need to find a new home for the diesel generator and other equipment that is on my personal property, and this was brought up early this spring. We spoke with John Howard, a member of the co-op board and also spoke with Gene Haught, who is also a member of the board. Gene and I have had discussions about this possibly moving it down to the dam but getting approval for diesel storage that close to the dam will probably be impossible. I do not have to allow the co-op to leave the diesel generator and other equipment on my personal property. I have been waiting for a response but again, haven't received one.**

6.) It is further ordered that the company shall provide copies of any appraisal and associated studies or surveys of the company's system completed to further a potential transaction at the show cause hearing.

- I have had the appraisal read to me, I haven't seen or had a copy of the appraisal. While filing our gross operating revenue statements I realized they didn't match the \$50,000 number used by the appraiser, so I investigated it further and realized it didn't include things such as accounts receivable so I would like to discuss that here. When read to me, the appraisal was basic. Linda had provided the appraiser with her deposits and that figure was around \$52,000 but after looking at that number it does not match our gross operating revenue for that year. It did not include \$10,000 that I had deposited into the account. It did not include any of the accounts receivable that year for the Green Valley Ranch. We had accounts receivable in the neighborhood of \$13,000 on the books**

**which have been left unpaid by The Green Valley Ranch. It also didn't include accounts receivable for Atlanta Gold Corp. of around \$3,000 which has now been paid. This increased the valuation of \$12,000 + \$3,000. This would increase the appraisal value by another \$150,000. Basically \$15,000 x 10 for the earnings. These are some serious issues with the way the appraisal was done. The appraisal has a deduction off of their \$500,000 number of \$200,000 for rebuilding the system. Then upon visiting with Nick Johnes (who is a licensed lineman and very knowledgeable about power line building) about the cost of repairing the system, Nick discussed with me that as of late he has given the co-op a number for those repairs of around \$70,000, he also quoted to me that was a very rough number but that \$70,000 was a good ballpark number but not near \$200,000, that alone adds to the valuation to Atlanta Power of \$130,000 that takes it from \$300,000 to \$430,000. After looking at this my question is, was this even a licensed appraiser. I did not pick him, I had no knowledge of his qualifications but just simple math shows you the appraisal was off by more than \$200,000-\$350,000. I'm sure someone has a copy of the appraisal and can supply it but I do not at this point have a copy.**

- 7.) IT IS FURTHERED ORDERED that the Commission directs the Company to provide the Commission with a response at the Show Cause Hearing to explain how it will address the numerous issues with the Company's service reliability and system as set forth in Staff's Report, dated December 28, 2018, and attached hereto as Attachment A, including but not limited to those parts of the Company's system discussed in the Findings above at page 12.

**-We have been working on the system and I would like to know if Gene Haught could address the commission on some of these issues, he has more direct knowledge on different repairs that we have been taking care of and also a sale to Gene and Nick would be in the best interest in the company as Nick is way more than qualified to deal with all of this.**

The commission also is concerned that the condition of the company system has not improved since case no. ATL-E-18-01.

- **We have been working close with Gene Haught and Nick Johnes this spring for example we bought a new \$3,600 air compressor for the compressor house (which by the way the gates on the dam operate flawlessly and are not in-operatable, that statement could be further from the truth).**

**\*Low hanging service lines- This summer we put in some new poles in areas where lines were low hanging.**

**\*Poles rotted at the base or leaning- Gene Haught has been addressing each of these.**

**\*Antiquated transformers and leaking transformers- Im not aware of which ones they are talking about but we have bought some new transformers, even last week.**

**\*Service drops to meters supported by a piece of wood above customers rooflines- I would hope that Gene Haught with his knowledge of that could answer the commission.**

