

SOUTHEAST ALASKA POWER AGENCY
Board Meeting April 25, 2013

SEAPA AND PROJECT FINANCING OVERVIEW

Overview

- As part of the restructuring from the Four Dam Pool to SEAPA, a series of agreements were entered into, including:
 - Long Term Power Sales Agreement
 - Indenture of Trust
- Agreements secure long term debt issued by SEAPA
- Agreements establish structure of SEAPA
 - Address development of new resources
- Agreements cannot be significantly modified until outstanding debt is repaid

Outstanding SEAPA Debt

- \$16,495,000 Electric Revenue Refunding Bonds, Series 2009
 - Issued in 2009 as part of transformation from Four Dam Pool to SEAPA
 - Paid off (along with cash) outstanding Four Dam Pool Debt
- Final Maturity - June 1, 2028
- Average Interest Rate – 4.85%
- \$14,775,000 currently outstanding
- Repayable with certain restrictions

2009 Bond Official Statement

**NEW ISSUE
BOOK-ENTRY ONLY**

RATINGS: See "RATINGS"

In the opinion of K&L Gates LLP, Bond Counsel to the Agency ("Bond Counsel"), assuming compliance with certain covenants of the Agency and the Member Utilities, interest on the Series 2009 Bonds is excludable from gross income for federal income tax purposes under existing law. Interest on the Series 2009 Bonds is not an item of tax preference for purposes of either individual or corporate alternative minimum tax. Interest on the Series 2009 Bonds may be indirectly subject to corporate alternative minimum tax and certain other taxes imposed on certain corporations. Interest on the Series 2009 Bonds is not included in taxable income for purposes of the State of Alaska income tax imposed on corporations. Interest on the Series 2009 Bonds may be indirectly subject to the State of Alaska alternative minimum tax imposed on corporations to the extent that interest on the Series 2009 Bonds is subject to federal alternative minimum tax on corporations. See "TAX MATTERS" herein for a discussion of the opinion of Bond Counsel.

**\$16,495,000
THE SOUTHEAST ALASKA POWER AGENCY
ELECTRIC REVENUE REFUNDING BONDS
SERIES 2009**

Dated: Date of delivery

Due: June 1, as shown on inside cover

The Southeast Alaska Power Agency (the "Agency"), a joint action agency of the State of Alaska, is issuing its Electric Revenue Refunding Bonds, Series 2009 (the "Series 2009 Bonds"), to pay a portion of the costs of refunding certain of its outstanding bonds, to fund a debt service reserve account and to pay a portion of the costs of issuing the Series 2009 Bonds. Wells Fargo Bank, National Association, of Portland, Oregon, will serve as the initial trustee, registrar and paying agent for the Series 2009 Bonds.

The Agency was formerly known as "The Four Dam Pool Power Agency." In connection with the issuance of the Series 2009 Bonds, (i) Kodiak Electric Association, Inc. and Copper Valley Electric Association, Inc. will withdraw from the Agency, (ii) certain dedicated assets of the Agency will be transferred by the Agency to Kodiak Electric Association, Inc. and Copper Valley Electric Association, Inc., (iii) the Agency will execute a long-term power sales agreement with the remaining members of the Agency and (iv) all of the outstanding bonds of the Agency (other than the Series 2009 Bonds) will be redeemed or refunded. The remaining members of the Agency will be the City of Ketchikan d/b/a Ketchikan Public Utilities, the City and Borough of Wrangell d/b/a City and Borough of Wrangell Light Department and the City of Petersburg d/b/a Petersburg Municipal Power and Light, each an Alaska home rule municipality.

The Series 2009 Bonds will be issued in Authorized Denominations of \$5,000 or any integral multiple thereof. Interest on the Series 2009 Bonds will be payable on each June 1 and December 1, commencing December 1, 2009, at the rates set forth on the inside cover of this Official Statement. The Series 2009 Bonds are subject to redemption prior to their stated maturity as described herein.

The scheduled payment of principal and interest on the Series 2009 Bonds when due will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the Series 2009 Bonds by Assured Guaranty Corp. ("Assured Guaranty").

**ASSURED
GUARANTY**

The Series 2009 Bonds when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as initial Securities Depository for the Series 2009 Bonds. Purchases of beneficial interests in the Series 2009 Bonds will be made in book-entry form, and purchasers will not receive certificates representing their interests in the Series 2009 Bonds, except as described herein. So long as DTC or its nominee is the registered owner of the Series 2009 Bonds, payments of principal and premium, if any, and interest on the Series 2009 Bonds will be made directly to DTC or its nominee. Disbursements of such payments to DTC's Direct Participants are the responsibility of DTC, and disbursements of such payments to the Beneficial Owners of the Series 2009 Bonds are the responsibility of the Direct Participants and the Indirect Participants, all as described herein.

