



SOUTHEAST ALASKA POWER AGENCY

**Regular Board Meeting
AGENDA**

Elks Club | Petersburg, Alaska

Monday, March 3, 2014 | 9:30 a.m. – 5:30 p.m. AKST
Tuesday, March 4, 2014 | 8:00 a.m. – 10:00 a.m. AKST¹

For Telephonic Participation: Dial 1-800-315-6338 (Access Code: 73272#)

1. Call to Order
 - A. Roll call
 - B. Communications
 - C. Disclosure of Conflicts of Interest
 - D. Introduction of New Board Members

2. Approval of the Agenda

3. Election of Officers
 - A. Chairman
 - B. Vice Chairman
 - C. Secretary/Treasurer

4. Persons to be Heard

5. Introduction to SEAPA (Joel Paisner)

6. Review and Approve Minutes **MINUTES**
 - A. December 17, 2013 Minutes of Regular Board Meeting

7. Financial Reports **FINANCE**
 - A. CEO Financial Memo
 - B. kWh Graph
 - C. Grant Summary
 - D. Financial Statements – December 2013
 - E. Financial Statements - November 2013
 - F. R&R Reports
 - G. Disbursement Approvals – December 2013 **DISBURSEMENTS**
and January 2014

8. CEO Report **CEO RPT**
 - A. Legislative Affairs
 - B. Best Practices and Process Improvements
 - C. Recruitment
 - D. Hydrosite Evaluation
 - E. Kake-Petersburg Intertie

¹ This time is set aside in the event the Agency's business is not concluded on March 3rd.
 SEAPA Agenda – March 3-4, 2014 | 1

- F. Tyee Lake Transition to Owner/Operator
 - G. Whitman True-Up
9. Operations Manager/Director of Special Projects Reports **OPS/DSP**
- A. Operations Manager's Report (Henson)**
 - i. Regulatory
 - ii. Major Contracts
 - iii. Conclusion
 - B. Director of Special Projects Report (Wolfe)**
 - i. SCADA Capital Project Update
 - ii. Swan Lake Reservoir Expansion
 - iii. Tyee Lake Cooling Water Conversion
 - iv. Request for Offers of Power and Energy
 - v. Department of Commerce, Community & Economic Development
 - vi. Water Management
10. Project Reports
- A. Swan Lake
 - B. Tyee Lake
11. Old Business **OLD**
- A. SEAPA Compensation Plan Development
 - B. Consideration and Approval of Amendment to Bylaws
12. New Business **NEW**
- A. Consideration and Approval of Award of Contract for Swan Lake Landing Craft
 - B. Consideration and Approval of Award of Contract for three (3) MVAR Reactors for Wrangell Reactor Replacement Project
 - C. Consideration and Approval of Award of Contract for Fabrication of Phase II Helipads for Swan-Tyee Helipad Project
 - D. Consideration and Approval of Increase to Contract for Swan Lake Preliminary Engineering & Design
 - E. Consideration and Approval of Changes to Section II of SEAPA's 2005 Policies and Procedures Handbook
 - F. Discussion and Consideration of Amendment to Travel Policy for Board Member Commuting from Residence Other than a Member Community
 - G. Set Next Meeting Date
 - H. Executive Session Re Future Operations of Agency's Tyee Facility and possible Update on Agency's Request for Offers of Power and Energy
 - I. Consideration and Approval of Retention of Labor Law Attorney
13. Director Comments
14. Adjourn



SOUTHEAST ALASKA POWER AGENCY

Minutes of Regular Meeting

December 17, 2013

The Best Western Landing Hotel | Ketchikan, Alaska

1) Call to Order/Roll Call

Chairman Sivertsen called the meeting to order at 9:01 a.m. AKST on December 17, 2013, which was held at The Best Western Plus Landing Hotel in Ketchikan, Alaska.

Roll Call

The following directors and alternates were present, thus establishing a quorum of the board:

| Director | Alternate | Representing |
|---|-----------------|------------------------|
| Bob Sivertsen | Andy Donato | Swan Lake – Ketchikan |
| Dick Coose | Jay Rhodes | Swan Lake – Ketchikan |
| | Charles Freeman | Swan Lake - Ketchikan |
| Joe Nelson | John Jensen | Tyee Lake – Petersburg |
| *Brian Ashton | *Clay Hammer | Tyee Lake – Wrangell |
| *It is noted for the record that Mr. Ashton and Mr. Hammer's did not arrive until 9:45 a.m. due to travel delays. | | |

The following SEAPA staff/counsel were present for all or part of the meeting:

| | |
|---------------------------------------|--|
| Trey Acteson, Chief Executive Officer | Eric Wolfe, Director of Special Projects |
| Steve Henson, Operations Manager | Kay Key, Controller |
| Sharon Thompson, Executive Assistant | Joel Paisner, Ater Wynne |

Chairman Sivertsen requested disclosure of any conflicts of interest. None were stated.

2) Approval of the Agenda

Mr. Nelson moved to approve the agenda. Mr. Coose seconded the motion. There were no objections to the motion. (Action 14-270)

3) Persons to be Heard

None.

4) Review and Approve Minutes

Mr. Freeman moved to approve the minutes of the Regular Meeting of October 15-16, 2013 and the Special Meeting of December 3, 2013. Mr. Nelson seconded the motion. Mr. Coose, Mr. Nelson, Chairman Sivertsen, and Mr. Freeman voted in favor of the motion. Neither Mr. Ashton nor his alternate, Mr. Hammer, were present to vote due to travel delays. (Action 14-271).

5) Financial Reports

Mr. Coose moved to approve Financial Statements for the months of September and October 2013. Mr. Nelson seconded the motion. Mr. Coose, Mr. Nelson, Chairman Sivertsen, and Mr. Freeman voted in favor of the motion. Neither Mr. Ashton nor his alternate, Mr. Hammer, were present to vote due to travel delays. (Action 14-272)

Mr. Coose moved to approve Disbursements for the months of October and November 2013 in the amount of \$1,318,633.50. Mr. Freeman seconded the motion. Mr. Nelson, Chairman Sivertsen, Mr. Freeman, and Mr. Coose voted in favor of the motion. Neither Mr. Ashton nor his alternate, Mr. Hammer, were present to vote due to travel delays. (Action 14-273)

Chairman Sivertsen requested that the Swan and Tyee Lake project reports be moved forward in the agenda since the Wrangell board members had not yet arrived due to travel delays. There were no objections to the request.

6) Project Reports

Mr. Donato provided a brief update on safety/environmental/security issues, planned outages, compliance, periodic maintenance and new projects. Safety training the past month included hazardous energy control and work related to assuring the proper functioning of the dam's fail alarm system. Emergent work included communication and control issues, which were resolved. He explained there were two bird strikes within two weeks causing a ripple in the power supplies to the controls at Swan, which knocked the enunciation out and some of the communications. A followup item following the event was a need for an appropriately rated Control Room UPS.

Mr. Jensen outlined a report on behalf of Tyee provided by General Manager, Mick Nicholls, covering the budget, personnel, training, line clearing, and miscellaneous topics. Chairman Sivertsen noted the report included discussion of attempts to install a camera at Tyee by AP&T to evaluate the safety of flying in and out of Tyee. Considerable discussion followed with Mr. Henson explaining how the work was initiated, the problems that arose, and the reasons it was discontinued. He reported that although the camera is currently installed, a dedicated T1 would also be needed on the microwave system. Once SCADA and satellite are complete, the camera will be re-evaluated. Mr. Acteson advised that the camera will also require approval by the Federal Aviation Administration.

The meeting recessed at 9:50 a.m. and reconvened at 10:03 a.m.

7) CEO Report

Mr. Acteson opened his report showing a slide of potential options for the State to move toward a sustainable type of endowment for funding projects. He explained that current projections did not appear favorable for full funding by the State for the Agency's Swan Lake Reservoir Expansion Project.

Chairman Sivertsen requested that the CEO report be temporarily suspended since Joy Merriner, Audit Director of BDO USA (formerly Mikunda Cottrell) had joined the meeting telephonically to present a report on SEAPA's FY 2013 financial statement results.

8) AUDITOR'S REPORT

Ms. Merriner discussed the results of BDO's audit of SEAPA's FY 2013 financial statements. She noted that at the close of FY13 that the Agency's assets exceeded liabilities, the wholesale power rate had been maintained, an \$800,000 rebate was approved, three state grants were awarded to SEAPA, the Potential Failure Mode Analysis project for Solomon Gulch had been completed, and that SEAPA had adopted two additional statements of the Governmental Accounting Standards Board. She continued with a discussion of the Agency's financial position and review of the financial statements. She reported there were no significant issues, deficiencies or material weaknesses identified during the audit and commended management on its responsiveness, availability of records, and continual improvement of the audit process.

Mr. Freeman moved to approve the Southeast Alaska Power Agency Financial Year 2013 audited financial statements as presented. Mr. Ashton seconded the motion. The motion carried unanimously. (Action 14-274)

CEO Report Resumes:

Mr. Acteson reported that staff continues to actively pursue funding for Swan in spite of the dismal outlook for State funding. He discussed his communications with Niel Lawrence of the National Resource Defense Council who was involved in writing an exemption in the Roadless Rule for the Kake-Petersburg Intertie (KPI), noting that Mr. Lawrence was instrumental in the USDA providing clarification of the exemption. Mr. Paisner discussed an Amicus Brief that had been filed on the behalf of the Agency supporting the State's lawsuit to overturn the Roadless Rule. Mr. Acteson continued with an overview of the Agency's best practices and process improvements noting the policies and procedures handbook update was well underway, a new website was in progress, and that Agency had contracted with Winston Tan of Intandem LLC for a structured compensation plan.

Mr. Acteson reported that the permitting and preliminary design work was progressing on the KPI, and that a Preliminary Draft Environmental Impact Statement had been submitted to the U.S. Forest Service for review. Mr. Nelson expressed his disappointment with the lack of participation by the State in the project.

Mr. Acteson referred to several attachments to his report in the board packet on transition of the Tyee Lake hydro facilities operations and maintenance (O&M) to SEAPA. SEAPA's support of the public processes in Petersburg and Wrangell resulted in resolutions of support from each of those communities to move forward with a negotiated transition for SEAPA to assume daily O&M at Tyee. He advised that specific details may be discussed further during the executive session scheduled later in the meeting.

Mr. Donato provided a brief update on the Whitman Lake project.

The meeting recessed at 11:52 a.m. for lunch and reconvened at 1:00 p.m.

9) Winston Tan Presentation

Winston Tan, Managing Principal of Intandem, LLC, a management consulting group based in Spokane, Washington specializing in the design of compensation plans and other management services, opened with a PowerPoint presentation on a compensation plan designed for SEAPA. He

discussed the compensation plan's objectives which include the Agency's recruiting and retention strategy in a market valuation system, and explained the plan's methodology and approach. The methodology includes a point factor evaluation system utilized to develop grade levels for existing staff positions in the Agency. Mr. Tan introduced market models showing how they were utilized to develop salary ranges for each position, with the exception of the CEO. He explained how the process and approach to CEO compensation is a different process. He followed up with the approach for determining a salary range for the CEO utilizing data sources, which include generation and transmission survey and Economic Research Institute Salary Assessor data. He presented the range calculations for the position and discussed the importance of making strategic decisions when determining employment value propositions. Mr. Tan explained the three components of the compensation plan including internal equity, external market values, and funding of the plan and administrative procedures.

There was considerable discussion following Mr. Tan's presentation. It was noted that the objective is to establish a compensation plan framework to guide budget decisions and provide a structure for the CEO to manage within the approved salary range. The board directed staff to send Mr. Tan's presentation to each board member for further evaluation and review.

Chairman Sivertsen advised that it was necessary to add two items to new business under the Agenda. Item L for consideration and approval of additional funds for SEAPA's Historic Preservation Project and Item M for consideration of the removal of Mr. Bergeron as Secretary/Treasurer and appointment of Mr. Freeman in his place.

10) A. Operations Manager Report (Steve Henson)

Mr. Henson advised that FERC is requiring additional work on the Owner's Dam Safety Program and that Electric Power Systems is preparing design drawings for replacement of the 7.5 reactor with three 2.5 reactors for Wrangell. He reported that the satellite dish and new phone system had been installed at Swan Lake and that a satellite dish was installed at the SEAPA office. He was optimistic that the mesh network would be operational within the week. He provided brief updates on the Swan-Tyee helipads, Tyee Gatehouse Generator and Gate Controls, engineering drawings, helipad installation on Department of Natural Resources lands, FERC annual fees, the Swan Lake Breaker Project, and upcoming projects.

B. Director of Special Projects Report (Eric Wolfe, P.E.)

Mr. Wolfe opened with a slide show tribute to the dedication and commitment of various contractors that have performed above and beyond the scope of work required by the Agency, and expressed appreciation for Ketchikan Public Utilities' employee, Ray Davis at Swan Lake, for his work ethic and willingness to meet the day-to-day challenges presented on the job.

Mr. Wolfe discussed the Supervisory Control and Data Acquisition (SCADA) project explaining the necessity of issuing a change order to Fiber Fusion for \$25,300 for integration of SCADA nodes into the SCADA system and a second change order for \$12,300 to split the location of the SCADA Historian from one location into two separate locations (Swan and Tyee) to enhance communications integrity.

Mr. Wolfe solicited the board's approval to include two additional consultants for the Board of Consultants (BOC) required by FERC to oversee the design of the Swan Lake Reservoir Expansion Project and discussed in detail his evaluation of the proposals received for the preliminary design engineering consultant for the project. He recommended award of the contract for engineering services to Jacobs Associates.

Mr. Sivertsen moved to authorize staff to enter into a contract with Kim De Rubertis, P.E. and Eric Kollgaard, P.E. as consulting engineers for SEAPA's Board of Consultants for the previously approved not-to-exceed dollar amount of \$138,000 allocated to be expended between previously approved consultants, Donald Bowes, P.E. and Glenn Brewer, P.E. Mr. Freeman seconded the motion. The motion carried unanimously. (Action 14-275)

Mr. Nelson moved to authorize staff to enter into a contract with Jacobs Associates for the not-to-exceed value of \$367,000 for SEAPA's Engineering Design Services for the Swan Lake Dam Modification Project. Mr. Coose seconded the motion. The motion carried unanimously. (Action 14-276)

Mr. Wolfe provided an update on the Tyee Cooling Water Project and discussed a letter received from Voith advising that there had been catastrophic failures of generators due to rotor pole integrity problems. He explained the inspection process and advised that Voith will determine at no cost to SEAPA whether an inspection is warranted after drawings, operational history, and maintenance practices are exchanged.

Mr. Wolfe discussed winter capacity shortages and suggested that demand side management may offer some relief for capacity problems. He reviewed water management and the past year's inflows, snow pack, and loads, noting that for the first time in the history of the Agency that spill did not occur over the inflow cycle period at either Swan or Tyee Lakes, and referred to a cumulative water year table, attributing the lack of spill to load growth, not a low water year.

Mr. Wolfe broached the SEAPA Operations Plan for 2014 (2014 Ops Plan) noting that Swan Lake was 20 ft below the guide curve. He reviewed the terms of the Power Sales Agreement (PSA), previous guide posts, and discussed hydraulic modeling, strategizing that since it is difficult to determine timing of the snow run-off, and there may not be enough storage capacity through mid-May, that maintenance of the Swan-Bailey line should be moved up to the first week of May rather than late May when it is traditionally scheduled to allow the reservoir to rebound while the line is out of service. Discussion followed on the different elevations that could be drafted to and the risk involved at each plant. Mr. Wolfe explained that in order to develop the numbers for the 2014 Ops Plan if enough information is not available and because of volatility, averages are used to determine inflow. He stressed that Tyee would not be drafted to a point that compromised SEAPA's dedicated responsibilities to the northern communities. He suggested there be fluidity in the drafting levels at both plants, with adjustments as necessary, to fulfill the purpose of avoiding spill, maximizing revenues, and adhering to the Agency's obligations under the PSA.

Mr. Nelson moved to approve SEAPA's 2014 Operations Plan as presented by staff which includes drafting Swan Lake to elevation 275 ft +5 ft, -0 ft, and drafting Tyee Lake to 1,265 ft +15 ft -0 ft. The tolerances approved depend on operational circumstances which are expected to be clearly conveyed during SEAPA's weekly operations calls. Mr. Freeman seconded the motion. The motion carried unanimously. (Action 14-277)

11) Old Business

None.

12) New Business

Chairman Sivertsen noted that Items A and B under New Business in the Agenda had already been addressed and requested that Mr. Paisner explain Item C regarding his move from the Ater Wynne law firm to Ascent Law Partners LLP. Mr. Paisner highlighted the opportunity that was presented to him in moving to a new firm and expressed his interest in continuing his representation of SEAPA

after the move. Chairman Sivertsen requested that SEAPA receive a digitized, searchable copy of any and all SEAPA records that will be digitized by Ater Wynne in the transfer by Mr. Paisner to the new firm.

Mr. Freeman moved to authorize staff to terminate the existing Professional Services Agreement and Associated Task Orders with the Ater Wynne law firm and enter into a Professional Services Agreement with Ascent Law Partners LLP. He further moved to authorize staff to prepare and enter into new Task Orders with Ascent Law Partners LLP to replace the Task Orders that will be terminated with the Ater Wynne law firm for the remaining balance of the previously approved dollar amounts for each Task Order. Mr. Nelson seconded the motion. The motion carried unanimously. (Action 14-278)

Chairman Sivertsen read a memo from Mr. Paisner discussing options regarding the length of terms board of directors serve on SEAPA's board and the option of staggered terms. Considerable discussion followed on the pros and cons of amending the bylaws, the corresponding changes that would need to be made for SEAPA's Third Restated Joint Action Agency Agreement and that it would be prudent to vet the issue at the Council/Assembly level of the Agency's member utilities. Mr. Paisner reminded the board that amendment of the bylaws is a board decision and that any memo directed to the member utilities on the issue be directed to the respective communities from the board or Chairman. Chairman Sivertsen advised that staff could prepare the communication for his signature and distribution to the communities, and that since additional information and research was required that staff and the board exercise the direction given before re-introducing the matter.

Mr. Freeman moved to authorize staff to accept the changes made to Section I of SEAPA's 2005 Policies and Procedures Handbook as set forth in the draft submitted to the board by email on December 9, 2013. Mr. Nelson seconded the motion. The motion carried unanimously. (Action 14-279)

Mr. Freeman moved to retain Digital Audio Recordings of SEAPA's board meetings for a period of not less than two (2) years. Mr. Ashton seconded the motion. The motion carried unanimously. (Action 14-280)

Mr. Coose moved to authorize the distribution of an \$800,000 rebate with a pro rata share to each member utility based on an average of the last three years' firm kWh purchases from SEAPA as specified in Mr. Acteson's rebate memo dated December 11, 2013. Mr. Ashton seconded the motion. The motion carried unanimously. (Action 14-281)

Mr. Nelson moved to authorize an additional \$10,000 in funding for SEAPA's Historic Preservation Project for copying and digitizing of records and travel and accommodation expenses for project participants. Mr. Ashton seconded the motion. The motion carried unanimously. (Action 14-282)

Chairman Sivertsen explained that since Mr. Bergeron had been absent from the last meetings of the board of directors that the Agency's bylaws provide for removal of an officer for any reason and that SEAPA's ongoing business required a Secretary. He suggested that since Mr. Freeman is Mr. Bergeron's alternate that Mr. Freeman be appointed as Secretary.

Chairman Sivertsen moved to remove Mr. Bergeron as the Secretary/Treasurer. Mr. Coose seconded the motion. The motion carried four to one, with Mr. Freeman abstaining due to a conflict. (Action 14-283)

Chairman Sivertsen moved to nominate Charles Freeman as board Secretary/Treasurer for the remainder of calendar year 2013. Mr. Nelson seconded the motion. The motion carried four to one with Mr. Freeman abstaining due to a conflict. (Action 14-284)

Mr. Coose moved to recess into Executive Session for discussions relating to future operations of the Agency's Tyee Lake facility. Mr. Nelson seconded the motion. The Executive Session will be conducted pursuant to SEAPA's Bylaws and Alaska State Law as the discussions may include matters the immediate knowledge of which would clearly have an adverse effect upon the finances of the Agency, the Projects, or any of the Member Utilities represented on the board. **The motion carried unanimously. (Action 14-285)**

The meeting recessed for the Executive Session at 5:17 p.m. The Executive Session ended at 6:05 p.m. The regular meeting reconvened at 6:10 p.m.

Chairman Sivertsen called the meeting back to order and noted that although Mr. Nelson was not in the room there was a quorum of directors. He reported that the board met in executive session, discussed the topic, and gave the manager direction.

13) Director Comments

None.

14) Adjourn

Mr. Freeman moved to adjourn. Mr. Coose seconded the motion. There was no objection to the motion. (Action 14-286)

The meeting adjourned on December 17, 2013 at 6:15 p.m. AKST.

Signed:

Attest:

Secretary/Treasurer

Chairman

Southeast Alaska Power Agency CEO Financial Cover Letter

DATE: February 24, 2014
TO: SEAPA Board of Directors
FROM: Trey Acteson, CEO

Mr. Paisner and I met with Alan Dashan of A. Dashen & Associates (financial advisor) and Marc Greenough (bond attorney) on January 17th to discuss refunding of our 2004 bonds and financing options for the Swan Lake Reservoir Expansion Project. The 2004 bonds are eligible for refunding in June 2014 and we can delay that process as needed to correspond with Swan financing if desired. The primary risk of delay is movement in the bond market, which is anticipated to be relatively flat. Swan financing options include bundling a bond offering with the re-issuance of 2004 debt, a separate bond offering, or possibly an emerging low-interest loan opportunity. We were advised it would be premature to start putting a bond package together without having a clear definition of need. As an interim measure, it was suggested that we re-open a line of credit “if” needed to allow State funding options to fully run their course. I don’t believe it is necessary to do so at this time, but we’ll have more information available by the end of FY 2014 to help guide the timing of that decision.

Sales were low in January and continue to trend toward our annual total budgetary estimate. Total kWhr sales for January were 16,106,030 actual vs. 19,200,000 budget. YTD kWhr sales still exceed projections with 112,789,990 actual vs. 106,000,000 budget. The YTD sales are broken out below under our three member communities.