**\*Inoperable spillway gates that control the flow of water into the reservoir- First of all whoever assessed this situation does not control water into the reservoir it controls the level and the water flowing out of the reservoir. The spillway gates are mainly used during spring run-off, high water events, when we lower them to the deck of the dam to allow large amounts of water which occasionally can be 5-7 foot deep over the dam during run-off and we can occasionally use the gates if a large log gets on top of the dam, which almost always occurs during high run-off. The rest of the year we block up the gates with 3-foot steel pins because there is no reason to run the compressor and wear it out and the compressor takes power which is needed for the system and also will occasionally bump the system if the cycles are low the compressor comes on, it can throw off the system, it's a 7 horse motor. In the spring after high run-off, we let the gates down and drain the reservoir, put the gates back up and at that point we have 45 minutes to go out on the dam and install the 3 foot pins. They maintain the reservoir level correctly until next spring when we remove them for a couple of months. There are no serious issues with the gates, the only issue is a small leak which causes the compressor to come on about 1-2 times an hour. If we do not block up the gates and the power goes off in about half an hour to 45 minutes the gates begin to drop. If the gates drop clear to the deck of the floor of the dam, it takes a considerable amount of time to fill the reservoir and the diesel generator has to be turned on to run the compressor. Also, if were in the middle of the summer, this draining of the reservoir, if the forest service or fish and game see it, they report us and file a complaint that we are abandoning our responsibilities for the bull trout, so as long as I am running it the pins go in.**

**\*Problems with the electronic load governor at the company's powerhouse- Problems with the load control governor during the summer of 2017. We were having issues with cycles and voltage in the generator house, those problems could be corrected by replacing the voltage regulator on the generator and/or adjusting the load control governor parameters. Since the voltage regulator was getting old I decided to have a generator repair company from Boise come up and replace the voltage regulator, after they replaced the regulator the problem continued to exist and slowly got worse. At this time Dave Gill was living in Central America, I contacted him and asked him if he could help us. I said I would pay his way back to the US and pay him a fair price for coming. He came back to Atlanta, Dave started to adjust the perimeters of the computer in the governor control box. I was putting the roof on my log cabin and I asked in between adjustments if he wanted to help on the roof, so he continued to adjust the computer but the generator continued to drift the cycles and would not sync into 60 cycles. The cycles and voltage were either too low or too high. We decided that the diesel generator was putting out the correct voltage and cycles in town so the problem must be in the 100 year old lines between the dam and town. We decided the problem had to be in that 1 ½ mile stretch of line from town to the dam. At this point the hydro was so bad we had to use mostly diesel at about \$10,000 per month. So that piece of line had to be replaced. I decided we had to buy a better line truck, Atlanta Power had no money for this, we found one at an auction and purchased it in Sioux Falls, South Dakota for \$24,500 + \$2,500 in travel expenses. I drove to Sioux Falls to pick it up and drove it back to Atlanta. This truck is excellent for Atlanta. Next, I bought \$25,000 worth of poles, cross arms, acer and miscellaneous hardware, \$52,000 of my own money. So while we are talking about all the things that Atlanta Power and Israel Ray are not doing, the oldest line we had was from the dam to town. Some of these poles had 3 stubs and this line was over 100 years old. Its failure would isolate the whole town from the dam. So, we spent approx. 2 months rebuilding the lines, it is all now class 1, the poles I bought were western red cedar and treated, they should last forever. They are 40 foot poles. Getting back to the problems at the dam. We hired a computer specialist to come in from Boise, him and Dave worked to find the problem. After a while he told Dave "The problem was in the powerhouse room but not in the governor". So Dave considered that**



statement and he started looking around, he opened up the panel on the generator where the voltage regulator was we had not considered that there would be any issues because it was replaced brand new but Dave opened it up and all 3 of the adjustments were on zero. The idiot that came and replaced the voltage regulator didn't adjust any of the 3 legs. Dave adjusted the 3 legs and within minutes the governor picked up the load and balanced it perfectly. Needless to say, this drained both Atlanta Power and took much of my cash, we still owed for diesel, we owed many things but on the positive side the problem was corrected, the system now had a brand new line to town, the governor and generator were performing perfectly we just had to catch up on our bills which was not easy, we spent about the next year making things work.

