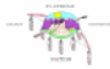


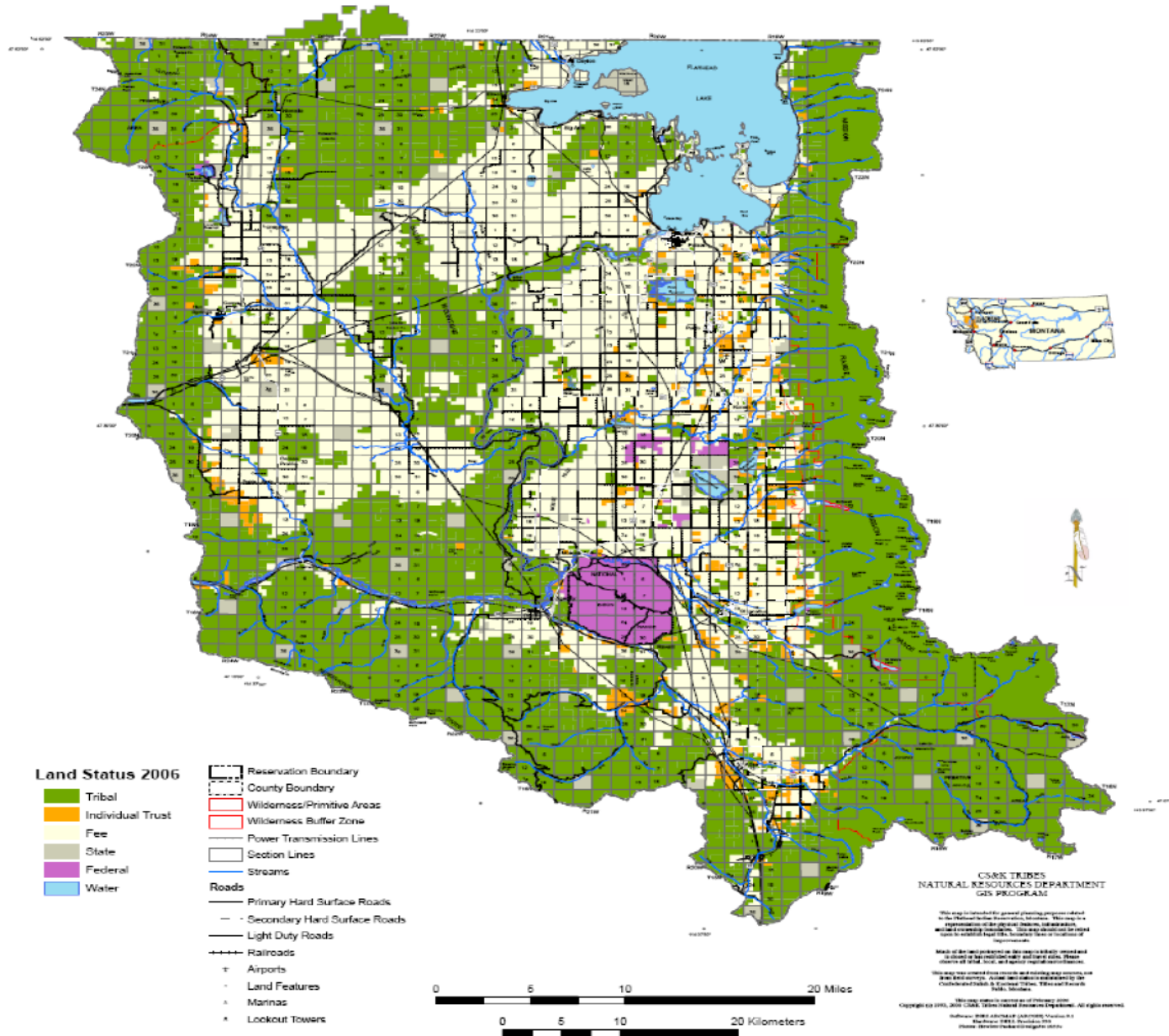
Feasibility Analysis

For Biomass Heat Utilization





THE CONFEDERATED SALISH AND KOOTENAI TRIBES OF THE FLATHEAD NATION



Project Approach

- Supply Infrastructure
- Demand Analysis
- Technology
- Environmental/Cultural
- Economic Analysis

Issues Committee Members

- Jean Matt – Forestry Department
- Ron Swaney – Fire Control
- Randy Ashley – NRD (Air Quality Program Manager)
- Marlene McDanal – NRD (Solid Waste Manager)
- Robert Matt – Job Corps (Maintenance Manager)
- Virgil Dupuis – SKC (MSU Extension Agent)
- Tony Garcia – Two Eagle (Maintenance Manager)

Biomass Supply

- Local Mills
 - ◆ Plum Creek
 - ◆ Dupuis Lumber Company
 - ◆ Foothill Post and Pole
 - ◆ Hunts Timbers
 - ◆ Western Bee
- Forestry Operations
 - ◆ Logging Operations Slash









Demand Analysis

- Candidate Existing Buildings
 - ◆ St. Ignatius Tribal Health
 - ◆ Kicking Horse Job Corps
 - ◆ KwaTaqNuk Resort
 - ◆ Forestry Greenhouse
 - ◆ Two Eagle River School







Demand Analysis

- Potential New Construction
 - ◆ St. Ignatius Tribal Health Expansion
 - ◆ Future Polson/Ronan Tribal Health Building
 - ◆ Future Forestry Greenhouse Application
 - ◆ Proposed NRD/Forestry Building (Ronan Airport)
 - ◆ Proposed Per-release Center
 - ◆ Planned SKC Building Expansion
 - ◆ Clustered building complexes