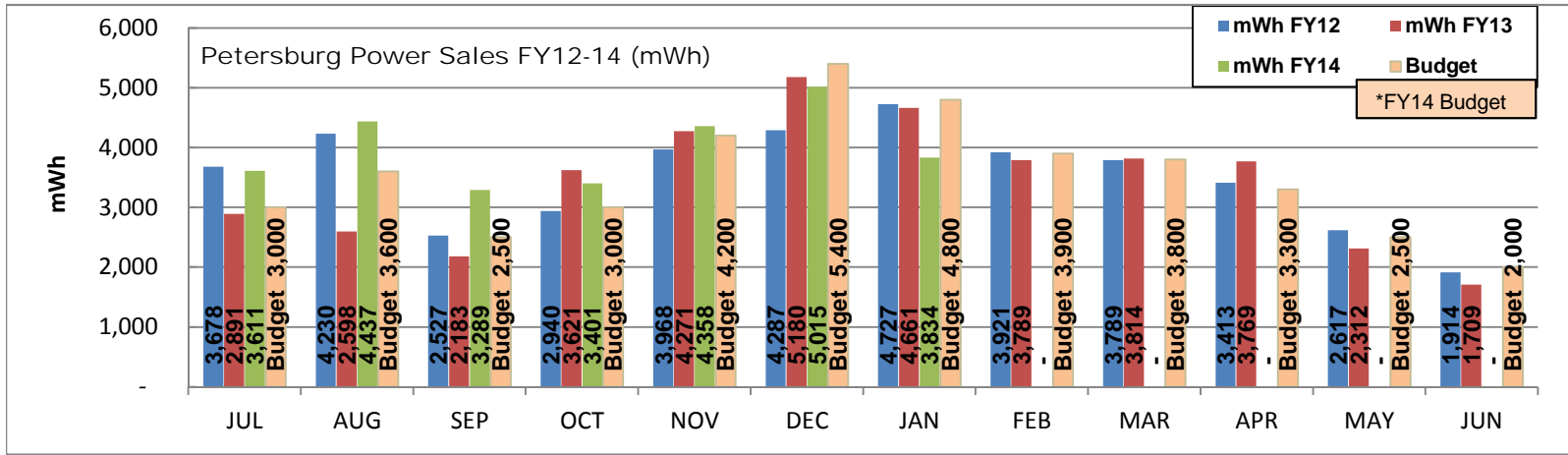
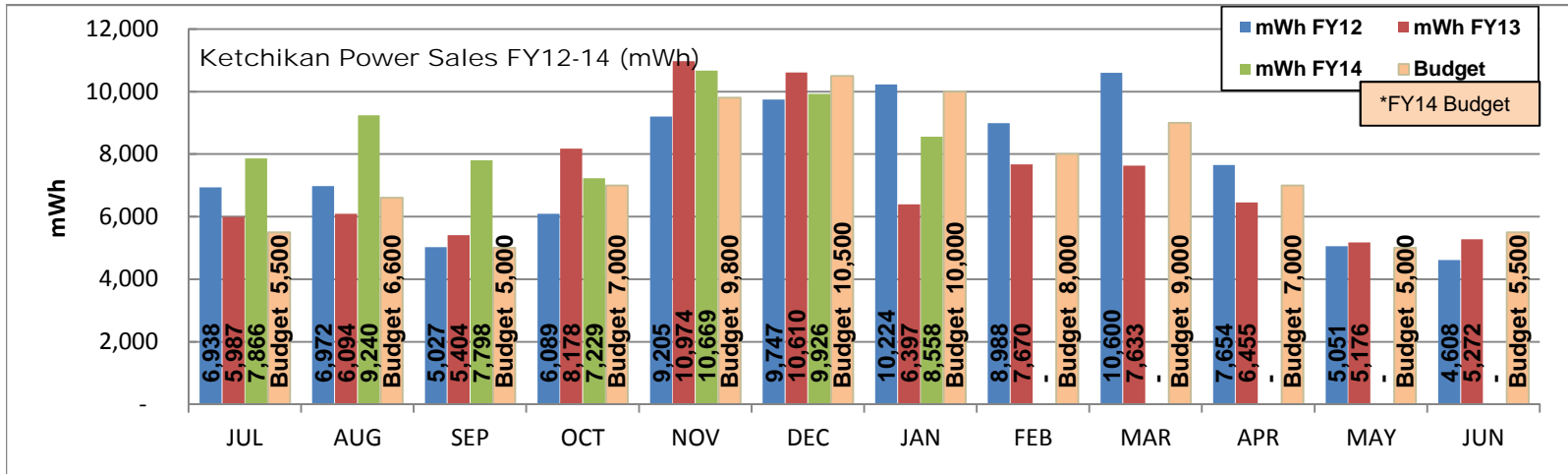
YTD – Through January 2014

| | |
|----------------------------|---|
| Ketchikan power purchases | 61,286,000 actual vs. 54,400,000 budget |
| Petersburg power purchases | 27,944,610 actual vs. 26,500,000 budget |
| Wrangell power purchases | 23,559,380 actual vs. 25,100,000 budget |

Administrative and operating expenses YTD (July – December) were \$2,423,196 actual vs. \$3,250,131 budget.

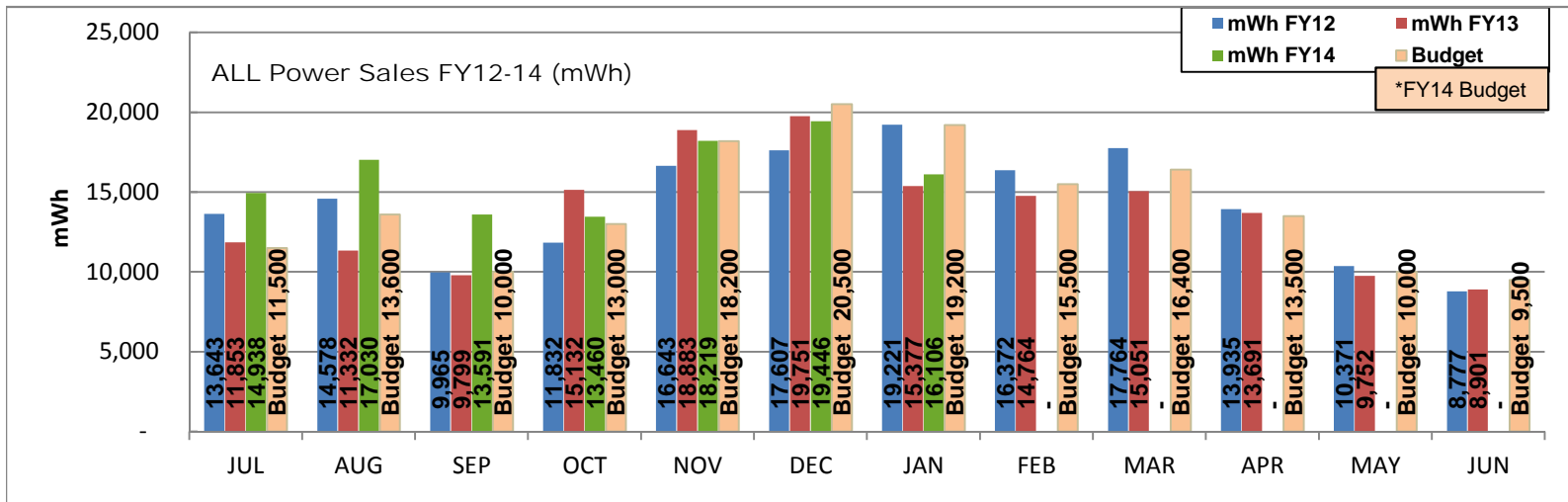
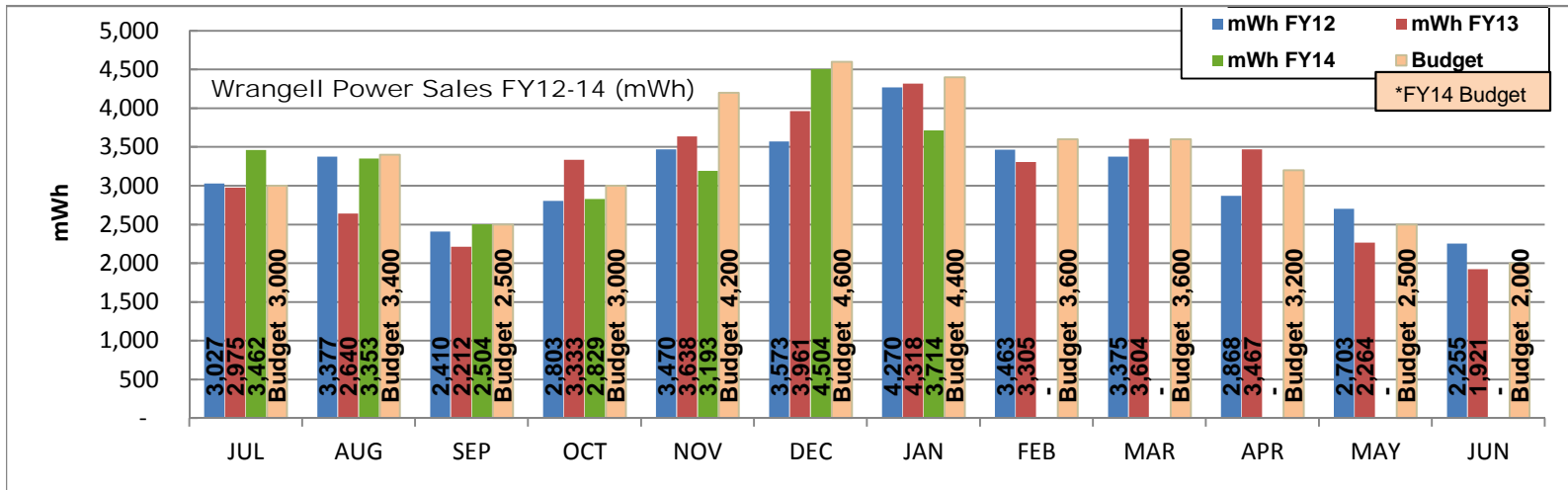
SOUTHEAST ALASKA POWER AGENCY Power Sales - FY12 through FY14

| JAN. 2014 | FY14 kWh Hydropower Sales | Current Month | | Year-To-Date | |
|------------------------------|---------------------------|-------------------|--------------------|--------------------|------------|
| | | Actual | Budget | Actual | Budget |
| | Ketchikan Power Purchases | 8,558,000 | 10,000,000 | 61,286,000 | 54,400,000 |
| Petersburg Power Purchases | 3,833,540 | 4,800,000 | 27,944,610 | 26,500,000 | |
| Wrangell Power Purchases | 3,714,490 | 4,400,000 | 23,559,380 | 25,100,000 | |
| Total Power Purchases | 16,106,030 | 19,200,000 | 112,789,990 | 106,000,000 | |



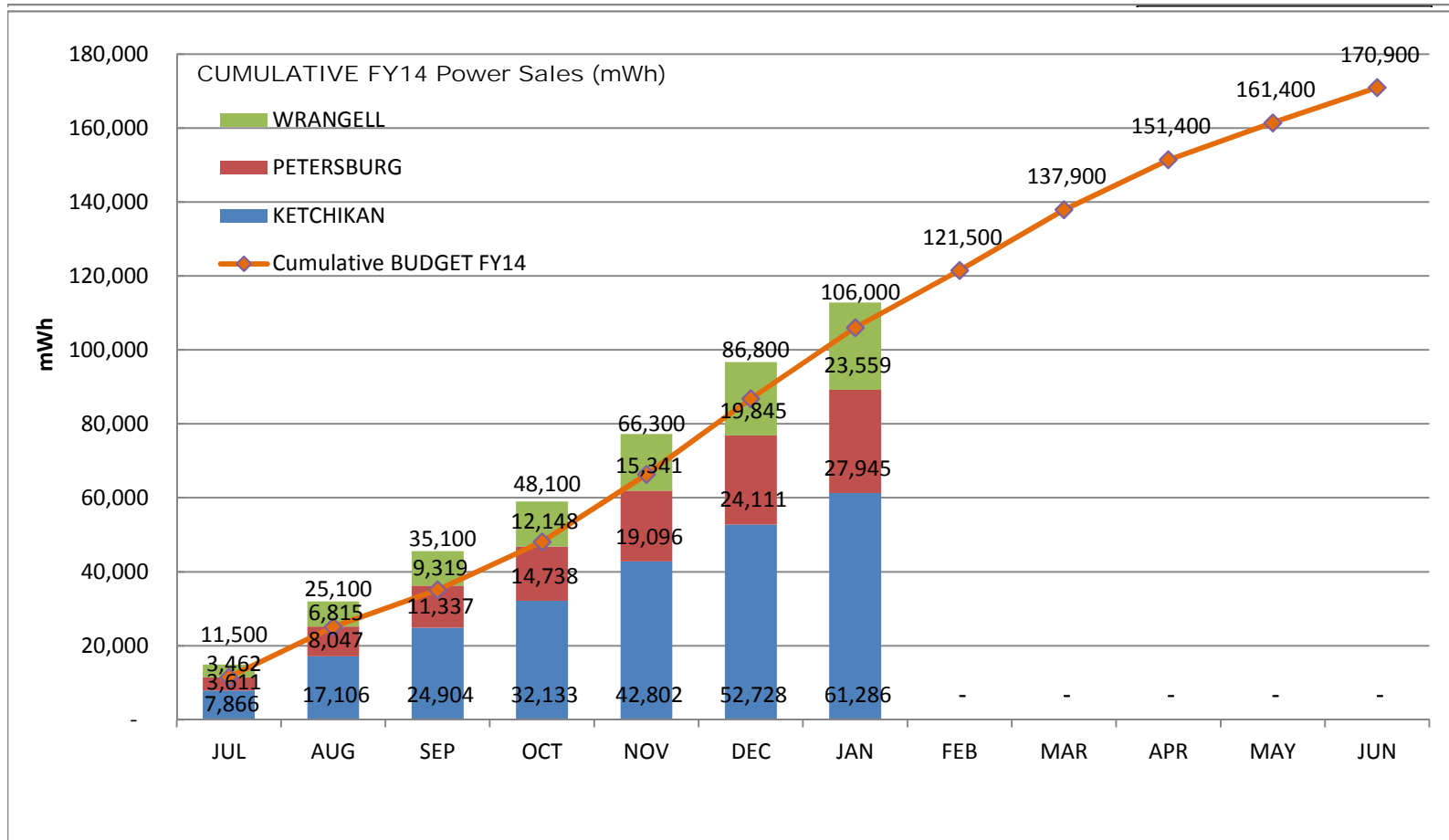
SOUTHEAST ALASKA POWER AGENCY Power Sales - FY12 through FY14

| JAN. 2014 | FY14 kWh Hydropower Sales | Current Month | | Year-To-Date | |
|------------------------------|---------------------------|-------------------|--------------------|--------------------|------------|
| | | Actual | Budget | Actual | Budget |
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| Petersburg Power Purchases | 3,833,540 | 4,800,000 | 27,944,610 | 26,500,000 | |
| Wrangell Power Purchases | 3,714,490 | 4,400,000 | 23,559,380 | 25,100,000 | |
| Total Power Purchases | 16,106,030 | 19,200,000 | 112,789,990 | 106,000,000 | |



SOUTHEAST ALASKA POWER AGENCY Power Sales - FY12 through FY14

| JAN. 2014 | FY14 kWh Hydropower Sales | Current Month | | Year-To-Date | |
|--------------|-----------------------------------|----------------------------------|------------|--------------|-------------|
| | | Actual | Budget | Actual | Budget |
| | 2014 | Ketchikan Power Purchases | 8,558,000 | 10,000,000 | 61,286,000 |
| | Petersburg Power Purchases | 3,833,540 | 4,800,000 | 27,944,610 | 26,500,000 |
| | Wrangell Power Purchases | 3,714,490 | 4,400,000 | 23,559,380 | 25,100,000 |
| | Total Power Purchases | 16,106,030 | 19,200,000 | 112,789,990 | 106,000,000 |



SOUTHEAST ALASKA POWER AGENCY
FY14 Grant Summary
as of December 31, 2013

| | <u>Grant</u> | <u>Expenditures</u> | <u>Balance</u> |
|--------------------------------|------------------|---------------------|------------------|
| Grant Income | | | |
| *FY13 AEA KPI#1 | | | |
| 1 - Project Mgmt | 320,000 | 120,241 | 199,759 |
| 2 - EIS | 1,030,000 | 629,359 | 400,641 |
| 3 - Engineering / Design | 1,613,298 | 172,562 | 1,440,736 |
| 5 - SE Conference | 26,702 | 26,702 | (0) |
| Total FY13 AEA KPI#1 | 2,990,000 | 948,864 | 2,041,136 |
| FY13 AEA KPI#2 | | | |
| 1 - Unallocated | 2,000,000 | - | 2,000,000 |
| Total FY13 AEA KPI#2 | 2,000,000 | - | 2,000,000 |
| FY13 AK DLG | | | |
| 1 - Hydro Storage | 578,000 | 13,472 | 564,528 |
| 2 - G&T Site Evaluation | 1,705,000 | 24,162 | 1,680,838 |
| 3 - Stability / Interconnectiv | 146,000 | - | 146,000 |
| 4 - Load Balance Model | 112,000 | - | 112,000 |
| 5 - Project Mgmt | 309,000 | 41,774 | 267,226 |
| 6 - Business Analysis / PSA | 150,000 | 35,756 | 114,244 |
| Total FY13 AK DLG | 3,000,000 | 115,164 | 2,884,836 |
| TOTAL | 7,990,000 | 1,064,028 | 6,925,972 |

*\$704,052.15 expended by Kwaan Electric Transmission Intertie Coop. prior to grant assignment to SEAPA

DATE: February 7, 2014
TO: SEAPA Board of Directors
FROM: Trey Acteson
SUBJECT: Financial Reports – **DECEMBER, 2013**



Financial reports for December, 2013 follow this memo. The following are a few brief highlights:

- December, 2013 revenues from kWh sales were over budget:
\$1,322,304 actual vs. \$1,394,000 budget.
 - Ketchikan - \$674,968 actual vs. \$714,000 budget
 - Petersburg - \$341,049 actual vs. \$367,200 budget
 - Wrangell - \$306,287 actual vs. \$312,800 budget

- Year-to-date (July – December) revenues from kWh sales were also above budget:
\$6,538,133 actual vs. \$5,902,400 budget.
 - Ketchikan - \$3,565,809 actual vs. \$3,019,200 budget
 - Petersburg - \$1,630,815 actual vs. \$1,475,600 budget
 - Wrangell - \$1,341,509 actual vs. \$1,407,600 budget

- December, 2013 sales in kWh – 19,445,640 vs.
December, 2012 sales in kWh – 19,750,950 and
December, 2011 sales in kWh – 17,606,720

- Year-to-date (July – December, 2013) sales in kWh – 96,683,960 vs.
Year-to-date (July – December, 2012) sales in kWh – 86,751,350 and
Year-to-date (July – December, 2011) sales in kWh – 84,268,530

- Administrative and operating expenses for December, 2013 were under budget:
\$404,590 actual vs. \$578,425 budget.

- Year-to-date administrative and operating expenses (July – December) were also
under budget: \$2,423,196 actual vs. \$3,250,131 budget.

As always, feel free to ask any questions concerning the financials.

SOUTHEAST ALASKA POWER AGENCY Fund Allocation Graph

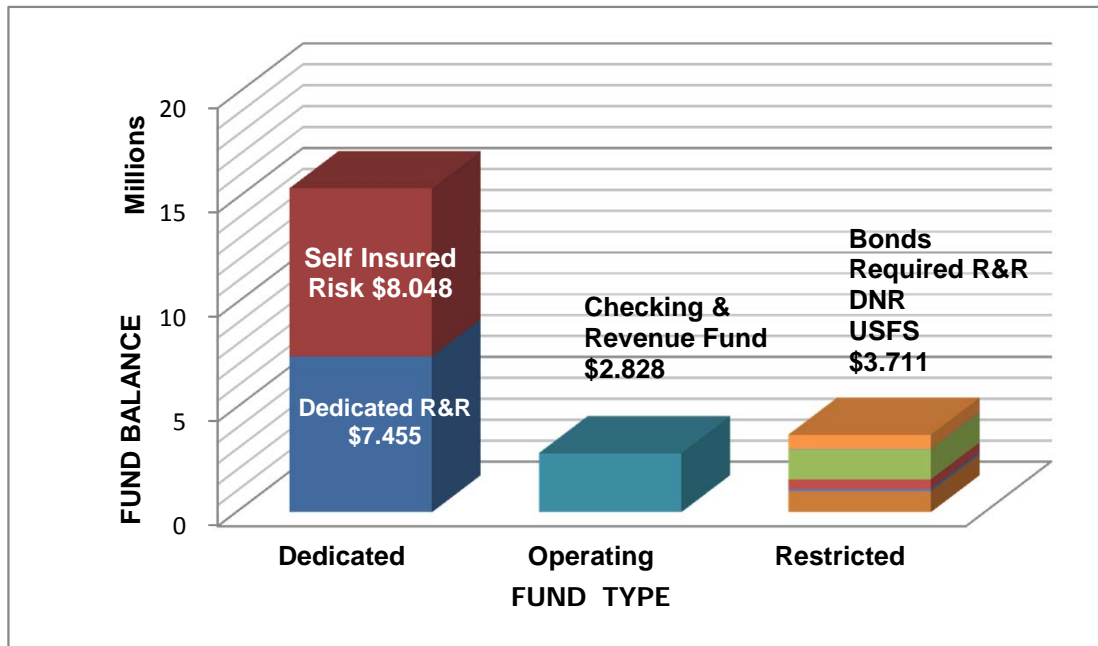
as of December 31, 2013

ASSETS

Current Assets

Agency Funds

| | |
|---|-------------------|
| 111000 · Ops/Capital/Insurance Funds | |
| 111100 · Revenue Fund FB | 2,827,424 |
| 111200 · Required R&R Fund FB | 1,000,308 |
| 111210 · Dedicated R&R Projects Fund FB | 7,455,410 |
| 111300 · Commercial FB | 1,038 |
| 111400 · Subordinate Debt Fund FB | 310 |
| Financial: 111500 · Self Insured Risk Fund FNBA | <u>8,047,668</u> |
| Total 111000 · Ops/Capital/Insurance Funds | 19,332,157 |
| 112000 · Trustee Funds | |
| 112100 · WF Trust Bond Interest | 109,841 |
| 112200 · WF Trust Bond Principal | 466,696 |
| 112300 · WF Trust Bond Reserve | 1,409,392 |
| 112400 · WF Refund 2004AB Escrow | <u>1</u> |
| Total 112000 · Trustee Funds | 1,985,930 |
| 113000 · Restricted Funds | |
| 113100 · STI - USFS CD WF | 21,613 |
| 113500 · DNR Reclamation Fund WF | <u>702,249</u> |
| Total 113000 · Restricted Funds | <u>723,862</u> |
| Total Agency Funds | <u>22,041,948</u> |



Dedicated Funds

Self-Insured Risk Fund = Coverage for uninsured transmission lines, submarine cables and insurance deductibles

Dedicated R&R = Funding for FY14 Replacement & Repair projects approved by the SEAPA Board.

