

August 21, 2007

Robert Shafer, Mayor  
City of Summersville  
P.O. Box 525  
Summersville, WV 26651

**Subject: Quarterly Report – Summersville Hydroelectric Project**

Dear Mayor Shafer and City Council:

Generation has been normal during the recent quarter but minimal because of drought conditions. There has been no significant change in the condition of the plant during the last quarter. Replacement of the wicket gates is successfully complete.

**Engineering and Operation**

Replacement of all the wicket gates was completed in April, and the plant has been operating normally since soon. The wicket gates are a hydraulically-efficient valve that regulates the amount of water entering each turbine to regulate flow and power; the wicket gates surround the turbine and control flow by varying their opening.

There is no new information on the penstock vibration. This outstanding issue is not impeding generation.

**Regulatory**

FERC still has not approved the completion of construction of the project, because the Corps of Engineers requested a delay until resolution of the penstock vibration question. This issue is not affecting operation of the plant.

No significant regulatory issues are outstanding.

**Financial and Power Sale**

Power sale is normal in accordance with the contract with APCo. Reports by GRPP to the lender have been reviewed quarterly and appear to be in order.

**Business Items**

No business items are pending.

**Revenue Accounting**

The following is an accounting of the revenue received from Project operation through royalty payments and expenses.

Royalty Payments received in the previous quarter:     \$112,391.51

Royalty Payments received since operation began (July 2001):     \$2,414,257.