Technology

- Candidate Technologies
 - ◆ Messersmith
 - ◆ Chiptec
 - ◆ PSE





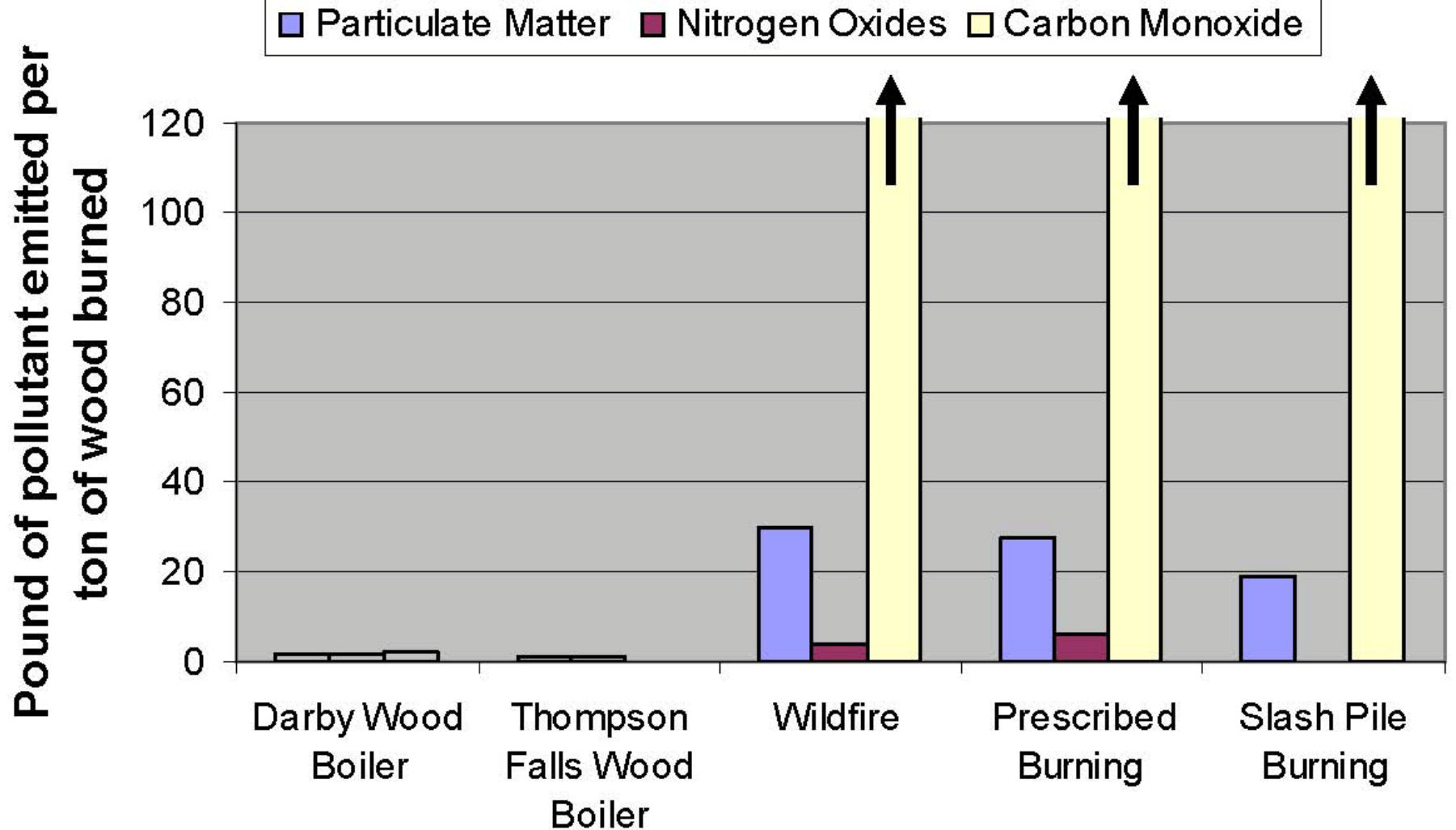


Environmental and Cultural Considerations

- Emissions
- Solid Waste
- Traffic
- Cultural Committees Input

CHART 1

Pollutant Emission Rates for Wood Boilers and Fire Activities



Project Economic Viability Assessment

- Base Case Model
- Sensitivity Analysis

Project Cost

Combustion and Fuel Preparation Equipment	\$150,000	A & E	\$50,000
Buildings and Ancillary Equipment	\$50,000	Financing Fees / Construction Interest	\$9,250
Construction Mobilization / Operations / Startup	\$50,000	Miscellaneous / Contingency	\$25,000
Owners CM / Insurance	\$3,500.00	Total Investment	\$347,250
Working Capital	\$2,500	Subsidies/Grants	\$85,000
	\$7,000		
		<u>Total Investment less Grants</u>	\$262,250

Financing

Equity	25%
Equity	\$65,560
Debt	75%
Debt	\$196,690
Term	15 yrs.
Interest Rate	6%

Years to Payout

7

IRR

14.45%

NPV

\$24,815

Project Parameters

Evaluation Starting Year	2010
Evaluation Period (yrs)	20
Annual Fuel Savings (\$)	\$14,000
Annual Electric Savings (\$)	\$25,000
Annual Slash Management Savings (\$)	0
Fuel Usage (tons/yr)	400
Fuel Price (\$/ton)	\$25

Subsidies/Grants	\$85,000
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