Operating Funds

Checking & Revenue Fund

Restricted Funds (Legally or contractually restricted)

Bonds = All Trustee Funds: Bond Interest, Principal, Reserve and Escrow accounts

R&R = \$1,000,000 minimum balance required by bond indenture

DNR = Alaska DNR Reclamation Agreement

USFS = USFS Land Remediation Certificate of Deposit

SOUTHEAST ALASKA POWER AGENCY
Statement of Financial Position - Summary

As of December 31, 2013

| | Dec 31, '13 |
|---------------------------------------|--------------------|
| ASSETS | |
| Current Assets | |
| Agency Funds | |
| 111000 · Ops/Capital/Insurance Funds | 19,332,157 |
| 112000 · Trustee Funds | 1,985,930 |
| 113000 · Restricted Funds | 723,862 |
| Total Agency Funds | 22,041,948 |
| Accounts Receivable | |
| 110000 · Accounts Receivable | 2,530,047 |
| 110100 · Grants Receivable | 116,213 |
| Total Accounts Receivable | 2,646,261 |
| Other Current Assets | |
| 120000 · Other Current Assets | 315,935 |
| Total Other Current Assets | 315,935 |
| Total Current Assets | 25,004,144 |
| Fixed Assets | |
| 130000 · Fixed Assets | 132,288,824 |
| Total Fixed Assets | 132,288,824 |
| Other Assets | |
| 183000 · Deferred Assets | 896 |
| Total Other Assets | 896 |
| TOTAL ASSETS | 157,293,864 |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| 210100 · Accounts Payable General | 312,252 |
| Total Accounts Payable | 312,252 |
| Other Current Liabilities | |
| 210150 · Other Current Liabilities | 232,419 |
| 210300 · Reserve Interest Payable | 54,898 |
| 210400 · Wages Payable | 68,857 |
| 210500 · Payroll Liabilities | 288 |
| Total Other Current Liabilities | 356,462 |
| Total Current Liabilities | 668,714 |
| Long Term Liabilities | |
| 220000 · Long Term Liabilities | 13,989,405 |
| Total Long Term Liabilities | 13,989,405 |
| Total Liabilities | 14,658,120 |
| Equity | |
| 310000 · Equity | 133,661,640 |
| 32000 · Unrestricted Net Assets | 7,206,868 |
| Net Income | 1,767,236 |
| Total Equity | 142,635,744 |
| TOTAL LIABILITIES & EQUITY | 157,293,864 |

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Summary
December 2013

| | Nov 13 |
|--|----------------|
| Ordinary Income/Expense | |
| Income | |
| 410000 · Hydro Facility Revenues | 1,322,304 |
| Total Income | 1,322,304 |
| Gross Profit | 1,322,304 |
| Expense | |
| 535000 · Hydro/Ops-Suprvision & Engineer | 54,799 |
| 538000 · Electric Expenses | 1,074 |
| 539000 · Misc Power Generation Expense | 18,044 |
| 540000 · Rents | 14,076 |
| 544000 · Maintenance of Electric Plant | 99,911 |
| 545000 · Plant Miscellaneous Maintenance | 564 |
| 560000 · Trans Sys Operation Sup & Eng | 655 |
| 562000 · Trans/Operations Station Exp | 1,308 |
| 571000 · Trans/Maint Overhead Lines(OHL) | 14,038 |
| 920000 · Administrative Expenses | 85,370 |
| 921000 · Office Expenses | 16,686 |
| 922000 · Legislative Affairs | 4,000 |
| 923000 · Contract Services | 29,833 |
| 924000 · Insurance | 37,857 |
| 928000 · Regulatory Commission Expense | 8,217 |
| 930000 · General Expenses | 13,247 |
| 931000 · Admin Rent | 4,910 |
| Total Expense | 404,590 |
| Net Ordinary Income | 917,714 |
| Other Income/Expense | |
| Other Income | |
| 941000 · Grant Income | 41,829 |
| 941100 · Third Party Income | 164,667 |
| 942000 · Interest Income | 11,530 |
| 945000 · Unrealized Gain/Loss | (20,426) |
| 946000 · Misc Nonoperating Income | 9,466 |
| Total Other Income | 207,065 |
| Other Expense | |
| 952000 · Bond Interest 2009 Series | 55,765 |
| 953000 · Depreciation Expense | 329,817 |
| 954000 · Grant Expenses | 13,074 |
| 954100 · Contributed Capital | (10,950) |
| 954200 · Third Party Expense | 31,624 |
| 955000 · Interest Expense | 1 |
| Total Other Expense | 419,330 |
| Net Other Income | (212,265) |
| Net Income | 705,449 |

SOUTHEAST ALASKA POWER AGENCY
Statement of Financial Position - Detail
As of December 31, 2013

Dec 31, 13

ASSETS

Current Assets

Agency Funds

| | |
|--|------------------|
| 111000 · Ops/Capital/Insurance Funds | |
| 111100 · Revenue Fund FB | 2,827,424 |
| 111200 · Required R&R Fund FB | 1,000,308 |
| 111210 · Dedicated R&R Projects Fund FB | 7,455,410 |
| 111300 · Commercial FB | 1,038 |
| 111400 · Subordinate Debt Fund FB | 310 |
| 111500 · Self Insured Risk Fund FNBA | <u>8,047,668</u> |
| Total 111000 · Ops/Capital/Insurance Funds | 19,332,157 |

112000 · Trustee Funds

| | |
|----------------------------------|-----------|
| 112100 · WF Trust Bond Interest | 109,841 |
| 112200 · WF Trust Bond Principal | 466,696 |
| 112300 · WF Trust Bond Reserve | 1,409,392 |
| 112400 · WF Refund 2004AB Escrow | <u>1</u> |
| Total 112000 · Trustee Funds | 1,985,930 |

113000 · Restricted Funds

| | |
|----------------------------------|----------------|
| 113100 · STI - USFS CD WF | 21,613 |
| 113500 · DNR Reclamation Fund WF | <u>702,249</u> |
| Total 113000 · Restricted Funds | <u>723,862</u> |

Total Agency Funds 22,041,948

Accounts Receivable

| | |
|------------------------------|----------------|
| 110000 · Accounts Receivable | 2,530,047 |
| 110100 · Grants Receivable | <u>116,213</u> |
| Total Accounts Receivable | 2,646,261 |

Other Current Assets

120000 · Other Current Assets

| | |
|--------------------------------------|----------------|
| 120200 · Other Receivables | 4,286 |
| 120300 · Accrued Interest Receivable | 38,507 |
| 120500 · Prepaid Fees | |
| 120520 · Prepaid Insurance | <u>265,000</u> |
| Total 120500 · Prepaid Fees | 265,000 |

120700 · Inventory Assets

| | |
|---------------------------------|--------------|
| 120701 · Inventory - Wood Poles | <u>8,143</u> |
| Total 120700 · Inventory Assets | 8,143 |

Total 120000 · Other Current Assets 315,935

Total Other Current Assets 315,935

Total Current Assets 25,004,144

SOUTHEAST ALASKA POWER AGENCY
Statement of Financial Position - Detail
As of December 31, 2013

Dec 31, 13

Fixed Assets

| | |
|--|---------------------|
| 130000 · Fixed Assets | |
| 130100 · Capital Assets | |
| 130110 · Swan Lake | 16,231,708 |
| 130120 · Tyee Lake | 26,060,565 |
| 130130 · SEAPA Office | <u>668,955</u> |
| Total 130100 · Capital Assets | 42,961,228 |
| 132100 · Swan Tyee Intertie in Operation | 111,381,868 |
| 132200 · R&R Projects WIP Capital Improv | |
| 132210 · R&R Projects - WIP Swan Lake | |
| 132211 · WIP SWL Agency Permits/Environm | 528,500 |
| 132213 · WIP SWL Equipment | 2,250 |
| 132214 · WIP SWL Engineering/Design | 3,697 |
| 132215 · WIP SWL Legal | 1,260 |
| 132216 · WIP SWL Project Mgmt/Professnal | 127,145 |
| 132210 · R&R Projects - WIP Swan Lake - Other | <u>1,258,185</u> |
| Total 132210 · R&R Projects - WIP Swan Lake | 1,921,038 |
| 132220 · R&R Projects - WIP Tyee Lake | 1,602,425 |
| 132230 · R&R Projects - WIP STI-Transmsn | 201,943 |
| 132240 · R&R Projects - WIP SEAPA Office | <u>83,312</u> |
| Total 132200 · R&R Projects WIP Capital Improv | 3,808,717 |
| 132900 · Accumulated Depreciation | <u>(25,862,989)</u> |
| Total 130000 · Fixed Assets | <u>132,288,824</u> |

Total Fixed Assets 132,288,824

Other Assets

| | |
|--------------------------------|------------|
| 183000 · Deferred Assets | |
| 183300 · Meterological Tower | <u>896</u> |
| Total 183000 · Deferred Assets | <u>896</u> |
| Total Other Assets | <u>896</u> |

TOTAL ASSETS 157,293,864

SOUTHEAST ALASKA POWER AGENCY
Statement of Financial Position - Detail

As of December 31, 2013

Dec 31, 13

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

210100 · Accounts Payable General 312,252

Total Accounts Payable 312,252

Other Current Liabilities

210150 · Other Current Liabilities 232,419

210300 · Reserve Interest Payable 54,898

210400 · Wages Payable 68,857

210500 · Payroll Liabilities

210530 · SUI Tax Payable 288

Total 210500 · Payroll Liabilities 288

Total Other Current Liabilities 356,462

Total Current Liabilities 668,714

Long Term Liabilities

220000 · Long Term Liabilities

220100 · Series B Bonds 2009 14,100,000

220110 · Bond Issuance Premium 11,606

220120 · Bond Discount (122,200)

Total 220000 · Long Term Liabilities 13,989,405

Total Long Term Liabilities 13,989,405

Total Liabilities 14,658,120

Equity

310000 · Equity

310100 · STI Net Assets 106,354,593

310300 · Retained Earnings 27,307,048

Total 310000 · Equity 133,661,640

32000 · Unrestricted Net Assets 7,206,868

Net Income 1,767,236

Total Equity 142,635,744

TOTAL LIABILITIES & EQUITY 157,293,864

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison Detail
December 2013

| | Dec 13 | Budget | Jul - Dec 13 | YTD Budget | Annual Budget |
|--|-----------|-----------|--------------|------------|---------------|
| Ordinary Income/Expense | | | | | |
| Income | | | | | |
| 410000 · Hydro Facility Revenues | | | | | |
| 410100 · Ketchikan Power Purchases | 674,968 | 714,000 | 3,565,809 | 3,019,200 | 6,045,200 |
| 410200 · Petersburg Power Purchases | 341,049 | 367,200 | 1,630,815 | 1,475,600 | 2,856,000 |
| 410300 · Wrangell Power Purchases | 306,287 | 312,800 | 1,341,508 | 1,407,600 | 2,720,000 |
| Total 410000 · Hydro Facility Revenues | 1,322,304 | 1,394,000 | 6,538,133 | 5,902,400 | 11,621,200 |
| Total Income | 1,322,304 | 1,394,000 | 6,538,133 | 5,902,400 | 11,621,200 |
| Gross Profit | 1,322,304 | 1,394,000 | 6,538,133 | 5,902,400 | 11,621,200 |
| Expense | | | | | |
| 535000 · Hydro/Ops-Suprvision & Engineer | | | | | |
| 535100 · Hyd/Ops Sup & Eng - Swan Lake | 7,264 | 9,400 | 33,685 | 56,400 | 113,000 |
| 535150 · Hyd/Ops Sup & Eng - SWL SEAPA | 110 | 2,900 | 660 | 17,100 | 34,500 |
| 535200 · Hyd/Ops Sup & Eng - Tyee Lake | 11,753 | 12,200 | 73,298 | 73,200 | 147,500 |
| 535250 · Hyd/Ops Sup & Eng -TYL SEAPA | - | 800 | - | 4,800 | 10,000 |
| 535400 · Hyd/Op Sup & Eng - Proj Drawing | 35,673 | 25,000 | 39,843 | 50,000 | 200,000 |
| 535700 · Hyd/Op Sup & Eng - 4R Plan | - | - | 860 | - | - |
| Total 535000 · Hydro/Ops-Suprvision & Engineer | 54,799 | 50,300 | 148,345 | 201,500 | 505,000 |
| 537000 · Hydraulic Expenses | | | | | |
| 537150 · Hydraulic Expense - SWL SEAPA | - | 500 | 2,195 | 10,500 | 13,000 |
| 537250 · Hydraulic Expense - TYL SEAPA | - | 1,375 | 2,195 | 11,375 | 18,000 |
| Total 537000 · Hydraulic Expenses | - | 1,875 | 4,390 | 21,875 | 31,000 |
| 538000 · Electric Expenses | | | | | |
| 538100 · Electric Expense - Swan Lake | 739 | 250 | 8,887 | 1,600 | 3,250 |
| 538150 · Electric Expense - SWL SEAPA | 335 | 1,000 | 8,171 | 6,000 | 12,500 |
| 538200 · Electric Expense - Tyee Lake | - | 300 | 2,400 | 1,800 | 3,600 |
| 538250 · Electric Expense - TYL SEAPA | - | 1,000 | - | 6,000 | 12,500 |
| Total 538000 · Electric Expenses | 1,074 | 2,550 | 19,458 | 15,400 | 31,850 |
| 539000 · Misc Power Generation Expense | | | | | |
| 539100 · Misc Exp - Swan Lake | 79 | 5,400 | 2,356 | 32,400 | 65,850 |
| 539150 · Misc Expense - SWL SEAPA | 1,158 | 5,500 | 16,983 | 29,000 | 73,600 |
| 539200 · Misc Expense - Tyee Lake | 8,231 | 13,000 | 149,292 | 145,640 | 227,640 |
| 539250 · Misc Expense - TYL SEAPA | 8,577 | 8,000 | 59,745 | 74,600 | 155,850 |
| 539300 · Misc Expense - Annual Inspectns | - | - | - | - | 1,500 |
| 539400 · Misc Expense - Permits & Maps | - | - | - | - | 150 |
| Total 539000 · Misc Power Generation Expense | 18,044 | 31,900 | 228,376 | 281,640 | 524,590 |
| 540000 · Rents | | | | | |
| 540300 · FERC Land Use Fee - Swan Lake | 3,846 | 3,900 | 23,076 | 23,400 | 47,000 |
| 540400 · FERC Land Use Fee - Tyee Lake | 3,822 | 3,800 | 22,932 | 22,800 | 46,000 |
| 540500 · USDA Land Use Fee - USFS ROW | 1,541 | 1,600 | 9,247 | 9,600 | 20,000 |
| 540600 · USDA Land Use Fee - STI | 4,720 | 5,000 | 28,323 | 30,000 | 60,000 |
| 540700 · USDA Tyee Passive Reflector | 103 | 100 | 619 | 600 | 1,350 |
| 540710 · USDA Etolin Burnett Radio | 44 | 50 | 261 | 300 | 650 |
| Total 540000 · Rents | 14,076 | 14,450 | 84,458 | 86,700 | 175,000 |
| 541000 · Hydro Power Station Maintenance | | | | | |
| 541150 · Maintenance - SWL SEAPA | - | 7,400 | 21,086 | 44,350 | 88,750 |
| 541250 · Maintenance - TYL SEAPA | - | 6,500 | 5,170 | 39,000 | 78,250 |
| Total 541000 · Hydro Power Station Maintenance | - | 13,900 | 26,257 | 83,350 | 167,000 |

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison Detail
December 2013

| | Dec 13 | Budget | Jul - Dec 13 | YTD Budget | Annual Budget |
|--|--------|---------|--------------|------------|---------------|
| 542000 · Hydro Structure Maintenance | | | | | |
| 542100 · Hyd Structure Maint - Swan Lake | - | 250 | 1,165 | 1,500 | 3,500 |
| Total 542000 · Hydro Structure Maintenance | - | 250 | 1,165 | 1,500 | 3,500 |
| 543000 · Dams, Reservoirs & Waterways | | | | | |
| 543100 · Dams Res & Waterwys - Swan Lake | - | 50 | 1,233 | 300 | 1,000 |
| 543150 · Dams Res & Waterwys - SWL SEAPA | - | - | 9,856 | - | - |
| 543200 · Dams Res & Waterwys - Tyee Lake | - | 600 | 117 | 3,600 | 7,200 |
| Total 543000 · Dams, Reservoirs & Waterways | - | 650 | 11,206 | 3,900 | 8,200 |
| 544000 · Maintenance of Electric Plant | | | | | |
| 544100 · Maint Electric Plant-Swan Lake | 51,774 | 48,000 | 308,179 | 288,000 | 576,500 |
| 544150 · Maint Electric Plant-SWL SEAPA | 1,050 | 3,750 | 1,155 | 22,500 | 45,000 |
| 544200 · Maint Electric Plant-Tyee Lake | 47,087 | 50,700 | 268,074 | 304,200 | 608,400 |
| 544250 · Maint Electric Plant-TYL SEAPA | - | 2,000 | - | 12,000 | 25,000 |
| Total 544000 · Maintenance of Electric Plant | 99,911 | 104,450 | 577,408 | 626,700 | 1,254,900 |
| 545000 · Plant Miscellaneous Maintenance | | | | | |
| 545100 · Plant Misc Maint - Swan Lake | 285 | 2,250 | 9,246 | 13,500 | 27,000 |
| 545200 · Plant Misc Maint - Tyee Lake | 279 | 800 | 3,671 | 4,800 | 9,700 |
| 545250 · Plant Misc Maint - TYL SEAPA | - | 4,800 | 16,735 | 28,800 | 58,000 |
| Total 545000 · Plant Miscellaneous Maintenance | 564 | 7,850 | 29,652 | 47,100 | 94,700 |
| 560000 · Trans Sys Operation Sup & Eng | | | | | |
| 560200 · Sys Ops Sup & Eng - Tyee Lake | 655 | 900 | 2,420 | 4,900 | 10,300 |
| Total 560000 · Trans Sys Operation Sup & Eng | 655 | 900 | 2,420 | 4,900 | 10,300 |
| 561000 · Trans/SCADA Load Dispatch | | | | | |
| 561250 · SCADA Load Dispatch - TYL SEAPA | - | 2,000 | 4,800 | 12,000 | 25,000 |
| Total 561000 · Trans/SCADA Load Dispatch | - | 2,000 | 4,800 | 12,000 | 25,000 |
| 562000 · Trans/Operations Station Exp | | | | | |
| 562100 · Trans/Ops Station - Swan Lake | - | 1,000 | 1,378 | 6,000 | 15,000 |
| 562150 · Trans/Ops Station - SWL SEAPA | - | 2,000 | - | 11,000 | 23,000 |
| 562200 · Trans/Ops Station - Tyee Lake | 1,308 | 2,200 | 7,328 | 12,800 | 26,000 |
| 562250 · Trans/Ops Station-TYL SEAPA | - | 2,000 | - | 12,000 | 25,000 |
| Total 562000 · Trans/Operations Station Exp | 1,308 | 7,200 | 8,706 | 41,800 | 89,000 |
| 564000 · Trans/Submarine Cable Expense | | | | | |
| 564200 · Trans/Sub Cable Exp - Tyee Lake | - | 1,500 | 3,820 | 9,000 | 12,825 |
| 564250 · Trans/Sub Cable Exp - TYL SEAPA | - | - | - | 15,000 | 30,000 |
| Total 564000 · Trans/Submarine Cable Expense | - | 1,500 | 3,820 | 24,000 | 42,825 |
| 571000 · Trans/Maint Overhead Lines(OHL) | | | | | |
| 571100 · Trans/Maint OHL - Swan Lake | - | 1,000 | 961 | 6,000 | 15,000 |
| 571150 · Trans/Maint OHL - SWL SEAPA | - | 25,000 | 14,528 | 100,000 | 448,000 |
| 571200 · Trans/Maint OHL - Tyee Lake | 13,040 | 16,300 | 101,796 | 97,800 | 196,150 |
| 571250 · Trans/Maint OHL - TYL SEAPA | - | 50,000 | 38,090 | 161,000 | 787,750 |
| 571300 · Trans/Maint OHL STI Maintenance | - | - | 13,021 | - | 296,500 |
| 571500 · Trans/Maint OHL STI Therml Scan | - | - | - | - | 10,000 |
| 571600 · Trans/Maint OHL Spare Mat Stor | - | 100 | - | 500 | 500 |
| 571700 · Trans/Maint OH STI Clearing | - | - | - | - | 100,000 |
| 571800 · Trans/Maint OHL System Events | 998 | 12,500 | 5,640 | 75,000 | 150,000 |
| Total 571000 · Trans/Maint Overhead Lines(OHL) | 14,038 | 104,900 | 174,036 | 440,300 | 2,003,900 |

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison Detail
December 2013

| | Dec 13 | Budget | Jul - Dec 13 | YTD Budget | Annual Budget |
|--|---------|---------|--------------|------------|---------------|
| 920000 · Administrative Expenses | | | | | |
| 920100 · Administrative | 85,370 | 105,000 | 507,589 | 626,761 | 1,256,761 |
| Total 920000 · Administrative Expenses | 85,370 | 105,000 | 507,589 | 626,761 | 1,256,761 |
| 921000 · Office Expenses | | | | | |
| 921100 · Office Supplies | 1,571 | 1,000 | 7,088 | 7,000 | 13,000 |
| 921200 · Office Equipment | 735 | 2,300 | 18,079 | 13,400 | 27,200 |
| 921300 · Phone, Courier, Internet | 6,347 | 2,000 | 15,384 | 13,400 | 25,400 |
| 921400 · System Networking | 7,972 | 3,400 | 27,477 | 20,600 | 41,000 |
| 921600 · Vehicle Expenses | 61 | 200 | 675 | 1,250 | 3,000 |
| Total 921000 · Office Expenses | 16,686 | 8,900 | 68,703 | 55,650 | 109,600 |
| 922000 · Legislative Affairs | 4,000 | 5,800 | 24,039 | 34,800 | 70,000 |
| 923000 · Contract Services | | | | | |
| 923200 · Annual Financial Audit | 4,016 | 5,000 | 23,616 | 22,500 | 28,000 |
| 923300 · Bank & Trustee Fees | 315 | 980 | 1,651 | 5,880 | 11,800 |
| 923400 · Insurance Consultant | - | 800 | 14,044 | 4,800 | 10,000 |
| 923500 · Investment Consultant | 16,909 | 2,000 | 25,317 | 12,000 | 25,000 |
| 923600 · Legal Fees | 8,255 | 12,500 | 42,971 | 75,000 | 150,000 |
| 923700 · Recruitment | - | 2,500 | 4,366 | 15,000 | 30,000 |
| 923800 · Other Professional Services | 338 | 1,500 | 4,419 | 8,200 | 16,000 |
| Total 923000 · Contract Services | 29,833 | 25,280 | 116,384 | 143,380 | 270,800 |
| 924000 · Insurance | 37,857 | 49,000 | 231,842 | 294,000 | 588,000 |
| 928000 · Regulatory Commission Expense | | | | | |
| 928150 · FERC SWL Admin Fees | 3,945 | 3,900 | 23,484 | 23,400 | 47,000 |
| 928151 · FERC SWL Other Fees | 677 | 8,000 | 3,852 | 14,000 | 104,000 |
| 928250 · FERC TYL Admin Fees | 3,595 | 3,500 | 21,401 | 22,000 | 43,000 |
| Total 928000 · Regulatory Commission Expense | 8,217 | 15,400 | 48,737 | 59,400 | 194,000 |
| 930000 · General Expenses | | | | | |
| 930100 · Advertising Expense | 180 | 400 | 1,436 | 2,600 | 5,000 |
| 930110 · Public Relations | 5,338 | 5,695 | 7,894 | 35,830 | 70,000 |
| 930111 · PR - SEAPA History Project | - | 700 | 10 | 1,400 | 5,000 |
| 930300 · Association Dues Expense | 300 | 2,400 | 19,369 | 14,650 | 29,050 |
| 930310 · Professional Assn Dues | - | 400 | 230 | 645 | 645 |
| 930400 · Board Meeting Expenses | 6,607 | 3,750 | 15,744 | 22,500 | 45,000 |
| 930500 · Training Expense | 495 | 1,900 | 13,320 | 11,400 | 23,575 |
| 930600 · Travel Expense | 327 | 3,900 | 12,949 | 23,600 | 47,000 |
| 930700 · Non-Travel Incidental | - | 300 | 991 | 1,800 | 3,500 |
| Total 930000 · General Expenses | 13,247 | 19,445 | 71,942 | 114,425 | 228,770 |
| 931000 · Admin Rent | | | | | |
| 931010 · Office Rent | 4,185 | 4,200 | 25,113 | 24,700 | 51,700 |
| 931100 · Apartment Rent - Ketchikan | 725 | 725 | 4,350 | 4,350 | 8,700 |
| Total 931000 · Admin Rent | 4,910 | 4,925 | 29,463 | 29,050 | 60,400 |
| Total Expense | 404,590 | 578,425 | 2,423,196 | 3,250,131 | 7,745,096 |
| Net Ordinary Income | 917,714 | 815,575 | 4,114,937 | 2,652,269 | 3,876,104 |