These repairs were done in August/September. This corrected all known issues but some people were still blaming Atlanta Power and myself. By December Mary Drake had filed a complaint with the PUC in regards to low voltage (that occurred during the summer) and she had complained about problems in town, however these problems had long been resolved. Maybe she didn't know they had been resolved.

Looking back, we should have written this letter to the PUC immediately because Marys formal complaint we had taken care of in the summer, this demonstrates that we were not failing to maintain the system. I did way more than I should have done by purchasing the line truck and power lines, so at this point we were struggling to pay our bills. It knocked me to my knees, I struggled to pull Atlanta Power and my own finances out over the next year but we were able to.

There are many instances where I paid bills for Atlanta Power with my personal finances. After Lynn was murdered on September 3<sup>rd</sup>, 2003, his sisters and I continued to operate the company. Lynn Stevenson and his heirs had a lein on the assets of the company and this lein was for around/above \$80,000 plus interest. They retained Holly Troxel, Attorneys at Law. They wanted to settle the debt and had no interest in continuing our relationship. They made it clear that if I didn't want to settle we would be back in court once again. We negotiated for a considerable period of time and we finally agreed on \$106,000 for them to walk away from Atlanta. I personally paid Stevensons estate this amount. Backing up further, to when the dam failures were occurring, Lynn Stevenson and I were in litigation because at that point there were moneys

owed which at that point the note was in the \$130,000 range. Lynn was trying to take the assets of the corporation. We ended up settling that by Stevenson and I agreeing to each have 50% ownership of Atlanta Power, before that Lynn had 28% and I had to pay him \$15,000 in cash for a total of \$65,000 in value. This should not have been my personal bill. We had gone through two failures of the dam, we just had to go on. At that point I was President of Atlanta Power corporation, this litigation and legal fees involved in the two failures of the dam had amounted to \$18,000 with Bonner Chasen Walton and Bower, I paid this. In 1985, I paid \$100,000 towards the building of the head structures at the dam, the 60 inch 250 foot pipe, all the cement, all the repairs to the turban. Over the life of Atlanta Power, I have invested \$375,000 of my personal money, over a 37 year period of time. At this point, I am trying to get back \$365,000. If you take into consideration inflation and the value of money over time I would say conservatively that I am receiving less than half of my total investment back.

The offer from the co-op for \$300,000 is wrong and inaccurate in so many ways but none the less, if I were not interested in the best avenue for Atlanta Power to continue, I would probably take the \$300,000 and run but I know that the power system being ran by a co-op will have many issues, co-ops always leave things to other people, they very seldom work. There have also been some events where members of the co-op have asked Gene and Nick not to assist us, the latest situation was during negative 10 below zero weather, the generator was not performing correctly. We had caterpillar come and do a \$3,000 repair which included a new voltage regulator. The generator was load tested and was performing correctly but the next time we needed to use the generator, we put it online and found that one of the phases was not working, we needed to figure out which phase was not working. Nick Johnes has a high voltage tester to test these legs, Atlanta Power has one but in the last couple years, no one knows where it's at, it's a \$1,000 instrument, does anyone know where its at? We asked Nick if he would come up and help us with this problem. Nick stated that someone had asked him not to help at Atlanta anymore. I was so angry that at that point when I was informed of that, I was shaking. I could not control it. This action would endanger the health and safety of the people of Atlanta. At this point, Gene Haught and Nick Johnes came to me and asked me if they could help me run the company and eventually I decided that since I own the company and the company is basically debt free that I could sell Atlanta Power to Gene and Nick because they indicated they did not want to continue working

**with members of the co-op. They offered me \$365,000 over 15 years at 3% interest. Atlanta Power has to have a good lineman and we need Gene who is a resident of Atlanta and also the Fire Chief, to maintain and improve the system. By accepting this offer, I am once again financing Atlanta Power for 15 more years to try to get my money out of it. When I am finally paid off, I will have to live to be 78 years old to receive the last payment. This would allow the PUC to continue to regulate the utility and although we have had differences of opinions over the years I am sure that the people of Atlanta in the long run will think it's best to have the PUC helping to figure out the best rates and any other matters of fairness for the town.**