The Series 2009 Bonds are limited obligations of the Agency payable solely from the Trust Estate described herein. The Series 2009 Bonds are not general obligations of the Agency. Under no circumstances shall the Series 2009 Bonds be payable from, nor shall the holders thereof have any rightful claims to, any income, revenues, funds or assets of the State of Alaska or any political subdivision, agency or instrumentality thereof other than those of the Agency pledged under the Indenture as security for the payment of the Series 2009 Bonds. The Agency has no taxing power.

This cover contains certain information for quick reference only and is not a complete summary. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2009 Bonds are offered when, and if issued, subject to receipt of the approving opinion of K&L Gates LLP, Portland, Oregon, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Agency by its General Counsel, Ater Wynne LLP, Portland, Oregon, and for the Underwriter by its counsel, Foster Pepper PLLC, Seattle, Washington. It is expected that delivery of the Series 2009 Bonds will be made through the facilities of DTC in New York, New York on or about February 24, 2009.



February 5, 2009.

**\$16,495,000
THE SOUTHEAST ALASKA POWER AGENCY
ELECTRIC REVENUE REFUNDING BONDS
SERIES 2009**

Due (June 1)	Principal Amount	Interest Rate	Yield	CUSIP No. 84131Q
2010	\$ 430,000	3.00%	2.05%	AA6
2011	635,000	3.00	2.46	AB4
2012	655,000	3.00	2.63	AC2
2013	675,000	3.25	2.80	AD0
2014	700,000	3.50	3.06	AE8
2015	725,000	3.00	3.24	AF5
2016	745,000	3.125	3.43	AG3
2017	770,000	4.00	3.67	AH1
2018	800,000	4.00	3.91	AJ7

\$2,605,000 4.50% Term Bonds due June 1, 2021 Yield 4.74% CUSIP No. 84131Q AM0

\$2,985,000 5.125% Term Bonds due June 1, 2024 Yield 5.26% CUSIP No. 84131Q AQ1

\$4,770,000 5.375% Term Bonds due June 1, 2028 Yield 5.501% CUSIP No. 84131Q AU2

2009 Bond Information

- 2009 Bonds Are Tax-Exempt
 - Interest on bonds does not count as revenues for federal (and sometimes State) income taxes
 - Interest rates for tax-exempt rates typically are about 65% of taxable rates
 - With lots of exceptions
- Restrictions on Repayment
 - Bonds maturing in 2028 (2025 -2028 payments) (\$4,770,000) can be repaid after June 1, 2014
 - All other Bonds can be repaid after June 1, 2019

Early Repayment of Bonds

- What if you want to repay the Bonds before the call date?
 - This is an “Advance Refunding”
 - Funds are escrowed until call date
 - Once funds are escrowed, Bonds are no longer a debt of SEAPA
- IRS Detail
 - Due to IRS regulations, if the 2009 SEAPA Bonds are refunded with a new bond issue before the call date, the new bonds would be taxable bonds.

Indenture of Trust

- Contract between SEAPA and bond holders securing the payment of the Bonds
- Requires enforcement of the Power Sales Agreement
- Changes to the Indenture require consent by the owners of a majority of bonds outstanding (bond insurer can provide consent on behalf of bond owners).
- Requires establishment of a Revenue Fund and an R&R Fund

Long Term Power Sales Agreement

- Each Utility is required to meet its Firm Power Requirements by purchasing Dedicated Output from SEAPA at rates established by SEAPA
- Firm Power Requirements does not include each Utility's Existing Hydroelectric Resources
 - Ketchikan – Beaver Falls/Silva Lake; Ketchikan Lakes
 - Petersburg – Crystal Lake
- SEAPA may consent to a Utility using (developing) other resources
 - May require bondholder consent
 -

New Resources – Whitman Hydroelectric

- Initially planned to be developed and funded by KPU
 - Planning to issue up to \$15 million for project through the Alaska Bond Bank
- Options for long term ownership include:
 - Transfer of obligations and benefits to SEAPA
 - SEAPA would either refinance project or pay debt service on KPU debt
 - Retention by KPU potentially with certain restrictions on operations or compensation to SEAPA for displaced power
 - Operation of Whitman could cause spill at Swan and Tye
 - If retained by KPU, KPU would have all long term benefits of project

New Resources – Swan Lake Raise

- Planned to be developed and funded by SEAPA
- Estimated project cost \$12.6 million
- Funding Options
 - Scenario 1 – No Additional State Funding; \$12.6 million SEAPA Bonds
 - Scenario 2 – 50% State Funding; \$6.3 million SEAPA Bonds
 - Scenario 3 – 50% State Funding; SEAPA cash reserves