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison Detail
December 2013

| | Dec 13 | Budget | Jul - Dec 13 | YTD Budget | Annual Budget |
|---|----------------|----------------|------------------|------------------|------------------|
| Other Income/Expense | | | | | |
| Other Income | | | | | |
| 941000 · Grant Income | 41,829 | | 143,175 | | |
| 941100 · Third Party Income | 164,667 | | 267,415 | | |
| 942000 · Interest Income | | | | | |
| 942100 · Misc Interest Income | 622 | | 4,155 | | |
| 942200 · Investment Interest Income | 10,908 | | 62,030 | | |
| Total 942000 · Interest Income | 11,530 | | 66,185 | | |
| 944000 · Realized Gain/Loss | | | | | |
| 944200 · Realized Gain/Loss on Invest | - | | 732 | | |
| Total 944000 · Realized Gain/Loss | - | | 732 | | |
| 945000 · Unrealized Gain/Loss | | | | | |
| 945100 · Unrealized Gain/Loss Bonds | (66) | | (142) | | |
| 945200 · Unrealized Gain/Loss Investment | (20,361) | | (13,896) | | |
| Total 945000 · Unrealized Gain/Loss | (20,426) | | (14,038) | | |
| 946000 · Misc Nonoperating Income | | | | | |
| 946002 · Gain/Loss on Property Dispositrn | 9,466 | | 9,068 | | |
| Total 946000 · Misc Nonoperating Income | 9,466 | | 9,068 | | |
| Total Other Income | 207,065 | | 472,538 | | |
| Other Expense | | | | | |
| 951000 · Amortization Expense | - | | - | | |
| 952000 · Bond Interest 2009 Series | 55,765 | | 334,587 | | |
| 953000 · Depreciation Expense | 329,817 | | 1,978,904 | | |
| 954000 · Grant Expenses | | | | | |
| 954002 · Grant Contractual | 13,205 | | 211,637 | | |
| 954004 · Grant Labor & Benefits | (131) | | 476 | | |
| 954005 · Grant Legal | - | | 1,260 | | |
| 954007 · Grant Other Expense | - | | 185 | | |
| 954008 · Grant Travel | - | | 6,360 | | |
| 954000 · Grant Expenses - Other | - | | 5,820 | | |
| Total 954000 · Grant Expenses | 13,074 | | 225,738 | | |
| 954100 · Contributed Capital | (10,950) | | (18,030) | | |
| 954200 · Third Party Expense | | | | | |
| 954210 · Annette Island Hydro Site Eval | | | | | |
| 954211 · Annette Island - Contractual | 31,624 | | 284,476 | | |
| 954212 · Annette Island - Materials | - | | 232 | | |
| 954213 · Annette Island - Direct Labor | - | | 9,486 | | |
| 954214 · Annette Island - Travel | - | | 4,845 | | |
| Total 954210 · Annette Island Hydro Site Eval | 31,624 | | 299,039 | | |
| Total 954200 · Third Party Expense | 31,624 | | 299,039 | | |
| 955000 · Interest Expense | | | | | |
| 955100 · Investment Expense - Misc | 1 | | 1 | | |
| Total 955000 · Interest Expense | 1 | | 1 | | |
| Total Other Expense | 419,330 | | 2,820,239 | | |
| Net Other Income | (212,265) | | (2,347,701) | | |
| Net Income | 705,449 | 815,575 | 1,767,236 | 2,652,269 | 3,876,104 |

DATE: January 21, 2014
TO: SEAPA Board of Directors
FROM: Trey Acteson
SUBJECT: Financial Reports – **NOVEMBER, 2013**



Financial reports for November, 2013 follow this memo. The following are a few brief highlights:

- November, 2013 revenues from kWh sales were over budget:
\$1,238,913 actual vs. \$1,237,600 budget.
 - Ketchikan - \$725,492 actual vs. \$666,400 budget
 - Petersburg - \$296,315 actual vs. \$285,600 budget
 - Wrangell - \$217,106 actual vs. \$285,600 budget

- Year-to-date (July – November) revenues from kWh sales were also above budget:
\$5,215,829 actual vs. \$4,508,400 budget.
 - Ketchikan - \$2,890,841 actual vs. \$2,305,200 budget
 - Petersburg - \$1,289,767 actual vs. \$1,108,400 budget
 - Wrangell - \$1,035,221 actual vs. \$1,094,800 budget

- November, 2013 sales in kWh – 18,219,310 vs.
November, 2012 sales in kWh – 18,883,360 and
November, 2011 sales in kWh – 16,643,300

- Year-to-date (July – November, 2013) sales in kWh – 77,238,320 vs.
Year-to-date (July – November, 2012) sales in kWh – 67,000,400 and
Year-to-date (July – November, 2011) sales in kWh – 66,661,810

- Administrative and operating expenses for November, 2013 were under budget:
\$407,057 actual vs. \$574,950 budget.

- Year-to-date administrative and operating expenses (July – November) were also
under budget: \$2,016,437 actual vs. \$2,671,706 budget.

As always, feel free to ask any questions concerning the financials.

SOUTHEAST ALASKA POWER AGENCY Fund Allocation Graph

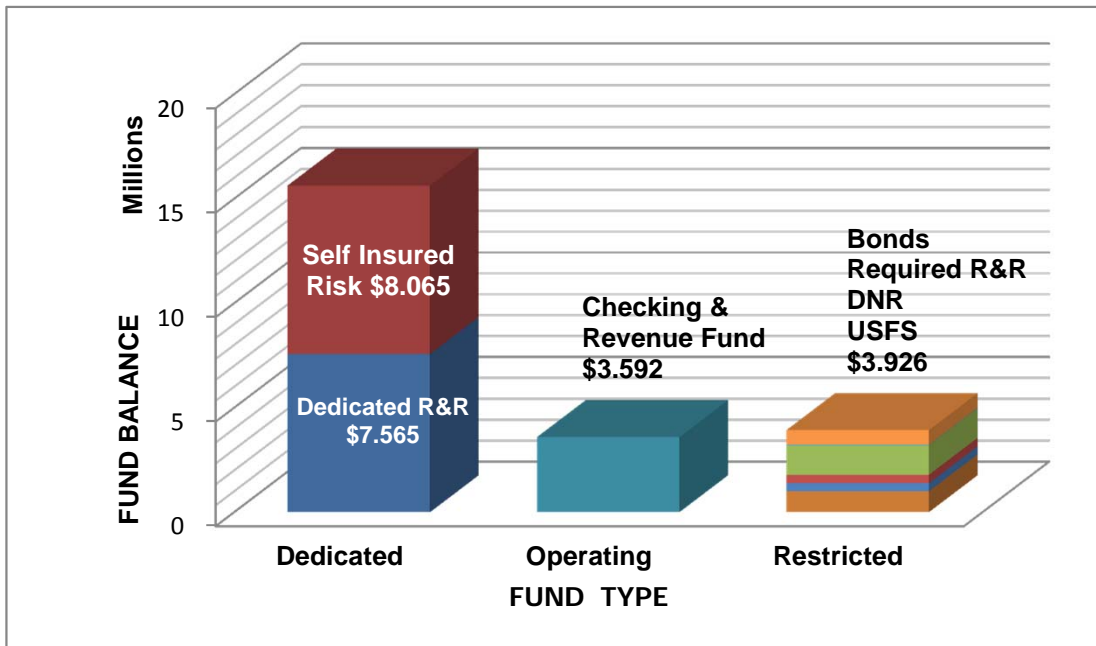
as of November 30, 2013

ASSETS

Current Assets

Agency Funds

| | |
|---|--------------------------|
| 111000 · Ops/Capital/Insurance Funds | |
| 111100 · Revenue Fund FB | 3,590,478 |
| 111200 · Required R&R Fund FB | 1,000,256 |
| 111210 · Dedicated R&R Projects Fund FB | 7,564,631 |
| 111300 · Commercial FB | 1,039 |
| 111400 · Subordinate Debt Fund FB | 310 |
| Financial: 111500 · Self Insured Risk Fund FNBA | <u>8,065,264</u> |
| Total 111000 · Ops/Capital/Insurance Funds | <u>20,221,976</u> |
| 112000 · Trustee Funds | |
| 112100 · WF Trust Bond Interest | 384,392 |
| 112200 · WF Trust Bond Principal | 408,363 |
| 112300 · WF Trust Bond Reserve | 1,409,449 |
| 112400 · WF Refund 2004AB Escrow | <u>2</u> |
| Total 112000 · Trustee Funds | <u>2,202,206</u> |
| 113000 · Restricted Funds | |
| 113100 · STI - USFS CD WF | 21,613 |
| 113500 · DNR Reclamation Fund WF | <u>702,249</u> |
| Total 113000 · Restricted Funds | <u><u>723,862</u></u> |
| Total Agency Funds | <u><u>23,148,043</u></u> |



Dedicated Funds

Self-Insured Risk Fund = Coverage for uninsured transmission lines, submarine cables and insurance deductibles

Dedicated R&R = Funding for FY14 Replacement & Repair projects approved by the SEAPA Board.

Operating Funds

Checking & Revenue Fund

Restricted Funds (Legally or contractually restricted)

Bonds = All Trustee Funds: Bond Interest, Principal, Reserve and Escrow accounts

R&R = \$1,000,000 minimum balance required by bond indenture

DNR = Alaska DNR Reclamation Agreement

USFS = USFS Land Remediation Certificate of Deposit

SOUTHEAST ALASKA POWER AGENCY
Statement of Financial Position - Summary

As of November 30, 2013

| | Nov 30, 13 |
|---------------------------------------|--------------------|
| ASSETS | |
| Current Assets | |
| Agency Funds | |
| 111000 · Ops/Capital/Insurance Funds | 20,221,976 |
| 112000 · Trustee Funds | 2,202,206 |
| 113000 · Restricted Funds | 723,862 |
| Total Agency Funds | 23,148,043 |
| Accounts Receivable | |
| 110000 · Accounts Receivable | 1,766,799 |
| 110100 · Grants Receivable | 11,271 |
| Total Accounts Receivable | 1,778,070 |
| Other Current Assets | |
| 120000 · Other Current Assets | 376,229 |
| Total Other Current Assets | 376,229 |
| Total Current Assets | 25,302,342 |
| Fixed Assets | |
| 130000 · Fixed Assets | 132,449,710 |
| Total Fixed Assets | 132,449,710 |
| Other Assets | |
| 183000 · Deferred Assets | 740 |
| Total Other Assets | 740 |
| TOTAL ASSETS | 157,752,792 |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| 210100 · Accounts Payable General | 418,118 |
| Total Accounts Payable | 418,118 |
| Other Current Liabilities | |
| 210150 · Other Current Liabilities | 1,017,211 |
| 210300 · Reserve Interest Payable | 329,452 |
| 210400 · Wages Payable | 66,800 |
| 210500 · Payroll Liabilities | 197 |
| Total Other Current Liabilities | 1,413,660 |
| Total Current Liabilities | 1,831,778 |
| Long Term Liabilities | |
| 220000 · Long Term Liabilities | 13,988,550 |
| Total Long Term Liabilities | 13,988,550 |
| Total Liabilities | 15,820,328 |
| Equity | |
| 310000 · Equity | 133,661,640 |
| 32000 · Unrestricted Net Assets | 7,206,868 |
| Net Income | 1,063,956 |
| Total Equity | 141,932,464 |
| TOTAL LIABILITIES & EQUITY | 157,752,792 |

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Summary
November 2013

| | Nov 13 |
|--|--------------------|
| Ordinary Income/Expense | |
| Income | |
| 410000 · Hydro Facility Revenues | 1,238,913 |
| Total Income | 1,238,913 |
| Gross Profit | 1,238,913 |
| Expense | |
| 535000 · Hydro/Ops-Suprvision & Engineer | 17,982 |
| 538000 · Electric Expenses | 7,686 |
| 539000 · Misc Power Generation Expense | 39,320 |
| 540000 · Rents | 14,076 |
| 541000 · Hydro Power Station Maintenance | 2,447 |
| 543000 · Dams, Reservoirs & Waterways | 578 |
| 544000 · Maintenance of Electric Plant | 89,646 |
| 545000 · Plant Miscellaneous Maintenance | 2,489 |
| 560000 · Trans Sys Operation Sup & Eng | 508 |
| 562000 · Trans/Operations Station Exp | 1,673 |
| 571000 · Trans/Maint Overhead Lines(OHL) | 9,321 |
| 920000 · Administrative Expenses | 87,548 |
| 921000 · Office Expenses | 11,393 |
| 922000 · Legislative Affairs | 4,000 |
| 923000 · Contract Services | 44,391 |
| 924000 · Insurance | 37,857 |
| 928000 · Regulatory Commission Expense | 8,897 |
| 930000 · General Expenses | 22,335 |
| 931000 · Admin Rent | 4,910 |
| Total Expense | 407,057 |
| Net Ordinary Income | 831,856 |
| Other Income/Expense | |
| Other Income | |
| 942000 · Interest Income | 11,454 |
| 945000 · Unrealized Gain/Loss | (2,109) |
| 946000 · Misc Nonoperating Income | (397) |
| Total Other Income | 8,947 |
| Other Expense | |
| 952000 · Bond Interest 2009 Series | 55,765 |
| 953000 · Depreciation Expense | 329,817 |
| 954000 · Grant Expenses | 62,231 |
| 954100 · Contributed Capital | (5,820) |
| 954200 · Third Party Expense | 164,667 |
| Total Other Expense | 606,660 |
| Net Other Income | (597,713) |
| Net Income | 234,143 |

SOUTHEAST ALASKA POWER AGENCY
Statement of Financial Position - Detail
As of November 30, 2013

| | Nov 30, 13 |
|--|-------------------|
| ASSETS | |
| Current Assets | |
| Agency Funds | |
| 111000 · Ops/Capital/Insurance Funds | |
| 111100 · Revenue Fund FB | 3,590,478 |
| 111200 · Required R&R Fund FB | 1,000,256 |
| 111210 · Dedicated R&R Projects Fund FB | 7,564,631 |
| 111300 · Commercial FB | 1,039 |
| 111400 · Subordinate Debt Fund FB | 310 |
| 111500 · Self Insured Risk Fund FNBA | 8,065,264 |
| Total 111000 · Ops/Capital/Insurance Funds | 20,221,976 |
| 112000 · Trustee Funds | |
| 112100 · WF Trust Bond Interest | 384,392 |
| 112200 · WF Trust Bond Principal | 408,363 |
| 112300 · WF Trust Bond Reserve | 1,409,449 |
| 112400 · WF Refund 2004AB Escrow | 2 |
| Total 112000 · Trustee Funds | 2,202,206 |
| 113000 · Restricted Funds | |
| 113100 · STI - USFS CD WF | 21,613 |
| 113500 · DNR Reclamation Fund WF | 702,249 |
| Total 113000 · Restricted Funds | 723,862 |
| Total Agency Funds | 23,148,043 |
| Accounts Receivable | |
| 110000 · Accounts Receivable | 1,766,799 |
| 110100 · Grants Receivable | 11,271 |
| Total Accounts Receivable | 1,778,070 |
| Other Current Assets | |
| 120000 · Other Current Assets | |
| 120200 · Other Receivables | 4,286 |
| 120300 · Accrued Interest Receivable | 30,599 |
| 120500 · Prepaid Fees | |
| 120520 · Prepaid Insurance | 302,857 |
| 120540 · Prepaid USDA FS Land Use Fees | 6,408 |
| 120550 · Prepaid Admin Expense | 23,936 |
| Total 120500 · Prepaid Fees | 333,201 |
| 120700 · Inventory Assets | |
| 120701 · Inventory - Wood Poles | 8,143 |
| Total 120700 · Inventory Assets | 8,143 |
| Total 120000 · Other Current Assets | 376,229 |
| Total Other Current Assets | 376,229 |
| Total Current Assets | 25,302,342 |

SOUTHEAST ALASKA POWER AGENCY
Statement of Financial Position - Detail

As of November 30, 2013

Nov 30, 13

Fixed Assets

| | |
|--|---------------------|
| 130000 · Fixed Assets | |
| 130100 · Capital Assets | |
| 130110 · Swan Lake | 16,231,708 |
| 130120 · Tye Lake | 26,060,565 |
| 130130 · SEAPA Office | <u>668,955</u> |
| Total 130100 · Capital Assets | 42,961,228 |
| | |
| 132100 · Swan Tye Intertie in Operation | 111,381,868 |
| 132200 · R&R Projects WIP Capital Improv | |
| 132210 · R&R Projects - WIP Swan Lake | |
| 132211 · WIP SWL Agency Permits/Environ | 524,555 |
| 132213 · WIP SWL Equipment | 2,250 |
| 132214 · WIP SWL Engineering/Design | 3,640 |
| 132215 · WIP SWL Legal | 1,260 |
| 132216 · WIP SWL Project Mgmt/Professn | 126,830 |
| 132210 · R&R Projects - WIP Swan Lake - (| <u>1,162,360</u> |
| Total 132210 · R&R Projects - WIP Swan Lake | 1,820,895 |
| | |
| 132220 · R&R Projects - WIP Tye Lake | 1,547,962 |
| 132230 · R&R Projects - WIP STI-Transmsn | 200,573 |
| 132240 · R&R Projects - WIP SEAPA Office | 69,920 |
| 132200 · R&R Projects WIP Capital Improv - (| <u>435</u> |
| Total 132200 · R&R Projects WIP Capital Improv | 3,639,786 |
| | |
| 132900 · Accumulated Depreciation | <u>(25,533,171)</u> |
| Total 130000 · Fixed Assets | <u>132,449,710</u> |

Total Fixed Assets 132,449,710

Other Assets

| | |
|--------------------------------|------------|
| 183000 · Deferred Assets | |
| 183300 · Meterological Tower | <u>740</u> |
| Total 183000 · Deferred Assets | <u>740</u> |

Total Other Assets 740

TOTAL ASSETS 157,752,792

SOUTHEAST ALASKA POWER AGENCY
Statement of Financial Position - Detail

As of November 30, 2013

Nov 30, 13

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

210100 · Accounts Payable General 418,118

Total Accounts Payable 418,118

Other Current Liabilities

210150 · Other Current Liabilities 1,017,211

210300 · Reserve Interest Payable 329,452

210400 · Wages Payable 66,800

210500 · Payroll Liabilities

210530 · SUI Tax Payable 197

Total 210500 · Payroll Liabilities 197

Total Other Current Liabilities 1,413,660

Total Current Liabilities 1,831,778

Long Term Liabilities

220000 · Long Term Liabilities

220100 · Series B Bonds 2009 14,100,000

220110 · Bond Issuance Premium 12,091

220120 · Bond Discount (123,542)

