

June 8, 2010

Dennis Aloia, County Administrator  
Grand Traverse County  
400 Boardman Ave.  
Traverse City, MI. 49684

Ref; Removal of hydroelectric equipment at Boardman and Sabin Dams.

Dennis;

In response to your letter dated May 28, 2010, I have challenged your statement **“Upon receipt of your response, I took the issue back to the County Board of Commissioners where they unanimously voted to insist that the equipment be removed from the dams.”** by e-mailing the Grand Traverse County Commissioners directly. I also reviewed the minutes for all meetings in May and confirmed that **NO VOTE WAS TAKEN**. I am angered over this because my letter to you dated April 30, 2010 specifically explained that a portion of our equipment is required for continued safe operation of the dams and protection of the public. I have reviewed all of the commission meeting videos and confirmed that the public safety issue was never discussed or mentioned. I expected you to thoroughly explain to the commissioners this safety issue. **WHY WAS THIS ISSUE OF PUBLIC SAFETY NOT MENTIONED OR DISCUSSED ?? WE NEED TO KNOW IF THE COMMISSIONERS UNDERSTAND THIS ISSUE BEFORE WE CONTINUE REMOVAL.**

If the commissioners, with full understanding, affirm your “official notice of removal” dated April 16, 2010, then Peterson Machinery Sales, in order to comply with said notice, will re-initiate our removal process as defined in our letters dated June 15, 2009 and September 4, 2009 as follows;

- Traverse City Light & Power (TCLP) has previously agreed to perform specific work as fulfillment of the Purchase Agreement and will be contacted in this regard.
- We will begin our portion of the work upon your receipt and approval of our current certificate of liability insurance coverage and workers compensation insurance.

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- We will begin removal at Boardman Dam, which will be a continuation of the phase of the removal process which was completed at Boardman Dam last year in accord with our verbal agreement. Completion of the removal process will be at Sabin Dam.
- During the removal process a complete inventory of systems, components, parts and devices will be taken in order to assure our firm, the county and TCLP as to the completeness of the process. Should there be any dispute, we reserve the right to request review and confirmation by a mutually acceptable consultant.

Since some of the electrical controls are currently still connected to the main building power supply, our personnel have been advised not to disturb or tamper with any services which may affect other monitoring or sensing devices at either dam. Upon the TCLP final disconnect and isolation of any and all components as requested in the referenced letter, our personnel will begin rigging and removal of each piece of the system. In the meantime, and with your permission, we will contact the county DPW staff to coordinate access at both sites so that our personnel may begin on-site preparations.

In conjunction with the above referenced plans, we hereby give you notice as follows;

- That Grand Traverse County immediately cease use of any and all equipment owned by Peterson Machinery Sales including, but not limited to the following;
  - (1) Atlas-Polar Trash Rake System at Boardman Dam designed for daily cleaning of logs and debris from obstructing the free flow of water into both penstocks and thereby maintaining the MDEQ mandated draw-down of Boardman Pond.
  - (2) Emergency diesel generators at both Boardman and Sabin Dams for the following purposes;
    - (a) Compliance with the Emergency Action Plans for both dams as required by the Settlement Agreement as stipulated by both the MDEQ and FERC.
    - (b) Emergency power to the water level monitoring gauges and sensors currently being monitored by TCLP.
    - (c) Emergency power for the security system at both dams.
  - (3) Hydraulic system at Boardman Dam for the purpose of controlling wicket gates in penstock #2.

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- That, if at any time during our removal process, the county and / or any contractor retained by the county for removal, as referenced in your letter, intervenes in our removal process, the county will be held liable for any and all damage to our equipment or controls from handling and / or outside storage of same as well as any and all costs and / or expenses incurred by Peterson Machinery resulting from such intervention.
- We protest and object to anyone, other than TCLP and / or our personnel or our contractor, attempting to in any way disconnect, rig, handle, move and / or load any of our equipment currently existing on your premises.
- This being an adverse situation, we request that no county personnel and / or county contractor(s), at any time during our removal process, in any way hinder, limit, intimidate, coerce, pressure or emotionally banter, our personnel and thereby cause them to place at risk personal safety, health and / or security.

Finally, Peterson Machinery Sales, in order it be held harmless and protected from liability resulting from our compliance with your demand for complete removal, and under advisement of legal counsel, we must issue the attached **“Notice of Increased Risk to Life and Property”** to all parties, agencies, establishments, etc. who may in any way be affected by such action. This notice is only necessary if we remove the above referenced three (3) items.

In answer to your request for a sale price of the Atlas-Polar Trash Rake System, we have decided that the sale of any individual component of the complete hydroelectric system would diminish the overall effectiveness of our plan for restoration of hydroelectric power production. We therefore decline to sell the trash rake system but we would be willing to negotiate with the county for your continued use of it and the other emergency equipment on a lease payment basis. It is rather unfortunate that the commissioners would not only reject our generous offer of continued free use, but actually demand our removal of the very equipment you need to protect the community and comply with the MDEQ mandated draw-down.

We trust this adequately addresses your request for removal and upon acknowledgment of this letter we will be in direct contact with your office and the DPW staff to expedite this process.

Sincerely,

Charles R. Peterson  
Peterson Machinery Sales

encl; Notice of Risk