Reynolds Creek Hydroelectric Project

Project Update
September 17, 2008

Lisa M. Lang, President
Haida Corporation
I USE MY THOUGHTS TO CREATE THE WORLD I CHOOSE.

I REFUSE TO ENTERTAIN DOUBT.

D. Dyer
2008 SUCCESS & IMPEDIMENTS

- Positive local community support for project (including municipality, Tribe, corporation) Prince of Wales island wide, regional and state based support

- Found innovative ways to create opportunity, i.e. partnering with utility so work together to unify our grid

- Increase in project costs- continue to rise

- SE rural communities eligible for AEA grants need to organize and prepare by Oct 8

- POW unmet technical assistance and training needs

- Timelines for project: MUST GO TO CONSTRUCTION BY OCT 2010
PROJECT LOCATION:
Rich’s Pond
Rich’s Pond Outlet
Principal Project Components

- 20-ft long, 6-ft high Diversion Structure at Outlet of Rich’s Pond
- Lake Mellen/Rich’s Pond provide 600 acre-feet of storage
- 42-inch diameter, 3200-ft long Penstock
- Powerhouse (One 5 Megawatt Unit)
- 34 kV, 10.9-mile long Transmission
Reynolds Creek Project Team

HDR Engineering, Inc.
Economic Feasibility/Financing – Financial Engineering Company
Pentec – Fisheries
Sentec – Surveying
Shannon & Wilson – Geotechnical Studies
APC Equity Partner
2008 Project Activities to Date

- Initiated Final Design – Draft 40% Level Design Package Developed
- Biologists/Engineers/Geologists Visited Site
- Per FERC License, Environmental Compliance Monitoring, Bear Safety, Hazardous Materials, and Turbidity Monitoring Plans Submitted to FERC
- License Amendment to Allow Single 5 MW Unit Filed with FERC on July 31
- Obtained an Extension to the Corps of Engineers Permit

September 12, 2008
2008 Project Activities to Date (Continued)

- Extension to Start of Construction Date Filed with FERC on July 23
- Initiated Detailed Topographic Survey
- Completed Reconnaissance-level Geotechnical Survey
- Assessed Status of Existing Road System
- BOD’s approved joint venture with APC
- Grants Obtained from State of Alaska: $2 million 2008 + $1 million –Special Session, Denali, $100,000
PLANTED Grayling in Rich’s Pond
Lower Reynolds Creek
Copper Harbor
Continuing 2008 Activities

- Complete Land Lease Negotiations with Sealaska
- Complete Power Sales Agreement
- Complete Financing Plan
- Continue Development of Plans Required by FERC License and Project Permits
- Obtain Extension to Fish Habitat Permit
Continuing 2008 Activities

- Continue to Pursue Grants
- Complete Project Design
- Continue On-Site Engineering/Geotechnical/Biological Field Investigations
- Complete Detailed Topographic Survey
- Issue Equipment Procurement Packages
2007 Project Cost Estimate

- Equipment/Improvements: $3,950,000
- Mobilization/Logistics: $940,000
- Transmission Line: $2,400,000
- Subtotal (Direct Costs): $7,290,000
- Contingency: $1,545,000
- Design & Construction Mgmt: $1,635,000
- Permitting, Power Sales, etc.: $530,000
- Total Cost: $11,000,000
- Estimated Increase: $4,000,000
- Haída Equity: $2,000,000
Project Cost Estimate Update

- Costs Being Revisited Based on 40%-Level Design
- Suppliers Have Quoted Prices That Will Result in 3 to 4 million dollar additional costs
- Additional cost primarily due to increase in price for Turbine-Generator, Penstock, and Transformer
- Factors driving increased prices are product demands, commodity prices, and weak U.S. dollar
Major Milestones 2008-2009

- Complete Final Design – December 2008
- Order Turbine/Generator – January 2009
- Begin Construction – May 2009
- Begin Operation – Late 2010/Early 2011