Total 220000 · Long Term Liabilities 13,988,550

Total Long Term Liabilities 13,988,550

Total Liabilities 15,820,328

Equity

310000 · Equity

310100 · STI Net Assets 106,354,593

310300 · Retained Earnings 27,307,048

Total 310000 · Equity 133,661,640

32000 · Unrestricted Net Assets 7,206,868

Net Income 1,063,956

Total Equity 141,932,464

TOTAL LIABILITIES & EQUITY 157,752,792

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison Detail
November 2013

| | Nov 13 | Budget | Jul - Nov 13 | YTD Budget | Annual Budget |
|--|-----------|-----------|--------------|------------|---------------|
| Ordinary Income/Expense | | | | | |
| Income | | | | | |
| 410000 · Hydro Facility Revenues | | | | | |
| 410100 · Ketchikan Power Purchases | 725,492 | 666,400 | 2,890,841 | 2,305,200 | 6,045,200 |
| 410200 · Petersburg Power Purchases | 296,315 | 285,600 | 1,289,767 | 1,108,400 | 2,856,000 |
| 410300 · Wrangell Power Purchases | 217,106 | 285,600 | 1,035,221 | 1,094,800 | 2,720,000 |
| Total 410000 · Hydro Facility Revenues | 1,238,913 | 1,237,600 | 5,215,829 | 4,508,400 | 11,621,200 |
| Total Income | 1,238,913 | 1,237,600 | 5,215,829 | 4,508,400 | 11,621,200 |
| Gross Profit | 1,238,913 | 1,237,600 | 5,215,829 | 4,508,400 | 11,621,200 |
| Expense | | | | | |
| 535000 · Hydro/Ops-Suprvision & Engineer | | | | | |
| 535100 · Hyd/Ops Sup & Eng - Swan Lake | 6,119 | 9,400 | 26,421 | 47,000 | 113,000 |
| 535150 · Hyd/Ops Sup & Eng - SWL SEAPA | 110 | 2,900 | 550 | 14,200 | 34,500 |
| 535200 · Hyd/Ops Sup & Eng - Tyee Lake | 11,753 | 12,200 | 61,545 | 61,000 | 147,500 |
| 535250 · Hyd/Ops Sup & Eng -TYL SEAPA | - | 800 | - | 4,000 | 10,000 |
| 535400 · Hyd/Op Sup & Eng - Proj Drawing | - | 17,000 | 4,170 | 25,000 | 200,000 |
| 535700 · Hyd/Op Sup & Eng - 4R Plan | - | - | 860 | - | - |
| Total 535000 · Hydro/Ops-Suprvision & Engineer | 17,982 | 42,300 | 93,546 | 151,200 | 505,000 |
| 537000 · Hydraulic Expenses | | | | | |
| 537150 · Hydraulic Expense - SWL SEAPA | - | 8,000 | 2,195 | 10,000 | 13,000 |
| 537250 · Hydraulic Expense - TYL SEAPA | - | 7,500 | 2,195 | 10,000 | 18,000 |
| Total 537000 · Hydraulic Expenses | - | 15,500 | 4,390 | 20,000 | 31,000 |
| 538000 · Electric Expenses | | | | | |
| 538100 · Electric Expense - Swan Lake | 3,293 | 250 | 8,148 | 1,350 | 3,250 |
| 538150 · Electric Expense - SWL SEAPA | 3,512 | 1,000 | 6,932 | 5,000 | 12,500 |
| 538200 · Electric Expense - Tyee Lake | 881 | 300 | 2,400 | 1,500 | 3,600 |
| 538250 · Electric Expense - TYL SEAPA | - | 1,000 | - | 5,000 | 12,500 |
| Total 538000 · Electric Expenses | 7,686 | 2,550 | 17,480 | 12,850 | 31,850 |
| 539000 · Misc Power Generation Expense | | | | | |
| 539100 · Misc Exp - Swan Lake | 62 | 5,400 | 2,277 | 27,000 | 65,850 |
| 539150 · Misc Expense - SWL SEAPA | 1,500 | 5,500 | 15,642 | 23,500 | 73,600 |
| 539200 · Misc Expense - Tyee Lake | 29,999 | 13,000 | 141,061 | 132,640 | 227,640 |
| 539250 · Misc Expense - TYL SEAPA | 7,758 | 8,000 | 51,168 | 66,600 | 155,850 |
| 539300 · Misc Expense - Annual Inspectns | - | - | - | - | 1,500 |
| 539400 · Misc Expense - Permits & Maps | - | - | - | - | 150 |
| Total 539000 · Misc Power Generation Expense | 39,320 | 31,900 | 210,149 | 249,740 | 524,590 |
| 540000 · Rents | | | | | |
| 540300 · FERC Land Use Fee - Swan Lake | 3,846 | 3,900 | 19,230 | 19,500 | 47,000 |
| 540400 · FERC Land Use Fee - Tyee Lake | 3,822 | 3,800 | 19,110 | 19,000 | 46,000 |
| 540500 · USDA Land Use Fee - USFS ROW | 1,541 | 1,600 | 7,706 | 8,000 | 20,000 |
| 540600 · USDA Land Use Fee - STI | 4,720 | 5,000 | 23,602 | 25,000 | 60,000 |
| 540700 · USDA Tyee Passive Reflector | 103 | 100 | 516 | 500 | 1,350 |
| 540710 · USDA Etolin Burnett Radio | 44 | 50 | 218 | 250 | 650 |
| Total 540000 · Rents | 14,076 | 14,450 | 70,382 | 72,250 | 175,000 |
| 541000 · Hydro Power Station Maintenance | | | | | |
| 541150 · Maintenance - SWL SEAPA | 1,495 | 7,400 | 21,086 | 36,950 | 88,750 |
| 541250 · Maintenance - TYL SEAPA | 952 | 6,500 | 5,170 | 32,500 | 78,250 |
| Total 541000 · Hydro Power Station Maintenance | 2,447 | 13,900 | 26,257 | 69,450 | 167,000 |

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison Detail
November 2013

| | Nov 13 | Budget | Jul - Nov 13 | YTD Budget | Annual Budget |
|--|--------|---------|--------------|------------|---------------|
| 542000 · Hydro Structure Maintenance | | | | | |
| 542100 · Hyd Structure Maint - Swan Lake | - | 250 | 1,165 | 1,250 | 3,500 |
| Total 542000 · Hydro Structure Maintenance | - | 250 | 1,165 | 1,250 | 3,500 |
| 543000 · Dams, Reservoirs & Waterways | | | | | |
| 543100 · Dams Res & Waterwys - Swan Lake | 578 | 50 | 1,233 | 250 | 1,000 |
| 543150 · Dams Res & Waterwys - SWL SEAPA | - | - | 9,856 | - | - |
| 543200 · Dams Res & Waterwys - Tyee Lake | - | 600 | 117 | 3,000 | 7,200 |
| Total 543000 · Dams, Reservoirs & Waterways | 578 | 650 | 11,206 | 3,250 | 8,200 |
| 544000 · Maintenance of Electric Plant | | | | | |
| 544100 · Maint Electric Plant-Swan Lake | 48,082 | 48,000 | 256,406 | 240,000 | 576,500 |
| 544150 · Maint Electric Plant-SWL SEAPA | 105 | 3,750 | 105 | 18,750 | 45,000 |
| 544200 · Maint Electric Plant-Tyee Lake | 41,459 | 50,700 | 220,987 | 253,500 | 608,400 |
| 544250 · Maint Electric Plant-TYL SEAPA | - | 2,000 | - | 10,000 | 25,000 |
| Total 544000 · Maintenance of Electric Plant | 89,646 | 104,450 | 477,498 | 522,250 | 1,254,900 |
| 545000 · Plant Miscellaneous Maintenance | | | | | |
| 545100 · Plant Misc Maint - Swan Lake | 1,102 | 2,250 | 8,961 | 11,250 | 27,000 |
| 545200 · Plant Misc Maint - Tyee Lake | 1,387 | 800 | 3,393 | 4,000 | 9,700 |
| 545250 · Plant Misc Maint - TYL SEAPA | - | 4,800 | 16,735 | 24,000 | 58,000 |
| Total 545000 · Plant Miscellaneous Maintenance | 2,489 | 7,850 | 29,089 | 39,250 | 94,700 |
| 560000 · Trans Sys Operation Sup & Eng | | | | | |
| 560200 · Sys Ops Sup & Eng - Tyee Lake | 508 | 800 | 1,765 | 4,000 | 10,300 |
| Total 560000 · Trans Sys Operation Sup & Eng | 508 | 800 | 1,765 | 4,000 | 10,300 |
| 561000 · Trans/SCADA Load Dispatch | | | | | |
| 561200 · SCADA Load Dispatch - Tyee Lake | - | - | - | - | - |
| 561250 · SCADA Load Dispatch - TYL SEAPA | - | 2,000 | 4,800 | 10,000 | 25,000 |
| Total 561000 · Trans/SCADA Load Dispatch | - | 2,000 | 4,800 | 10,000 | 25,000 |
| 562000 · Trans/Operations Station Exp | | | | | |
| 562100 · Trans/Ops Station - Swan Lake | - | 1,000 | 1,378 | 5,000 | 15,000 |
| 562150 · Trans/Ops Station - SWL SEAPA | - | 2,000 | - | 9,000 | 23,000 |
| 562200 · Trans/Ops Station - Tyee Lake | 1,673 | 2,200 | 6,020 | 10,600 | 26,000 |
| 562250 · Trans/Ops Station-TYL SEAPA | - | 2,000 | - | 10,000 | 25,000 |
| Total 562000 · Trans/Operations Station Exp | 1,673 | 7,200 | 7,399 | 34,600 | 89,000 |
| 564000 · Trans/Submarine Cable Expense | | | | | |
| 564200 · Trans/Sub Cable Exp - Tyee Lake | - | 1,500 | 3,820 | 7,500 | 12,825 |
| 564250 · Trans/Sub Cable Exp - TYL SEAPA | - | - | - | 15,000 | 30,000 |
| Total 564000 · Trans/Submarine Cable Expense | - | 1,500 | 3,820 | 22,500 | 42,825 |
| 571000 · Trans/Maint Overhead Lines(OHL) | | | | | |
| 571100 · Trans/Maint OHL - Swan Lake | - | 1,000 | 961 | 5,000 | 15,000 |
| 571150 · Trans/Maint OHL - SWL SEAPA | - | 25,000 | 14,528 | 75,000 | 448,000 |
| 571200 · Trans/Maint OHL - Tyee Lake | 9,242 | 16,300 | 88,756 | 81,500 | 196,150 |
| 571250 · Trans/Maint OHL - TYL SEAPA | 79 | 50,000 | 38,090 | 111,000 | 787,750 |
| 571300 · Trans/Maint OHL STI Maintenance | - | - | 13,021 | - | 296,500 |
| 571500 · Trans/Maint OHL STI Therml Scan | - | - | - | - | 10,000 |
| 571600 · Trans/Maint OHL Spare Mat Stor | - | 200 | - | 400 | 500 |
| 571700 · Trans/Maint OH STI Clearing | - | - | - | - | 100,000 |
| 571800 · Trans/Maint OHL System Events | - | 12,500 | 4,642 | 62,500 | 150,000 |
| Total 571000 · Trans/Maint Overhead Lines(OHL) | 9,321 | 105,000 | 159,998 | 335,400 | 2,003,900 |

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison Detail
November 2013

| | Nov 13 | Budget | Jul - Nov 13 | YTD Budget | Annual Budget |
|--|---------|---------|--------------|------------|---------------|
| 920000 · Administrative Expenses | | | | | |
| 920100 · Administrative | 87,548 | 105,000 | 422,219 | 521,761 | 1,256,761 |
| Total 920000 · Administrative Expenses | 87,548 | 105,000 | 422,219 | 521,761 | 1,256,761 |
| 921000 · Office Expenses | | | | | |
| 921100 · Office Supplies | 334 | 1,000 | 5,419 | 6,000 | 13,000 |
| 921200 · Office Equipment | 1,690 | 2,300 | 17,328 | 11,100 | 27,200 |
| 921300 · Phone, Courier, Internet | 1,873 | 2,000 | 9,037 | 11,400 | 25,400 |
| 921400 · System Networking | 7,473 | 3,400 | 19,505 | 17,200 | 41,000 |
| 921600 · Vehicle Expenses | 24 | 200 | 614 | 1,050 | 3,000 |
| Total 921000 · Office Expenses | 11,393 | 8,900 | 51,903 | 46,750 | 109,600 |
| 922000 · Legislative Affairs | 4,000 | 5,800 | 20,039 | 29,000 | 70,000 |
| 923000 · Contract Services | | | | | |
| 923200 · Annual Financial Audit | 19,600 | 2,500 | 19,600 | 17,500 | 28,000 |
| 923300 · Bank & Trustee Fees | 235 | 980 | 1,336 | 4,900 | 11,800 |
| 923400 · Insurance Consultant | 328 | 800 | 14,044 | 4,000 | 10,000 |
| 923500 · Investment Consultant | 1,686 | 2,000 | 8,408 | 10,000 | 25,000 |
| 923600 · Legal Fees | 20,293 | 12,500 | 34,716 | 62,500 | 150,000 |
| 923700 · Recruitment | - | 2,500 | 3,397 | 12,500 | 30,000 |
| 923800 · Other Professional Services | 2,249 | 1,500 | 4,080 | 6,700 | 16,000 |
| Total 923000 · Contract Services | 44,391 | 22,780 | 85,582 | 118,100 | 270,800 |
| 924000 · Insurance | 37,857 | 49,000 | 193,984 | 245,000 | 588,000 |
| 928000 · Regulatory Commission Expense | | | | | |
| 928150 · FERC SWL Admin Fees | 3,761 | 3,900 | 19,539 | 19,500 | 47,000 |
| 928151 · FERC SWL Other Fees | 1,710 | 2,000 | 3,175 | 6,000 | 104,000 |
| 928250 · FERC TYL Admin Fees | 3,427 | 3,500 | 17,806 | 18,500 | 43,000 |
| Total 928000 · Regulatory Commission Expense | 8,897 | 9,400 | 40,521 | 44,000 | 194,000 |
| 930000 · General Expenses | | | | | |
| 930100 · Advertising Expense | 222 | 400 | 1,256 | 2,200 | 5,000 |
| 930110 · Public Relations | 1,923 | 5,695 | 2,556 | 30,135 | 70,000 |
| 930111 · PR - SEAPA History Project | - | 600 | 10 | 700 | 5,000 |
| 930300 · Association Dues Expense | 18,409 | 2,400 | 19,069 | 12,250 | 29,050 |
| 930310 · Professional Assn Dues | - | - | 230 | 245 | 645 |
| 930400 · Board Meeting Expenses | 263 | 3,750 | 9,137 | 18,750 | 45,000 |
| 930500 · Training Expense | 57 | 1,900 | 12,825 | 9,500 | 23,575 |
| 930600 · Travel Expense | 1,375 | 3,900 | 12,622 | 19,700 | 47,000 |
| 930700 · Non-Travel Incidental | 84 | 300 | 991 | 1,500 | 3,500 |
| Total 930000 · General Expenses | 22,335 | 18,945 | 58,695 | 94,980 | 228,770 |
| 931000 · Admin Rent | | | | | |
| 931010 · Office Rent | 4,185 | 4,100 | 20,927 | 20,500 | 51,700 |
| 931100 · Apartment Rent - Ketchikan | 725 | 725 | 3,625 | 3,625 | 8,700 |
| 931000 · Admin Rent - Other | - | - | - | - | - |
| Total 931000 · Admin Rent | 4,910 | 4,825 | 24,552 | 24,125 | 60,400 |
| Total Expense | 407,057 | 574,950 | 2,016,437 | 2,671,706 | 7,745,096 |
| Net Ordinary Income | 831,856 | 662,650 | 3,199,392 | 1,836,694 | 3,876,104 |

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison Detail
November 2013

| | Nov 13 | Budget | Jul - Nov 13 | YTD Budget | Annual Budget |
|---|----------------|----------------|------------------|------------------|------------------|
| Other Income/Expense | | | | | |
| Other Income | | | | | |
| 941000 · Grant Income | - | | 101,346 | | |
| 941100 · Third Party Income | - | | 102,748 | | |
| 942000 · Interest Income | | | | | |
| 942100 · Misc Interest Income | 607 | | 3,533 | | |
| 942200 · Investment Interest Income | 10,846 | | 51,122 | | |
| Total 942000 · Interest Income | <u>11,454</u> | | <u>54,655</u> | | |
| 944000 · Realized Gain/Loss | | | | | |
| 944200 · Realized Gain/Loss on Invest | - | | 732 | | |
| Total 944000 · Realized Gain/Loss | <u>-</u> | | <u>732</u> | | |
| 945000 · Unrealized Gain/Loss | | | | | |
| 945100 · Unrealized Gain/Loss Bonds | (73) | | (77) | | |
| 945200 · Unrealized Gain/Loss Investment | (2,036) | | 6,465 | | |
| Total 945000 · Unrealized Gain/Loss | <u>(2,109)</u> | | <u>6,389</u> | | |
| 946000 · Misc Nonoperating Income | | | | | |
| 946002 · Gain/Loss on Property Dispositn | (397) | | (397) | | |
| Total 946000 · Misc Nonoperating Income | <u>(397)</u> | | <u>(397)</u> | | |
| Total Other Income | 8,947 | | 265,473 | | |
| Other Expense | | | | | |
| 951000 · Amortization Expense | - | | - | | |
| 952000 · Bond Interest 2009 Series | 55,765 | | 278,823 | | |
| 953000 · Depreciation Expense | 329,817 | | 1,649,087 | | |
| 954000 · Grant Expenses | | | | | |
| 954002 · Grant Contractual | 55,695 | | 198,432 | | |
| 954004 · Grant Labor & Benefits | 131 | | 607 | | |
| 954005 · Grant Legal | - | | 1,260 | | |
| 954007 · Grant Other Expense | - | | 185 | | |
| 954008 · Grant Travel | 585 | | 6,360 | | |
| 954000 · Grant Expenses - Other | 5,820 | | 5,820 | | |
| Total 954000 · Grant Expenses | <u>62,231</u> | | <u>212,664</u> | | |
| 954100 · Contributed Capital | (5,820) | | (7,080) | | |
| 954200 · Third Party Expense | | | | | |
| 954210 · Annette Island Hydro Site Eval | | | | | |
| 954211 · Annette Island - Contractual | 164,667 | | 252,852 | | |
| 954212 · Annette Island - Materials | - | | 232 | | |
| 954213 · Annette Island - Direct Labor | - | | 9,486 | | |
| 954214 · Annette Island - Travel | - | | 4,845 | | |
| Total 954210 · Annette Island Hydro Site Eval | <u>164,667</u> | | <u>267,415</u> | | |
| Total 954200 · Third Party Expense | 164,667 | | 267,415 | | |
| 955000 · Interest Expense | | | | | |
| 955200 · Investment Interest Expense | - | | - | | |
| Total 955000 · Interest Expense | <u>-</u> | | <u>-</u> | | |
| Total Other Expense | <u>606,660</u> | | <u>2,400,908</u> | | |
| Net Other Income | (597,713) | | (2,135,436) | | |
| Net Income | 234,143 | 662,650 | 1,063,956 | 1,836,694 | 3,876,104 |

Southeast Alaska Power Agency
SUMMARY - WIP R&R CAPITAL PROJECTS
December 31, 2013

| | FY14 | FY14 | | EXPENDITURES | | | | | Total |
|---|--------------------|--------------------|---|------------------|-----------------|------------------|--------------------|--------------------|--------------------|
| | Budget | Expenditures | | FY10 | FY11 | FY12 | FY13 | FY14 | Expenditures |
| 002-10TRN Helicopter Pads | \$ - | (\$20,600) | Complete Nov 2013. | 155,131 | 11,156 | (63,600) | - | (20,600) | \$ 82,085 |
| 220-12 SCADA Upgrade | \$ 790,093 | \$555,467 | Phase I (TYL) final testing. | - | - | 130,663 | 156,453 | 555,467 | \$ 842,583 |
| 227-13 Burnett Peak Battery | \$ 13,160 | \$6,452 | Completed Aug 2013. | | | | 21,140 | 6,452 | \$ 27,592 |
| 228-13 Circuit Switcher WRG | \$ 98,000 | \$0 | Scheduled with RR236-13, FY14. | | | | - | - | \$ - |
| 229-13 Gate Control Refurbish TYL | \$ 28,246 | \$24,442 | Scheduled completion Jun 2014. | | | | 9,160 | 24,442 | \$ 33,602 |
| 231-13 Helicopter Pads | \$ 1,608,000 | \$70,171 | Bid request issued for manufacture. | | | | 57,731 | 70,171 | \$ 127,902 |
| 232-13 Communications Upgrade | \$ 245,000 | \$156,478 | SWL-SEAPA Office complete. | | | | 12,160 | 156,478 | \$ 168,638 |
| 234-13 Gatehs Generator TYL | \$ 60,000 | \$38,833 | Complete Sep 2013 | | | | 114 | 38,833 | \$ 38,947 |
| 236-13 Wrangell Reactor | \$ 1,800,000 | \$9,621 | Bid request issued for manufacture. | | | | 55,066 | 9,621 | \$ 64,687 |
| 237-13 Remote Brkr Rack. Device | \$ 70,000 | \$31,121 | Complete Oct 2013 | | | | - | 31,121 | \$ 31,121 |
| 238-13 Replacement Winding SWL | \$ 28,492 | \$17,846 | Complete Aug 2013 | | | | 872,559 | 17,846 | \$ 890,405 |
| 240-13 Cooling Water TYL | \$ 177,295 | \$63,099 | Piping installation done. | | | | 26,600 | 63,099 | \$ 89,699 |
| 241-13 Stream Gauge TYL | \$ 1,444,651 | \$555,824 | Weir & helipad in place Sep 2013. | | | | 37,845 | 555,824 | \$ 593,669 |
| 242-13 Reservoir Expansion SWL | \$ 1,626,750 | \$90,780 | Increased Storage | | | 151,421 | 421,782 | 90,780 | \$ 663,983 |
| | \$ (575,750) | | DCCED Grant Funds | | | | | | |
| 243-14 Compactor-Roller TYL | \$ 80,000 | \$126 | Original bid rejected. | | | | | 126 | \$ 126 |
| 244-14 Covered Storage TYL | \$ 25,000 | \$4,000 | Spare OHL equipment storage | | | | | 4,000 | \$ 4,000 |
| 245-14 Crew Boat SWL | \$ 130,000 | \$134 | Replaces open skiff, resoliciting bids. | | | | | 134 | \$ 134 |
| 246-14 Excavator TYL | \$ 125,000 | \$101,674 | Complete Oct 2013 | | | | | 101,674 | \$ 101,674 |
| 247-14 Generator Controls SWL | \$ 60,000 | \$0 | Project on hold. | | | | | - | \$ - |
| 248-14 Lathe TYL | \$ 42,000 | \$16,593 | New lathe to machine parts, in transit. | | | | | 16,593 | \$ 16,823 |
| 249-14 Marine Term Gage/CommTYL | \$ 175,500 | \$0 | Replace analog w/digital, comm link | | | | | - | \$ - |
| 250-14 Needle Valve AssemblyTYL | \$ 59,000 | \$0 | On hold pending further review. | | | | | - | \$ - |
| 251-14 Powerhs Roof Repair SWL | \$ 399,900 | \$0 | Out to bid in Feb 2014. | | | | | - | \$ - |
| 252-14 Submarine SpliceSpareTYL | \$ 288,000 | \$0 | Stock splicing kits | | | | | - | \$ - |
| 253-14 Vehicle SEAPA Office | \$ 31,000 | \$31,057 | Complete Aug 2013 | | | | | 31,057 | \$ 31,057 |
| 254-14 Water Tank Remediati n SWL | \$ 73,000 | \$0 | Out to bid in Feb 2014. | | | | | - | \$ - |
| 255-14 Wood Helipad Repair SWL | \$ 102,000 | \$0 | Permit, new & wood deck replace. | | | | | - | \$ - |
| Total WIP R&R Capital Projects | \$9,004,337 | \$1,753,117 | | \$155,131 | \$11,156 | \$218,483 | \$1,670,609 | \$1,753,117 | \$3,808,726 |

Southeast Alaska Power Agency
WORK-IN-PROGRESS R&R CAPITAL PROJECTS
December 31, 2013

| Date | Num | Vendor | FY14 BUDGET \$ | Amount | Description |
|-------------------------------------|---------------|-------------------------------------|------------------|---------------|--|
| 002-10TRN Helicopter Pads | | | \$0 | - | This project will be capitalized in FY14 after the helipad prototype is placed in service. The FY12 credit represents helipad design and materials that were abandoned due to excessive liability. Project continued under R&R 231-13. |
| | \$ 155,131 | <i>FY10 Expenditures</i> | | | |
| | \$ 11,156 | <i>FY11 Expenditures</i> | | | |
| | \$ (63,600) | <i>FY12 Expenditures</i> | | | |
| 07/31/13 | 307 | Touchdown Enterprises | | (20,600) | One helipad moved to RR241-13 Stream Gage project. |
| Total 002-10 Helicopter Pads | | | | <u>82,085</u> | COMPLETE. Prototype in place November 2013. |
| 220-12 SCADA Upgrade | | | \$790,093 | - | SEAPA System SCADA Consolidation Project. Continuation of SEAPA 001-09. Phase I (TYL-Wrangell-Petersburg) installation complete. Final testing for Phase I and design work for Phase II (SWL) are underway. (E.Wolfe) |
| | \$ 130,663 | <i>FY12 Expenditures</i> | | | |
| | \$ 156,453 | <i>FY13 Expenditures</i> | | | |
| 07/08/13 | WOL201307 | .Wolfe, Eric | | 7 | |
| 07/10/13 | 51212 | Sunrise Aviation Inc | | 420 | |
| 07/10/13 | 51217 | Sunrise Aviation Inc | | 720 | |
| 07/11/13 | 51222 | Sunrise Aviation Inc | | 915 | |
| 07/12/13 | 51225 | Sunrise Aviation Inc | | 285 | |
| 07/30/13 | INV130731 | Segrity LLC | | 6,778 | |
| 07/30/13 | INV130731 | Segrity LLC | | 6,778 | |
| 07/31/13 | WOL9225-20130 | "Bank of America | | 318 | |
| 07/31/13 | THO9358-20130 | "Bank of America | | 205 | |
| 07/31/13 | 783 | Fiber Fusion | | 102,268 | |
| 08/19/13 | S1108456001 | Technical Marketing Mfg., Inc. | | 48,444 | |
| 08/28/13 | 5566922511 | Siemens Industry Inc | | 7,266 | |
| 08/28/13 | 5566922511 | Siemens Industry Inc | | 1,177 | |
| 08/31/13 | 786 | Fiber Fusion | | 27,769 | |
| 09/03/13 | 40478534116 | Schweitzer Engineering Laboratorie: | | 43,498 | |
| 09/04/13 | 40478534328 | Schweitzer Engineering Laboratorie: | | 864 | |
| 09/05/13 | 71623 | Transduction | | 18,263 | |
| 09/09/13 | 40478535150 | Schweitzer Engineering Laboratorie: | | 2,832 | |
| 09/18/13 | 40478536833 | Schweitzer Engineering Laboratorie: | | 14,697 | |
| 09/24/13 | 10141 | Bison ProFab | | 3,521 | |
| 09/25/13 | 51111839001 | Technical Marketing Mfg., Inc. | | 2,397 | |
| 09/27/13 | XJ7KR2MP8 | DELL | | 3,803 | |
| 09/30/13 | WOL9225-20130 | "Bank of America | | 66 | |
| 09/30/13 | 792 | Fiber Fusion | | 35,849 | |
| 10/03/13 | 11G005646 | Anixter | | 1,427 | |
| 10/03/13 | 11G005688 | Anixter | | 3,109 | |
| 10/03/13 | 11G005688 | Anixter | | 400 | |
| 10/04/13 | 11G005665 | Anixter | | 1,657 | |
| 10/04/13 | 11G005653 | Anixter | | 152 | |

Southeast Alaska Power Agency
WORK-IN-PROGRESS R&R CAPITAL PROJECTS
December 31, 2013

| Date | Num | Vendor | FY14 BUDGET \$ | Amount | Description |
|-----------------------------------|---------------|-------------------------------------|----------------|----------------|-------------|
| 10/04/13 | 55185 | Standard Automation | | 1,820 | |
| 10/06/13 | INV131004 | Segrity LLC | | 18,065 | |
| 10/06/13 | INV131004 | Segrity LLC | | 5,763 | |
| 10/07/13 | 11G005666 | Anixter | | 72 | |
| 10/07/13 | 110961 | REVL Communications & Systems | | 4,122 | |
| 10/10/13 | 40478541024 | Schweitzer Engineering Laboratorie: | | 1,713 | |
| 10/11/13 | 11G005698 | Anixter | | 12 | |
| 10/14/13 | 11G005746 | Anixter | | 776 | |
| 10/14/13 | 11G005746 | Anixter | | 284 | |
| 10/23/13 | XJ83NC8X9 | DELL | | 627 | |
| 10/28/13 | 40478543768 | Schweitzer Engineering Laboratorie: | | 865 | |
| 10/31/13 | GUY8385-20131 | "Bank of America | | 68 | |
| 10/31/13 | THO9358-20131 | "Bank of America | | 194 | |
| 10/31/13 | THO9358-20131 | "Bank of America | | 97 | |
| 10/31/13 | THO9358-20131 | "Bank of America | | 97 | |
| 10/31/13 | WOL9225-20131 | "Bank of America | | 162 | |
| 10/31/13 | TBPA201310 | Thomas Bay Power Authority | | 2,317 | |
| 10/31/13 | WOL201310 | .Wolfe, Eric | | 354 | |
| 10/31/13 | 795B | Fiber Fusion | | 53,432 | |
| 11/15/13 | 30101 | Petro Marine Services | | 507 | |
| 11/17/13 | 51532 | Sunrise Aviation Inc | | 435 | |
| 11/19/13 | 51538 | Sunrise Aviation Inc | | 435 | |
| 11/22/13 | 51539 | Sunrise Aviation Inc | | 435 | |
| 11/24/13 | 51541 | Sunrise Aviation Inc | | 435 | |
| 11/27/13 | 11G005951 | Anixter | | 592 | |
| 11/27/13 | 11G005951 | Anixter | | 592 | |
| 11/30/13 | INV131210 | Segrity LLC | | 37,285 | |
| 11/30/13 | 798 | Fiber Fusion | | 12,650 | |
| 11/30/13 | 798 | Fiber Fusion | | 12,650 | |
| 11/30/13 | 800 | Fiber Fusion | | 784 | |
| 11/30/13 | TBPA201311 | Thomas Bay Power Authority | | 12,658 | |
| 11/30/13 | 797 | Fiber Fusion | | 44,831 | |
| 12/03/13 | 40478550304 | Schweitzer Engineering Laboratorie: | | 483 | |
| 12/19/13 | 23149 | Control Engineers | | 120 | |
| 12/19/13 | 11G006060 | Anixter | | 1,309 | |
| 12/22/13 | 51575 | Sunrise Aviation Inc | | 20 | |
| 12/31/13 | TBPA201312 | Thomas Bay Power Authority | | 2,522 | |
| Total 220-12 SCADA Upgrade | | | | <u>842,583</u> | |

Southeast Alaska Power Agency
WORK-IN-PROGRESS R&R CAPITAL PROJECTS

December 31, 2013

| Date | Num | Vendor | FY14 BUDGET \$ | Amount | Description |
|--|------------|-------------------------------|-----------------|---------------|---|
| 227-13 Burnett Peak Battery | | | \$13,160 | - | Battery replacement at Burnett Peak communication center completed by AP&T. (S.Henson) COMPLETE AUG 2013. |
| 01/10/13 | 18040 | AP&T Wireless, Inc. | | 21,140 | |
| 08/29/13 | 8267401 | Madison Lumber & Hardware Inc | | 18 | |
| 09/20/13 | 19515 | AP&T Wireless, Inc. | | 6,434 | |
| Total 227-13 Burnett Peak Battery | | | | <u>27,592</u> | |
| 228-13 Circuit Switcher WRG | | | \$98,000 | - | Replace manual 3-phase circuit switcher at the Wrangell switchyard. Scheduled to coincide with R&R236-13 Wrangell Reactor. (S.Henson) |
| Total 228-13 Circuit Switcher Wrg | | | | <u>-</u> | |
| 229-13 Gate Control Refurbish | | | \$28,246 | - | Replace control panel and components, rebuild hand-hydraulic pump. Scheduled for completion by June 2013. (S.Henson) |
| | \$9,160 | <i>FY13 Expenditures</i> | | | |
| 08/27/13 | 26937 | Temsco Helicopters, Inc. | | 1,738 | |
| 09/05/13 | 27058 | Temsco Helicopters, Inc. | | 2,738 | |
| 09/06/13 | 27002 | Temsco Helicopters, Inc. | | 1,303 | |
| 09/30/13 | TBPS201309 | Thomas Bay Power Authority | | 532 | |
| 10/10/13 | 27131 | Temsco Helicopters, Inc. | | 1,863 | |
| 10/11/13 | 27138 | Temsco Helicopters, Inc. | | 3,699 | |
| 10/12/13 | 27140 | Temsco Helicopters, Inc. | | 3,494 | |
| 10/13/13 | 51468 | Sunrise Aviation Inc | | 435 | |
| 10/31/13 | TBPA201310 | Thomas Bay Power Authority | | 4,492 | |
| 11/06/13 | 11062013 | Temsco Helicopters, Inc. | | 2,706 | |
| 11/12/13 | K5632 | Temsco Helicopters, Inc. | | 203 | |
| 11/30/13 | TBPA201311 | Thomas Bay Power Authority | | 1,185 | |
| 12/31/13 | TBPA201312 | Thomas Bay Power Authority | | 55 | |
| Total 229-13 Gate Control Refurbish TYL | | | | <u>33,602</u> | |

Southeast Alaska Power Agency
WORK-IN-PROGRESS R&R CAPITAL PROJECTS
December 31, 2013

| Date | Num | Vendor | FY14 BUDGET \$ | Amount | Description |
|-------------------------------------|-----------|----------------------------|--------------------|----------------|---|
| 231-13 Helicopter Pads | | | \$1,608,000 | - | Helipad installation on the intertie and replacement of pads on Swan and Tyee lines. Includes design work. Prototype installed on the STI during November. Bid solicitation issued Feb 2013 for the manufacture of 105 helipads. (S.Henson) |
| | \$ 57,731 | <i>FY13 Expenditures</i> | | | |
| 07/15/13 | 1575 | PSSA LLC | | 1,062 | |
| 07/16/13 | 26298 | Taquan Air | | 467 | |
| 07/26/13 | 50705567 | Tetra Tech Inc | | 1,391 | |
| 07/31/13 | 132017 | Tongass Engineering | | 4,369 | |
| 08/23/13 | 13483 | Ketchikan Autobody & Glass | | 5,000 | |
| 08/23/13 | 50712997 | Tetra Tech Inc | | 387 | |
| 08/28/13 | 26947 | Temsco Helicopters, Inc. | | 5,962 | |
| 08/31/13 | 132018 | Tongass Engineering | | 4,974 | |
| 09/27/13 | 50726766 | Tetra Tech Inc | | 789 | |
| 09/30/13 | 132019 | Tongass Engineering | | 1,234 | |
| 09/30/13 | 132101 | Tongass Engineering | | 709 | |
| 09/30/13 | 28343 | Ketchikan Daily News | | 59 | |
| 10/04/13 | 54805 | Pilot Publishing, Inc. | | 57 | |
| 10/04/13 | 54803 | Wrangell Sentinel | | 45 | |
| 10/07/13 | 27124 | Temsco Helicopters, Inc. | | 3,279 | |
| 10/15/13 | 27141 | Temsco Helicopters, Inc. | | 3,643 | |
| 10/15/13 | 27138 | Taquan Air | | 467 | |
| 10/24/13 | 27173 | Temsco Helicopters, Inc. | | 2,440 | |
| 10/24/13 | 27174 | Temsco Helicopters, Inc. | | 555 | |
| 10/25/13 | 27176 | Temsco Helicopters, Inc. | | 1,331 | |
| 10/27/13 | 27178 | Temsco Helicopters, Inc. | | 1,664 | |
| 10/28/13 | 27185 | Temsco Helicopters, Inc. | | 1,698 | |
| 10/29/13 | 27191 | Temsco Helicopters, Inc. | | 1,220 | |
| 10/31/13 | 27194 | Temsco Helicopters, Inc. | | 1,553 | |
| 10/31/13 | 50741540 | Tetra Tech Inc | | 611 | |
| 11/01/13 | 27210 | Temsco Helicopters, Inc. | | 1,885 | |
| 11/01/13 | 1320110 | Tongass Engineering | | 4,851 | |
| 11/02/13 | 27205 | Temsco Helicopters, Inc. | | 2,576 | |
| 11/21/13 | 4177 | Alaska Clearing Inc | | 11,500 | |
| 11/21/13 | M639 | Vigor Alaska LLC | | 216 | |
| 11/22/13 | 50752487 | Tetra Tech Inc | | 2,809 | |
| 12/16/13 | 16490222 | R&M Consultants Inc | | 194 | |
| 12/31/13 | 50759947 | Tetra Tech Inc | | 1,175 | |
| Total 231-13 Helicopter Pads | | | | <u>127,902</u> | |

Southeast Alaska Power Agency
WORK-IN-PROGRESS R&R CAPITAL PROJECTS
December 31, 2013

| Date | Num | Vendor | FY14 BUDGET \$ | Amount | Description |
|-------------------------------------|-----------|-------------------------------|------------------|---------|--|
| 232-13 Communications Upgrac | | | \$245,000 | - | Preferred recommendation for SEAPA Communications upgrade. |
| | \$12,160 | <i>FY13 Expenditures</i> | | | Continuation of Gillespie, Prudhon & Assoc. "Communication Network Evaluation & Recommendation" study. (S. Henson) |
| 08/15/13 | 26680 | Taquan Air | | 935 | |
| 08/17/13 | 51319 | Sunrise Aviation Inc | | 180 | |
| 08/18/13 | 51322 | Sunrise Aviation Inc | | 1,220 | Satellite dishes and telephone systems installed at Swan Lake and SEAPA |
| 08/22/13 | MK139744 | Futaris | | 7,395 | Office in December 2013. Permitting process for the Tye Lake satellite |
| 08/22/13 | MK139744 | Futaris | | 7,395 | dish underway. |
| 08/30/13 | MK139757 | Futaris | | 150 | |
| 08/30/13 | MK139757 | Futaris | | 150 | |
| 08/30/13 | MK139756 | Futaris | | 417 | |
| 08/30/13 | MK139756 | Futaris | | 417 | |
| 08/30/13 | MK139756 | Futaris | | 417 | |
| 09/03/13 | TIE201309 | Tek Indoor Environmental | | 1,948 | |
| 09/12/13 | MK139764 | Futaris | | 2,441 | |
| 09/12/13 | MK139765 | Futaris | | 2,324 | |
| 09/20/13 | 8326341 | Madison Lumber & Hardware Inc | | 774 | |
| 09/20/13 | 8326351 | Madison Lumber & Hardware Inc | | 66 | |
| 09/30/13 | 1600 | PSSA LLC | | 798 | |
| 10/01/13 | MK139771 | Futaris | | 3,645 | |
| 10/01/13 | MK139772 | Futaris | | 6,956 | |
| 10/06/13 | INV131004 | Segrity LLC | | 608 | |
| 10/06/13 | INV131004 | Segrity LLC | | 608 | |
| 10/10/13 | MK139796 | Futaris | | 7,165 | |
| 10/28/13 | MK139807 | Futaris | | 9,914 | |
| 10/28/13 | MK139809 | Futaris | | 2,736 | |
| 10/29/13 | 27180 | Taquan Air | | 467 | |
| 10/30/13 | 205508 | Best Western Landing Hotel | | 133 | |
| 10/30/13 | CM139796 | Futaris | | (7,165) | |
| 11/02/13 | 27205 | Temco Helicopters, Inc. | | 1,288 | |
| 11/07/13 | 27240 | Taquan Air | | 467 | |
| 11/08/13 | 206103 | Best Western Landing Hotel | | 148 | |
| 11/13/13 | CM139807 | Futaris | | (9,914) | |
| 11/25/13 | MK139829 | Futaris | | 1,198 | |
| 11/27/13 | 1776 | Millard Associates Architects | | 1,979 | |
| 11/30/13 | INV121205 | Segrity LLC | | (1,000) | |
| 11/30/13 | INV121205 | Segrity LLC | | 333 | |
| 11/30/13 | INV121205 | Segrity LLC | | 333 | |
| 11/30/13 | INV121205 | Segrity LLC | | 333 | |
| 11/30/13 | TX201026 | Anchorage Daily News | | (43) | |
| 11/30/13 | TX201026 | Anchorage Daily News | | 14 | |
| 11/30/13 | TX201026 | Anchorage Daily News | | 14 | |
| 11/30/13 | TX201026 | Anchorage Daily News | | 14 | |

Southeast Alaska Power Agency
WORK-IN-PROGRESS R&R CAPITAL PROJECTS
December 31, 2013

| Date | Num | Vendor | FY14 BUDGET \$ | Amount | Description |
|--|---------------|-----------------------------|--------------------------|----------------|--|
| 12/14/13 | 206772 | Best Western Landing Hotel | | 515 | |
| 12/31/13 | MK139848 | Futaris | | 13,271 | |
| 12/31/13 | 3686 | McMillen LLC | | 123 | |
| 12/31/13 | MK139849 | Futaris | | 22,148 | |
| 12/31/13 | CM139850B | Futaris | | (3,000) | |
| 12/31/13 | MK139850 | Futaris | | 76,163 | |
| Total 232-13 Communications Upgrade | | | | <u>168,638</u> | |
| 234-13 Gatehs Generator TYL | | | \$60,000 | - | Replacement of aging propane generator and two propane tanks at Tye |
| | \$ | 114 | <i>FY13 Expenditures</i> | | Gatehouse. Propane tanks passed inspection July 2012 & will not be |
| 07/30/13 | 72613 | Arrowhead LP Gas WRG | | 13,880 | replaced. Generator installed & tanks filled Sep 2013. (S.Henson) |
| 08/02/13 | 26858 | Temsco Helicopters, Inc. | | 1,814 | COMPLETE Sep 2013. |
| 08/27/13 | 26937 | Temsco Helicopters, Inc. | | 1,738 | |
| 08/29/13 | 11410 | Buness Electric LLC | | 488 | |
| 09/03/13 | 26999 | Temsco Helicopters, Inc. | | 8,683 | |
| 09/03/13 | 26998 | Temsco Helicopters, Inc. | | 3,769 | |
| 09/03/13 | 14259 | Arrowhead LP Gas WRG | | 1,275 | |
| 09/03/13 | 17702 | Service Auto Parts | | 66 | |
| 09/04/13 | 80237 | Wrangell Oil Inc | | 499 | |
| 09/05/13 | 51365 | Sunrise Aviation Inc | | 420 | |
| 09/05/13 | 95131 | Arrowhead Transfer SIT | | 912 | |
| 09/06/13 | 27002 | Temsco Helicopters, Inc. | | 1,303 | |
| 09/18/13 | 80364 | Wrangell Oil Inc | | 527 | |
| 10/12/13 | K9333001 | Tyler Rental, Inc. | | 118 | |
| 10/25/13 | 51492 | Sunrise Aviation Inc | | 870 | |
| 10/25/13 | 27176 | Temsco Helicopters, Inc. | | 2,371 | |
| 10/31/13 | HEN0453-20131 | "Bank of America | | 101 | |
| Total 234-13 Gatehs Gen-Propane TYL | | | | <u>38,947</u> | |
| 236-13 Wrangell Reactor | | | \$1,800,000 | - | Replace aging reactor in Wrangell with switchable reactors and capacitors. |
| | \$55,066 | | <i>FY13 Expenditures</i> | | Studies performed by EPS and Segrity. Design is complete. Bid for |
| 11/30/13 | 2147 | Electric Power Systems Inc. | | 9,621 | manufacture of 3 reactors issued Feb 2013. (S.Henson) |
| Total 236-13 Wrangell Reactors | | | | <u>64,687</u> | |
| 237-13 Remote Brkr Rack. Devi | | | \$70,000 | - | Safety measure to protect personnel while racking a breaker. Two racking |
| 09/13/13 | 145693 | Powell Electrical Systems | | 4,805 | devices delivered to both Swan & Tye complete in October. (S.Henson) |
| 09/13/13 | 145693 | Powell Electrical Systems | | 4,805 | COMPLETE Oct 2013. |
| 09/27/13 | 10712 | CBS ArcSafe, Inc | | 10,755 | |
| 09/27/13 | 10712 | CBS ArcSafe, Inc | | 10,755 | |
| Total 237-13 Remote Brkr Rack. Device | | | | <u>31,121</u> | |

Southeast Alaska Power Agency
WORK-IN-PROGRESS R&R CAPITAL PROJECTS
December 31, 2013

| Date | Num | Vendor | FY14 BUDGET \$ | Amount | Description |
|--------------------------------------|----------------|-------------------------------|-----------------|----------------|---|
| 238-13 Replacement Winding S' | | | \$28,492 | - | Spare generator winding for Swan Lake. Constructed by Voith Hydro. Delivered to Swan Lake in June. Humidity-controlled storage built in August 2013. COMPLETE Aug 2013. |
| | \$ 872,559 | <i>FY13 Expenditures</i> | | | |
| 07/15/13 | 8129541 | Madison Lumber & Hardware Inc | | 351 | |
| 07/15/13 | 8129671 | Madison Lumber & Hardware Inc | | 86 | |
| 07/15/13 | 330359 | Northland Services | | 15 | |
| 07/19/13 | 331757 | Northland Services | | 51 | |
| 07/29/13 | 26451 | Taquan Air | | 234 | |
| 07/31/13 | THO9358-201307 | Bank of America | | 489 | |
| 07/31/13 | MKC201307 | Morris Kepler Consulting | | 34 | |
| 08/07/13 | 8203771 | Madison Lumber & Hardware Inc | | 71 | |
| 08/12/13 | 26669 | Taquan Air | | 234 | |
| 08/31/13 | THO9358-201308 | Bank of America | | 127 | |
| 08/31/13 | MKC201308 | Morris Kepler Consulting | | 16,790 | |
| 09/30/13 | MKC201309 | Morris Kepler Consulting | | 1,260 | |
| 11/30/13 | 8129541 | Madison Lumber & Hardware Inc | | (351) | |
| 11/30/13 | 8129671 | Madison Lumber & Hardware Inc | | (86) | |
| 11/30/13 | 8010541 | Madison Lumber & Hardware Inc | | (1,457) | |
| Total Replacement Winding SWL | | | | <u>890,405</u> | |

Southeast Alaska Power Agency
WORK-IN-PROGRESS R&R CAPITAL PROJECTS
December 31, 2013

| Date | Num | Vendor | FY14 BUDGET \$ | Amount | Description |
|---------------------------------|----------------|----------------------------|------------------|---------------|---|
| 240-13 Cooling Water TYL | | | \$177,295 | - | Piping installation complete. Valves and control work remain. |
| | \$ 26,600 | <i>FY13 Expenditures</i> | | | |
| 07/31/13 | MKC201307 | Morris Kepler Consulting | | 719 | |
| 08/31/13 | THO9358-20130 | "Bank of America | | 458 | |
| 08/31/13 | MKC201308 | Morris Kepler Consulting | | 1,220 | |
| 08/31/13 | TBPA201308 | Thomas Bay Power Authority | | 751 | |
| 09/10/13 | K39322 | Tyler Rental, Inc. | | 578 | |
| 09/10/13 | K9291801 | Tyler Rental, Inc. | | 945 | |
| 09/11/13 | 2714550 | Ferguson Enterprises | | 4,487 | |
| 09/12/13 | 346056 | Northland Services | | 300 | |
| 09/18/13 | 80371 | Wrangell Oil Inc | | 697 | |
| 09/20/13 | 51405 | Sunrise Aviation Inc | | 420 | |
| 09/25/13 | 94867 | McCall Industrial | | 4,356 | |
| 09/25/13 | 94869 | McCall Industrial | | 6,875 | |
| 09/26/13 | 51423 | Sunrise Aviation Inc | | 720 | |
| 09/27/13 | 2264220895 | FedEx | | 183 | |
| 09/30/13 | MKC201309 | Morris Kepler Consulting | | 11,780 | |
| 09/30/13 | WOL9225-20130 | "Bank of America | | 41 | |
| 09/30/13 | TBPS201309 | Thomas Bay Power Authority | | 7,171 | |
| 10/01/13 | 351224 | Northland Services | | 72 | |
| 10/04/13 | ACT4655201309 | "Bank of America | | 18 | |
| 10/08/13 | 51455 | Sunrise Aviation Inc | | 435 | |
| 10/11/13 | 353357 | Northland Services | | 72 | |
| 10/16/13 | 353818 | Northland Services | | 38 | |
| 10/25/13 | K9291802 | Tyler Rental, Inc. | | 378 | |
| 10/31/13 | TBPA201310 | Thomas Bay Power Authority | | 10,191 | |
| 11/05/13 | 51513 | Sunrise Aviation Inc | | 720 | |
| 11/09/13 | 51518 | Sunrise Aviation Inc | | 435 | |
| 11/30/13 | HENO453-201311 | "Bank of America | | 66 | |
| 11/30/13 | MKC201311 | Morris Kepler Consulting | | 4,171 | |
| 11/30/13 | TBPA201311 | Thomas Bay Power Authority | | 4,238 | |
| 12/31/13 | TBPA201312 | Thomas Bay Power Authority | | 562 | |
| Total Project | | | | 89,699 | |

Southeast Alaska Power Agency
WORK-IN-PROGRESS R&R CAPITAL PROJECTS
December 31, 2013

| Date | Num | Vendor | FY14 BUDGET \$ | Amount | Description |
|--------------------------------|----------------|----------------------------|--------------------|---------|--|
| 241-13 Stream Gauge TYL | | | \$1,444,651 | - | Logs cleared July 2013. Weir construction completed and helipad place at site in September 2013. Emergency shack to be constructed in spring/summer. |
| | \$ 37,845 | <i>FY13 Expenditures</i> | | | |
| 07/02/13 | 26629 | Temsco Helicopters, Inc. | | 2,070 | |
| 07/11/13 | 26699 | Temsco Helicopters, Inc. | | 2,368 | |
| 07/11/13 | 127199 | Promech Air | | 2,790 | |
| 07/14/13 | 129683 | Promech Air | | 1,350 | |
| 07/15/13 | 1575 | PSSA LLC | | 1,062 | |
| 07/19/13 | 8208 | Alaska Clearing Inc | | 7,400 | |
| 07/19/13 | 76753 | Pacific Airways Inc | | 1,000 | |
| 07/20/13 | 331933 | Northland Services | | 833 | |
| 07/28/13 | 3291 | McMillen, LLC | | 431 | |
| 07/29/13 | 129937 | Promech Air | | 2,258 | |
| 07/30/13 | 201926 | Best Western Landing Hotel | | 258 | |
| 07/31/13 | 2670-201307 | Wrangell City of | | 12 | |
| 07/31/13 | HEN0453-201307 | "Bank of America | | 1,168 | |
| 07/31/13 | BAM201307 | BAM, LLC | | 151,900 | |
| 07/31/13 | WOL9225-20130 | "Bank of America | | 17 | |
| 07/31/13 | 307 | Touchdown Enterprises | | 20,600 | |
| 08/01/13 | 26629 | Taquan Air | | 1,233 | |
| 08/20/13 | BAM201308 | BAM, LLC | | 54,000 | |
| 08/22/13 | 51333 | Sunrise Aviation Inc | | 1,724 | |
| 08/23/13 | 51338 | Sunrise Aviation Inc | | 715 | |
| 08/29/13 | 11410 | Buness Electric LLC | | 1,463 | |
| 08/31/13 | 26969 | Temsco Helicopters, Inc. | | 3,810 | |
| 08/31/13 | WOL201308 | .Wolfe, Eric | | 2 | |
| 08/31/13 | WOL9225-20130 | "Bank of America | | 94 | |
| 08/31/13 | THO9358-20130 | "Bank of America | | 458 | |
| 09/05/13 | 51365 | Sunrise Aviation Inc | | 420 | |
| 09/06/13 | 51371 | Sunrise Aviation Inc | | 420 | |
| 09/06/13 | 51372 | Sunrise Aviation Inc | | 420 | |
| 09/06/13 | 27002 | Temsco Helicopters, Inc. | | 1,305 | |
| 09/06/13 | 27001 | Temsco Helicopters, Inc. | | 14,082 | |
| 09/07/13 | 51373 | Sunrise Aviation Inc | | 420 | |
| 09/13/13 | 51398 | Sunrise Aviation Inc | | 720 | |
| 09/13/13 | 51397 | Sunrise Aviation Inc | | 420 | |
| 09/13/13 | 27045 | Temsco Helicopters, Inc. | | 8,106 | |
| 09/13/13 | 27046 | Temsco Helicopters, Inc. | | 3,034 | |
| 09/17/13 | 1489 | Stikine Transportation | | 23,146 | |
| 09/18/13 | 3388 | McMillen, LLC | | 3,502 | |

Southeast Alaska Power Agency
WORK-IN-PROGRESS R&R CAPITAL PROJECTS
December 31, 2013

| Date | Num | Vendor | FY14 BUDGET \$ | Amount | Description |
|--------------------------------------|------------|-------------------------------|-----------------------|----------------|--------------------|
| 09/25/13 | BAM201309 | BAM, LLC | | 10,000 | |
| 09/25/13 | BAM201309 | BAM, LLC | | 219,500 | |
| 09/27/13 | 350220 | Northland Services | | 252 | |
| 09/30/13 | TBPS201309 | Thomas Bay Power Authority | | 5,588 | |
| 09/30/13 | 1600 | PSSA LLC | | 798 | |
| 10/16/13 | 1772 | Sign Pro | | 430 | |
| 10/31/13 | WOL201310 | .Wolfe, Eric | | 190 | |
| 11/06/13 | 11062013 | Temsco Helicopters, Inc. | | 902 | |
| 11/12/13 | K5632 | Temsco Helicopters, Inc. | | 68 | |
| 11/21/13 | 4178 | Alaska Clearing Inc | | 700 | |
| 11/30/13 | 3598 | McMillen LLC | | 369 | |
| 11/30/13 | 8129541 | Madison Lumber & Hardware Inc | | 351 | |
| 11/30/13 | 8129671 | Madison Lumber & Hardware Inc | | 86 | |
| 11/30/13 | 8010541 | Madison Lumber & Hardware Inc | | 1,457 | |
| 12/31/13 | 3686 | McMillen LLC | | 123 | |
| Total 241-13 Stream Gauge TYL | | | | <u>593,669</u> | |

Southeast Alaska Power Agency
WORK-IN-PROGRESS R&R CAPITAL PROJECTS
December 31, 2013

| Date | Num | Vendor | FY14 BUDGET \$ | Amount | Description |
|---|------------|---------------------------|--------------------|----------------|---|
| 242-13 Reservoir Expansion SW | | | \$1,626,750 | | Refer to report from Director of Special Projects. |
| AK DCCED Grant > | | | (\$575,750) | | |
| 06/30/12 | \$ 151,421 | <i>FY12 Expenditures</i> | | | |
| | \$ 421,782 | <i>FY13 Expenditures</i> | | | |
| 07/26/13 | 50705565 | Tetra Tech Inc | | 2,911 | |
| 07/26/13 | 50705569 | Tetra Tech Inc | | 33,899 | |
| 07/28/13 | 3290 | McMillen, LLC | | 4,196 | |
| 08/23/13 | 50712999 | Tetra Tech Inc | | 2,753 | |
| 08/24/13 | 3349 | McMillen, LLC | | 2,660 | |
| 09/20/13 | 51405 | Sunrise Aviation Inc | | 1,130 | |
| 10/10/13 | 50726769 | Tetra Tech Inc | | 2,479 | |
| 10/10/13 | 50726769 | Tetra Tech Inc | | 631 | |
| 10/14/13 | 3437 | McMillen, LLC | | 3,450 | |
| 10/31/13 | 50741551 | Tetra Tech Inc | | 219 | |
| 10/31/13 | 50741551 | Tetra Tech Inc | | 6,038 | |
| 11/08/13 | 3281814 | Daily Journal of Commerce | | 44 | |
| 11/13/13 | 3517 | McMillen LLC | | 8,348 | |
| 11/15/13 | 27251 | Taquan Air | | 935 | |
| 11/22/13 | 50752491 | Tetra Tech Inc | | 183 | |
| 11/22/13 | 50752491 | Tetra Tech Inc | | 10,767 | |
| 11/30/13 | 3596 | McMillen, LLC | | 5,820 | |
| 12/01/13 | 100764125 | Anchorage Daily News | | 57 | |
| 12/27/13 | 50759950 | Tetra Tech Inc | | 315 | |
| 12/27/13 | 50759950 | Tetra Tech Inc | | 3,015 | |
| 12/31/13 | 3584 | McMillen, LLC | | 930 | |
| Total 242-13 Reservoir Expansion SWL | | | | <u>663,983</u> | |
| 243-14 Compactor-Roller TYL | | | \$80,000 | | Initial RFP responses unsuccessful; additional research underway. |
| 08/08/13 | 28027 | Ketchikan Daily News | | 47 | |
| 08/08/13 | 54324 | Pilot Publishing, Inc. | | 44 | |
| 08/08/13 | 54314 | Wrangell Sentinel | | 36 | |
| Total 243-14 Compactor-Roller TYL | | | | <u>126</u> | |
| 244-14 Covered Storage TYL | | | \$25,000 | | Purchase two 40' containers that will act as side-walls and provide additional storage. |
| 12/27/13 | 25491 | Alaska Marine Lines | | 4,000 | |
| Total 244-14 Covered Storage TYL | | | | <u>4,000</u> | |

Southeast Alaska Power Agency
WORK-IN-PROGRESS R&R CAPITAL PROJECTS
December 31, 2013

| Date | Num | Vendor | FY14 BUDGET \$ | Amount | Description |
|---|-----------|------------------------------|------------------|----------------|---|
| 245-14 Crew Boat SWL | | | \$130,000 | | Bid request reissued Feb-Mar 2013. |
| 09/19/13 | 3280081 | Daily Journal of Commerce | | 42 | |
| 09/19/13 | 28290 | Ketchikan Daily News | | 53 | |
| 09/28/13 | 54635 | Wrangell Sentinel | | 39 | |
| Total 245-14 Crew Boat SWL | | | | <u>134</u> | |
| 246-14 Excavator TYL | | | \$125,000 | | COMPLETE OCT 2013. |
| 08/08/13 | 28028 | Ketchikan Daily News | | 53 | |
| 08/08/13 | 54324 | Pilot Publishing, Inc. | | 47 | |
| 08/08/13 | 54314 | Wrangell Sentinel | | 39 | |
| 10/04/13 | 351975 | Northland Services | | 136 | |
| 10/15/13 | K39536 | Tyler Rental, Inc. | | 101,400 | |
| Total 246-14 Excavator TYL | | | | <u>101,674</u> | |
| 247-14 Generator Controls SWL | | | \$60,000 | | Replacement of generator controls is more extensive than originally estimated and will require additional funding; project moved to FY15. |
| Total 247-14 Generator Controls SWL | | | | <u>-</u> | |
| 248-14 Lathe TYL | | | \$42,000 | | In transit to Tyee Lake. |
| 06/30/13 | MK201306 | Morris Kepler Consulting | | 230.00 | |
| 07/09/13 | IMC1 | Idaho Machinery Company, LLC | | 16,334.00 | |
| 07/31/13 | MKC201307 | Morris Kepler Consulting | | 258.75 | |
| Total 248-14 Lathe TYL | | | | <u>16,823</u> | |
| 249-14 Marine Term Gage/Comr | | | \$175,500 | | Scheduled to coincide with SCADA work. |
| Total 249-14 Marine Term Gage/Co | | | | <u>-</u> | |
| 250-14 Needle Valve AssemblyT | | | \$59,000 | | On hold pending further review. (E.Wolfe) |
| Total 250-14 Needle Valve Assembly | | | | <u>-</u> | |
| 251-14 Powerhs Roof Repair SV | | | \$399,900 | | Request for bids Issued Feb-Mar 2013. |
| Total 251-14 Powerhs Roof Repair | | | | <u>-</u> | |
| 252-14 Submarine SpliceSparel | | | \$288,000 | | Scheduled to be ordered. |
| Total 252-14 Submarine Splice SpareTYL | | | | <u>-</u> | |

Southeast Alaska Power Agency
WORK-IN-PROGRESS R&R CAPITAL PROJECTS
December 31, 2013

| Date | Num | Vendor | FY14 BUDGET \$ | Amount | Description |
|---|--------|--------------------|---------------------|---------------------|---|
| 253-14 Vehicle SEAPA Office | | | \$31,000 | | Ford Explorer. COMPLETE AUG 2013. |
| 08/09/13 | 1FM5K | Titus-Will Ford | | 30,232 | |
| 08/16/13 | 339139 | Northland Services | | 825 | |
| Total 253-14 Vehicle SEAPA Office | | | | <u>31,057</u> | |
| 254-14 Water Tank Remediatn S | | | \$73,000 | | Request for bids to be issued Feb-Mar 2013. |
| Total Water Tank Remediatn SWL | | | | <u>-</u> | |
| 255-14 Wood Helipad Repair SV | | | \$102,000 | | Request for bids to be issued March 2013. |
| Total 255-14 Wood Helipad Repair SWL | | | | <u>-</u> | |
| Total WIP R&R Capital Projects | | | \$ 9,004,337 | \$ 3,808,726 | |

**SOUTHEAST ALASKA POWER AGENCY
DECEMBER 2013 & JANUARY 2014 DISBURSEMENTS**

| <u>ACCOUNTS</u> | <u>TOTAL</u> |
|------------------------|-------------------------------|
| Revenue Fund | \$ 1,577,996.85 |
| R&R Fund | 153,182.15 |
| TOTAL | <u>\$ 1,731,179.00</u> |

SUGGESTED MOTION

I move to approve disbursements for the months of December 2013 and January 2014 in the amount of \$1,731,179.00.

| Invoice No. | Company (vendor) | Revenue Fund | R&R Fund |
|--------------|-------------------------------|--------------|-----------|
| 3121920 | 4Imprint | 535.75 | |
| 4177 | Alaska Clearing Inc | - | 11,500.00 |
| 4178 | Alaska Clearing Inc | - | 700.00 |
| ACS201311 | Alaska Communications Systems | 47.93 | |
| ACS201312 | Alaska Communications Systems | 66.01 | |
| 25491 | Alaska Marine Lines | - | 4,000.00 |
| APCM201311 | Alaska Permanent Capital Inc | 1,685.75 | |
| 2594 | Alaska Power Association | 5,568.00 | |
| 2675 | Alaska Power Association | 200.00 | |
| ATCPSG201401 | Alaska Telephone Co. PSG | 95.35 | |
| ATC201401 | Alaska Telephone Company | 6,371.43 | |
| 201311 | Alaska Telephone Company PSG | 101.51 | |
| I00764125 | Anchorage Daily News | 134.46 | 57.27 |
| 11G005951 | Anixter | - | 1,184.56 |
| 11G006060 | Anixter | - | 1,308.68 |
| AP&T201312 | AP&T Wireless, Inc. | 1,352.50 | |
| AP&T201401 | AP&T Wireless, Inc. | 1,352.50 | |
| 2651313807 | AT&T Alascom 5019 | 305.34 | |
| 2651436957 | AT&T Alascom 5019 | 305.34 | |
| 1131109 | AterWynne LLP | 950.10 | |
| 1131110 | AterWynne LLP | 285.00 | |
| 1131111 | AterWynne LLP | 3,378.86 | |
| 1131112 | AterWynne LLP | 4,830.00 | |
| 390162 | BDO | 19,600.00 | |
| 396136 | BDO | 4,016.14 | |
| 2066536 | Best Western Landing Hotel | 279.67 | |
| 206772 | Best Western Landing Hotel | - | 514.96 |
| 205913 | Best Western Landing Hotel | 115.99 | |
| 205586 | Best Western Landing Hotel | 363.47 | |
| 205588 | Best Western Landing Hotel | 238.23 | |
| 205589 | Best Western Landing Hotel | 99.00 | |
| 205590 | Best Western Landing Hotel | 99.00 | |
| 205916 | Best Western Landing Hotel | 324.25 | |
| 3124 | Best Western Landing Hotel | 173.69 | |
| 3125 | Best Western Landing Hotel | 1,688.26 | |
| 3126 | Best Western Landing Hotel | 3,154.05 | |
| BLUE201401 | Blue Water Charter & Tackle | 725.00 | |
| BLUE201402 | Blue Water Charter & Tackle | 725.00 | |
| 2013717 | Box-It LLC | 110.00 | |
| 5783488 | Cisco WebEx LLC | 49.00 | |
| 5830325 | Cisco WebEx LLC | 49.00 | |

| Invoice No. | Company (vendor) | Revenue Fund | R&R Fund |
|-----------------|---------------------------------|--------------|-----------|
| 37003 | Commonwealth Associates, Inc. | 1,669.20 | |
| 23116 | Control Engineers | 900.00 | |
| 23149 | Control Engineers | - | 120.00 |
| 9900 | DHittle & Associates, Inc. | 3,135.00 | |
| 9941 | DHittle & Associates, Inc. | 2,034.45 | |
| 2147 | Electric Power Systems Inc. | - | 9,621.00 |
| 2152 | Electric Power Systems Inc. | 503.93 | |
| 101213216217 | Faegre Baker Daniels LLP | 80.00 | |
| AKKET5677 | Fastenal | 30.99 | |
| AKKET5685 | Fastenal | 171.27 | |
| 798 | Fiber Fusion | - | 25,299.00 |
| 800 | Fiber Fusion | - | 784.45 |
| 187441 | Frontier Shipping & Copyworks | 29.01 | |
| MK139829 | Futaris | - | 1,197.98 |
| 4991 | Futaris | 1,050.00 | |
| 53118290 | GCI 99001 | 911.42 | |
| 53561488 | GCI 99001 | 428.50 | |
| 59862792 | GE Capital | 140.00 | |
| 59864248 | GE Capital | 595.00 | |
| 60018745 | GE Capital | 140.00 | |
| 60023100 | GE Capital | 595.00 | |
| 3369 | I Even Do Windows | 300.00 | |
| 10374 | Jud's Office Supply | 103.07 | |
| 10394 | Jud's Office Supply | 191.36 | |
| 10556 | Jud's Office Supply | 11.70 | |
| 10796 | Jud's Office Supply | 111.71 | |
| 10861 | Jud's Office Supply | 48.15 | |
| 10923 | Jud's Office Supply | 6.22 | |
| Rebate KTN FY13 | Ketchikan City of 334 | 425,942.00 | |
| 28509 | Ketchikan Daily News | 134.70 | |
| 28580 | Ketchikan Daily News | 57.05 | |
| 28628 | Ketchikan Daily News | 65.25 | |
| KDNROP13 | Ketchikan Daily News | 220.20 | |
| KDNXMAS13 | Ketchikan Daily News | 2,848.00 | |
| KGB302501 | Ketchikan Gateway Borough | 3,801.60 | |
| kgb201402 | Ketchikan Gateway Borough | 3,861.00 | |
| KHS14 | Ketchikan High School | 250.00 | |
| KPU201312 | Ketchikan Public Utilities 2417 | 799.06 | |
| KPU201401 | Ketchikan Public Utilities 2417 | 799.33 | |
| SCADA201401 | Ketchikan Public Utilities 2417 | 280.08 | |
| LK201401 | LK Storage | 304.20 | |
| LK201402 | LK Storage | 304.20 | |
| 102 | May Engineering Services LLC | 16,380.00 | |
| 3568 | McMillen, LLC | 21,613.36 | |
| 3569 | McMillen, LLC | 155,679.60 | |
| 3570 | McMillen, LLC | 22,792.10 | |
| 3596 | McMillen, LLC | - | 5,820.00 |
| 3597 | McMillen, LLC | 553.50 | |
| 3598 | McMillen, LLC | - | 369.00 |
| 3648 | McMillen, LLC | 3,665.75 | |
| 3649 | McMillen, LLC | 20,612.67 | |
| 3650 | McMillen, LLC | 32,783.85 | |
| 1776 | Millard + Associates Architects | - | 1,978.50 |
| MKC201311 | Morris Kepler Consulting | - | 4,171.03 |
| M14171 | National Hydropower Association | 18,409.00 | |
| 1106232 | NRECA 758777 Deferred | 2,235.00 | |

| Invoice No. | Company (vendor) | Revenue Fund | R&R Fund |
|-----------------|---|--------------|-----------|
| 14018046 | NRECA 775670 RSP | 448.82 | |
| 14018046A | NRECA 798330 RSP Admin | 26,247.87 | |
| Member2014 | Petersburg Chamber of Commerce, Inc | 165.00 | |
| Rebate PSG FY13 | Petersburg City & Borough of | 200,538.00 | |
| 30101 | Petro Marine Services | - | 506.77 |
| VOID | Pilot Publishing | (38.50) | |
| 55028 | Pilot Publishing, Inc. | 121.50 | |
| 55051 | Pilot Publishing, Inc. | 54.00 | |
| 55247 | Pilot Publishing, Inc. | 286.88 | |
| 16490222 | R&M Consultants Inc | - | 194.04 |
| 536 | Ray Matiashowski & Assoc. | 4,000.00 | |
| 0544 | Ray Matiashowski & Assoc. | 4,000.00 | |
| S005W-KET-03 | Samson Tug & Barge | 95.72 | |
| 1073 | Scandia House Hotel | 110.00 | |
| 1077 | Scandia House Hotel | 110.00 | |
| 1081 | Scandia House Hotel | 110.00 | |
| 1083 | Scandia House Hotel | 113.00 | |
| 1090 | Scandia House Hotel | 113.00 | |
| 40478543768 | Schweitzer Engineering Laboratories Inc | - | 864.80 |
| 40478550304 | Schweitzer Engineering Laboratories Inc | - | 483.12 |
| 314760 | SE Business Machines | 406.00 | |
| 314771 | SE Business Machines | 1,043.04 | |
| 314772 | SE Business Machines | 3,672.00 | |
| INV131210 | Segrity LLC | - | 37,284.98 |
| 1943 | Sign Pro | 353.28 | |
| 10337198 | Standard & Poor's | 5,000.00 | |
| 2802 | Stikine Inn | 129.00 | |
| 2814 | Stikine Inn | 109.00 | |
| 2817 | Stikine Inn | 218.00 | |
| 51532 | Sunrise Aviation Inc | - | 435.00 |
| 51536 | Sunrise Aviation Inc | 775.00 | |
| 51537 | Sunrise Aviation Inc | 285.00 | |
| 51538 | Sunrise Aviation Inc | - | 435.00 |
| 51539 | Sunrise Aviation Inc | - | 435.00 |
| 51541 | Sunrise Aviation Inc | - | 435.00 |
| 51560 | Sunrise Aviation Inc | 940.00 | |
| 51565 | Sunrise Aviation Inc | 495.00 | |
| 51570 | Sunrise Aviation Inc | 940.00 | |
| 51572 | Sunrise Aviation Inc | 435.00 | |
| 51575 | Sunrise Aviation Inc | - | 20.00 |
| 51582 | Sunrise Aviation Inc | - | 285.00 |
| 27240 | Taquan Air | - | 467.45 |
| 27251 | Taquan Air | - | 934.90 |
| 43696 | TekMate Incorporated | 613.70 | |
| 43440 | TekMate Incorporated | 80.00 | |
| 2014Q1 | TekMate Incorporated | 52.43 | |
| 27270 | Temsco Helicopters, Inc. | 998.10 | |
| 50752487 | Tetra Tech Inc | - | 2,808.95 |
| 50752489 | Tetra Tech Inc | 15,472.50 | |
| 50752490 | Tetra Tech Inc | 709.65 | |
| 50752491 | Tetra Tech Inc | - | 10,950.40 |
| 14387 | TexRus | 7,632.52 | |
| TBPA201311 | Thomas Bay Power Authority | - | 18,081.59 |
| 132037 | Tongass Engineering | 78.75 | |
| 1320110 | Tongass Engineering | - | 4,851.36 |
| 1320111 | Tongass Engineering | - | 3,215.55 |

| Invoice No. | Company (vendor) | Revenue Fund | R&R Fund |
|-----------------|----------------------------------|-----------------------|------------|
| 1320112 | Tongass Engineering | - | 1,102.50 |
| K39720 | Tyler Industrial Supply | 1,850.72 | |
| T1660601 | Tyler Industrial Supply | 252.00 | |
| T1663201 | Tyler Industrial Supply | 54.66 | |
| BF100522P0022 | USDA Forest Service | 78,552.62 | |
| M639 | Vigor Alaska LLC | - | 216.00 |
| WF201312 | Wells Fargo Bank-Corporate Trust | 113,238.87 | |
| WF201401 | Wells Fargo Bank-Corporate Trust | 113,238.87 | |
| 1349 | Wrangell Chamber of Commerce | 300.00 | |
| Rebate WRG FY13 | Wrangell City of | 173,520.00 | |
| 55035 | Wrangell Sentinel | 99.00 | |
| 55056 | Wrangell Sentinel | 44.00 | |
| ACT4655201312 | "Bank of America | 12,979.79 | 548.31 |
| | | 1,577,996.85 | 153,182.15 |
| | Total Disbursements | \$1,731,179.00 | |

Southeast Alaska Power Agency CEO Report

DATE: February 24, 2014
TO: SEAPA Board of Directors
FROM: Trey Acteson, CEO

LEGISLATIVE AFFAIRS

Legislative Lunch & Learn: SEAPA represented Southeast Alaska during the Alaska Power Association's Lunch & Learn presentation on January 29th in Juneau. I presented a PowerPoint presentation showcasing our regional challenges, potential solutions, and perspective on the State's role in major infrastructure development in our region.

Swan Lake Reservoir Expansion: Staff continues to actively pursue funding for this important project. While in Juneau for the APA manager's fly-in, I took the opportunity to meet individually with key legislators to promote the Swan Lake Reservoir Expansion. This feedback was valuable in refining our capital appropriation request, which I submitted through CAPSIS on February 7th (Attachment 1).

Governor Parnell visited Ketchikan on February 6th sparking political controversy regarding the Ketchikan Gateway Borough's education funding lawsuit against the State. This in turn raised concerns regarding the impact to funding requests and community priority selections. SEAPA's Chair and I took immediate action and met with local officials to get the full story and issued a written response to the Governor to address perceived hydro development concerns (Attachment 2). Although the fall-out from the political upheaval is still not clear, it is important that SEAPA maintain a strong presence in Juneau for the remainder of the session.

I will be traveling to Juneau on February 24th to support Ketchikan's executive lobbying committee and will return for one final push in March during the scheduled Southeast Conference fly-in. Our lobbyist has provided outstanding support and continues to facilitate key touch-point opportunities to help advance our funding efforts.

BEST PRACTICES AND PROCESS IMPROVEMENTS

Policies and Procedures Handbook Update: Staff included a "redlined draft" of Section II of SEAPA's Policies and Procedures Handbook for the Board's review and consideration in the board packet. All proposed additions and deletions have been tracked for your convenience. This comprehensive update is overdue.

Bylaws Amendment: SEAPA's attorney has drafted new language to address longer term limits for the Board of Directors. Lengthening Board terms is viewed by creditors as a positive move that adds stability to an organization. It is also a business practice improvement that will enhance continuity and increase knowledge within the governing body. Mr. Paisner will address this under Old Business in the agenda.

Website Overhaul: SEAPA's new website is progressing with a fresh new look and is more intuitive for users. Some areas will be enhanced over time, such as the timeline currently being refined in our historical preservation committee. There are also new features to track user traffic more effectively. This will help shape our online interaction with the public.

RECRUITMENT

SEAPA has been recruiting for an experienced engineer since July. We received nine new applications since our last regular Board meeting in December and conducted phone interviews with two candidates in February. One candidate is currently being considered for an in-person interview in Ketchikan in March.

HYDROSITE EVALUATION

Staff met with McMillen on January 7th for an update of ongoing hydrosite evaluation tasks and to discuss the upcoming field season. We will discuss this in greater detail with the Board during executive session.

KAKE – PETERSBURG INTERTIE PROJECT (KPI)

The Alaska Department of Transportation (DOT) requested a meeting in Seattle on February 4th to discuss the Kake Access Project's current status and public comment received regarding a "connected action" with the KPI. SEAPA has always held a strong opinion that the two projects are NOT connected and they will be independently developed. There is no assurance that a road will be built and DOT's process is a couple of years behind ours. There also appears to be more opposition to the road and lawsuits may derail its construction.

KPI construction cost estimates have been updated to reflect changes in the USFS position on the KPI exemption in the Roadless Rule. This has reduced construction estimates by \$7.5 million, which are now forecast to be about \$60 million. As a reminder, SEAPA has an MOU commitment to advance the project to construction ready status (permitted and designed) and the effort is fully grant funded. As part of feasibility due diligence, a hydrosite evaluation will also be conducted in Kake this spring utilizing existing KPI grant funding. The KPI steering committee is scheduled to meet in Juneau during the Southeast Conference fly-in on March 13.

TYEE LAKE TRANSITION TO OWNER/OPERATOR

We have again included several attachments behind this report to provide the necessary background regarding the transition of Tyee O&M to SEAPA. SEAPA has supported the public process in Petersburg and Wrangell for several months and this outreach effort has resulted in formal resolutions of support from both Assemblies to proceed with a negotiated transition settlement. At the time of this writing, the two communities are very near a final concurrence to engage SEAPA in negotiations. We have not yet received their offer, but understand the content is similar to my memo dated August 19, 2013 to the Chairman of the Thomas Bay Power Commission. This matter is sensitive in nature and will be discussed in greater detail during executive session.

WHITMAN TRUE-UP

SEAPA met with KPU on February 5th to advance the Whitman True-up Agreement. There has been a focused effort to simplify the parent document to the extent possible, with individual attachments to address specific elements. SEAPA has revised the draft agreement as per our recent discussion with KPU. Our legal counsel will review it prior to returning it to KPU for comment.

FINANCIAL

Financial matters are addressed in a separate cover letter under the “Financial” tab in the Board packets.

Attachment 1: CAPSIS Entry

Attachment 2: Letter to Governor Parnell

Attachment 3: Tyee O&M - CEO August Letter to TBPA

Attachment 4: Tyee O&M - Petersburg Borough Resolution #2014-03

Attachment 5: Tyee O&M – Petersburg Borough Resolution #2013-21

Attachment 6: Tyee O&M - Wrangell City & Borough Resolution #12-13-1290

ATTACHMENT 1

CAPSIS ENTRY

Project Title: Southeast Alaska Power Agency - Swan Lake Reservoir Expansion

TPS Number: 60492

Priority: 1

Agency: Commerce, Community and Economic Development
Grants to Named Recipient (AS 37.05.316)

Federal Tax ID: 92-0174669

Grant Recipient: Southeast Alaska Power Agency

FY2015 State Funding Request: \$12,330,519

One-Time Need

Brief Project Description:

Raise existing Swan Lake dam height by 6 feet and install gates in spill slot. Provides 25% more storage in reservoir. Displaces up to 12,000 MWhrs of diesel generation, a reduction of up to 800,000 gallons of diesel annually. Enhances energy availability for regional economic development (e.g. Niblack Mine, Ketchikan Shipyard) and supports non-storage renewable energy projects. Adds capacity for regional space heating conversions to further reduce diesel dependency.

Funding Plan:

| | |
|-------------------------------|----------------|
| Total Project Cost: | \$13,391,869 |
| Funding Already Secured: | (\$1,061,350) |
| FY2015 State Funding Request: | (\$12,330,519) |
| Project Deficit: | \$0 |

Explanation of Other Funds:

2011-12 \$389,000 In-kind

2013 \$94,350 In-kind
\$578,000 DCCED grant funds

Detailed Project Description and Justification:

SEAPA's Swan Lake Reservoir Expansion Project has strong regional support demonstrated through attached resolutions from the City & Borough of Wrangell, Petersburg Borough, Ketchikan Gateway Borough, City of Ketchikan, and a letter of support from Heatherdale Resources (Niblack Mine). It has also been selected as Ketchikan's #1 Community Priority.

The Swan Lake Reservoir Expansion project includes raising the Swan Lake dam height by 6 feet and installing gates in the fixed spill slot that currently exists in the dam. This will effectively increase the useful height of the reservoir by 15 feet and provide 25% additional active storage capacity for winter hydro generation. The reservoir expansion will displace up to 12,000 MWhrs of winter diesel generation, which equates to a reduction of up to 800,000 gallons of diesel fuel consumption annually. The project essentially enables SEAPA to capture spill (energy lost over the dam) and shift it to much needed winter hydro generation. It also provides additional storage to compliment future renewable energy projects that lack adequate storage (e.g. Whitman Hydroelectric Project, run-of-river hydro, wind) and adds operational flexibility to optimize water resource management that benefits the entire interconnected SEAPA region.

This project specifically addresses a shortage of regional hydro storage capacity, which was identified as a priority in the Southeast Alaska Integrated Resource Plan (SEIRP). It is well timed to meet anticipated near-term load growth and efficiently achieves this objective by enhancing an existing hydropower facility without the need for additional investment in transmission or powerhouse infrastructure. The Swan Lake Reservoir Expansion Project is part of SEAPA's integrated regional planning process and will help bridge

the gap to a larger increment of renewable power in the future. Extensive project related documents including a detailed feasibility study completed by McMillen LLC on June 13, 2012 and a voluminous 642 page Initial Consultation Document filed with the FERC on April 15, 2013 are available on the SEAPA website at www.seapahydro.org.

Project Timeline:

SEAPA has assembled a FERC Board of Consultants and contracted a design engineering firm to finalize deliverables for a non-capacity license amendment submittal to FERC in April. This milestone will pave the way for FERC's authorization to construct. It is necessary to secure requested project funding at this time to enable execution of time sensitive contracts for 2016 completion.

2014 \$1,429,514 Preliminary Construction Activities

2015-16 \$10,901,005 Major Construction.

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

Southeast Alaska Power Agency

Grant Recipient Contact Information:

Name: Trey Acteson
Address: 1900 First Ave., Suite 318
Ketchikan, AK 99901
Phone Number: (907)228-2281
Email: tacteson@seapahydro.org

This project has been through a public review process at the local level and it is a community priority.



White Paper

Swan Lake Reservoir Expansion

(Hydroelectric Storage Increase Project)

Written by:

Trey Acteson
Chief Executive Officer

Eric Wolfe
Director of Special Projects

Southeast Alaska Power Agency
January 2013

1900 1st Avenue, Suite 318, Ketchikan, AK 99901 • Ph (907) 228-2281 • Fx (907) 225-2287 •
www.seapahydro.org

SOUTHEAST ALASKA POWER AGENCY

SWAN LAKE RESERVOIR EXPANSION

Appropriation Request: \$12,330,519

Organization: Southeast Alaska Power Agency (SEAPA) is a not-for-profit Joint Action Agency of the State of Alaska that supplies wholesale power to the municipal utilities of Petersburg, Wrangell, and Ketchikan over its interconnected transmission system.

Objective: To obtain necessary State funding for final design, construction engineering, project management, and construction of the Swan Lake Reservoir Expansion Project.

Project Location: The Swan Lake Hydroelectric Project is a remote facility located approximately 22 air miles northeast of Ketchikan.

Existing Project Description: The Swan Lake Hydroelectric Project is comprised of a concrete arch dam, 174 feet high and 430 feet long at its crest, located approximately 3/4 mile downstream from the mouth of the original Swan Lake and having an uncontrolled ogee spillway section, 100 feet long, with a crest elevation of 330 feet. Normal maximum reservoir storage capacity is 86,000 acre-feet, spilling an average of 35,000 acre-feet of water annually. The power tunnel is 2,200 feet long and 11 feet in diameter, leading from the intake structure down to the powerhouse. There are two Francis style hydro turbines with a total rated capacity of 22,000 kW. The project output in 2011 was 91,584 MWhrs.

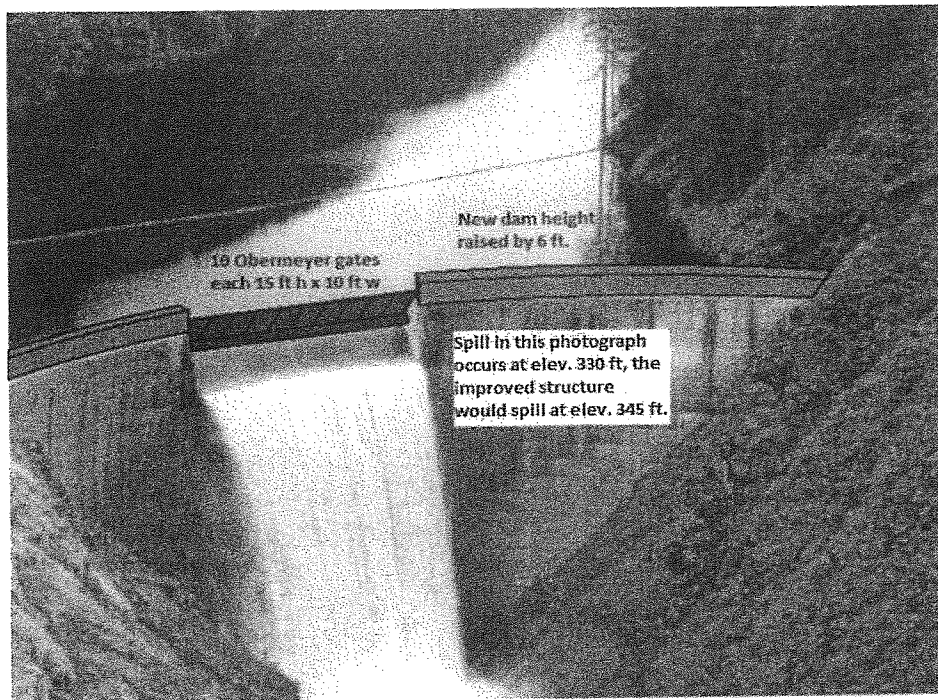


Figure 1

SOUTHEAST ALASKA POWER AGENCY

Proposed modification to Swan Lake Dam

Proposed Reservoir Expansion: SEAPA has conducted preliminary engineering, license amendment, and system integration studies in the pursuit of expanding the Swan Lake reservoir. After one and a half years of effort, at an expense to SEAPA of funds totaling \$389,000, we continue to promote expanding the reservoir at Swan Lake. A detailed cost benefit analysis (available at www.seapahydro.org) determined that raising the dam face height 15 feet will result in the best return on investment. It will add 25% additional storage for winter hydro generation, displacing up to 12,000 MWhrs of diesel generation annually. This year SEAPA plans to conduct agency meetings in February and then file the Initial Consultation Document (ICD) during March. Based on positive feedback regarding the ICD process, SEAPA expects to proceed with the license amendment, and in parallel, conduct a detailed engineering design effort. These activities will be funded by the storage initiative portion (\$578,000) of our 2012 legislative appropriation (\$3M) and SEAPA. The subsequent cost to complete final design, construction engineering, project management, and construction is \$12.3M.

| Project Costs | 2011 - 2012 | 2013 | 2014 | 2015 - 2016 | Total |
|--|-------------|-----------|-------------|--------------|---------------------|
| Feasibility, License Consulting, Environmental Studies | \$389,000 | \$214,000 | | | \$603,000 |
| Amendment Costs (Timber Harvest, 4e Constraints, etc.) | | | \$557,000 | | \$557,000 |
| Construction Eng.& PM | | \$458,350 | \$739,611 | \$9,416,698 | \$10,614,659 |
| Total | \$389,000 | \$672,350 | \$1,296,611 | \$9,416,698 | \$11,774,659 |
| Escalation | \$0 | \$0 | \$132,903 | \$1,484,307 | \$1,617,210 |
| Project Grand Total | \$389,000 | \$672,350 | \$1,429,514 | \$10,901,005 | \$13,391,869 |

| Funding | 2011 - 2012 | 2013 | 2014 | 2015 - 2016 | Total |
|---|-------------|-----------|-------------|--------------|---------------------|
| SEAPA Funds | \$389,000 | \$94,350 | | | |
| DCCED Grant Funds | | \$578,000 | | | |
| Remaining Construction & Engineering Funds Needed | | | \$1,429,514 | \$10,901,005 | \$12,330,519 |
| Total Requested Funds | | | | | \$12,330,519 |

Project Benefits:

- Directly contributes to increasing regional hydro storage capacity, which was identified as a priority in the Southeast Alaska Integrated Resource Plan (SEIRP)
- Displaces up to 12,000 MWhrs of winter diesel generation, which equates to a reduction of 800,000 gallons of diesel fuel annually
- Swan Lake is interconnected to the communities of Petersburg, Wrangell, and Ketchikan; the additional storage adds operational flexibility that benefits the entire region
- Project would be fully operational by 2016 and will shift summer spill that would have occurred at the Whitman hydro facility to much needed winter hydro generation
- Provides additional storage for future longer term projects
- Maximizes value of an existing hydro project

KETCHIKAN GATEWAY BOROUGH

RESOLUTION NO. 2464

A Resolution of the Assembly of the Ketchikan Gateway Borough Endorsing and Urging State Funding for the Swan Lake Reservoir Expansion Project; and Providing for an Effective Date.

RECITALS

- A. **WHEREAS**, the Ketchikan pulp mill closed in 1997, resulting in significant losses of jobs, population, and school enrollment, from which the community has yet to recover; and
- B. **WHEREAS**, the Ketchikan Gateway Borough presently suffers a higher rate of unemployment than the statewide average; and
- C. **WHEREAS**, the Ketchikan Gateway Borough exercises areawide economic development powers (adopted on November 5, 1990, by Ordinance No. 772-Amended under the authority of AS 29.35.330(c)); and
- D. **WHEREAS**, the Ketchikan Gateway Borough and City of Ketchikan are presently pursuing economic development opportunities such as the construction of a mill on Gravina Island for the processing of ore from the prospective Niblack Mine; and
- E. **WHEREAS**, economic development opportunities such as the prospective Niblack mill require a reliable source of energy at reasonable cost; and
- F. **WHEREAS**, the Southeast Alaska Integrated Resources Plan notes that there is a shortage of hydro storage capacity in Southeast Alaska and that potential hydro projects with storage capacity are more valuable than potential run-of-the-river hydro projects; and
- G. **WHEREAS**, Southeast Alaska Power Agency's (SEAPA) proposed expansion of the Swan Lake Reservoir (the Project) would directly contribute to increasing regional hydro storage and maximizes the value of an existing hydro project; and
- H. **WHEREAS**, the Swan Lake Reservoir Expansion project enhances the already funded (in part by \$2.5 million grant from the Borough) Whitman Lake hydro project; and
- I. **WHEREAS**, the additional storage created by the Project adds operational

flexibility that benefits the entire region, and shifts summer spill from the new Whitman dam project or the existing Tyee facility to much needed winter hydro generation; and

J. **WHEREAS**, the Project would displace up to 12,000 MWhrs of winter diesel generation, which equates to a reduction of 800,000 gallons of diesel fuel annually; and

K. **WHEREAS**, another significant advantage of the Swan Lake Reservoir Expansion project is that it needs no additional infrastructure (e.g., transmission facilities) to bring the additional power to the existing power grid; the project adds capacity at an existing dam that is currently connected to an existing power distribution grid.

NOW, THEREFORE, IN CONSIDERATION OF THE ABOVE FACTS, IT IS RESOLVED BY THE ASSEMBLY OF THE KETCHIKAN GATEWAY BOROUGH as follows:


Section 1. The Ketchikan Gateway Borough endorses SEAPA's proposed expansion of the Swan Lake Reservoir.

Section 2. The Assembly urges the State to provide \$12.3 funding for the Project in its FY 2014 Capital budget.

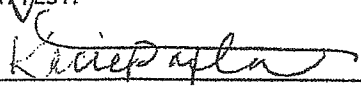
Section 3. A copy of this resolution shall be provided to Governor Parnell, Senator Stedman, Representative Peggy Wilson, and Alaska Energy Authority Executive Director Sara Fisher-Goad.

Section 4. This Resolution shall be effective upon adoption.


ADOPTED this 25th day of February, 2013.



 Dave Kiffer, Borough Mayor

ATTEST:


 Kacie Paxton, Borough Clerk

APPROVED AS TO FORM:


 Scott A. Brandt-Erichsen, Borough Attorney

| EFFECTIVE DATE: | | FEBRUARY 25, 2013 | | |
|---|-----|-------------------|--------|--|
| ROLL CALL | YES | NO | ABSENT | |
| Bailey | ✓ | | | |
| Moran | ✓ | | | |
| Painter | ✓ | | | |
| Phillips | ✓ | | | |
| Rotecki | ✓ | | | |
| Thompson | ✓ | | | |
| Van Horn | ✓ | | | |
| Mayor (tie votes only) | | | | |
| 4 AFFIRMATIVE VOTES REQUIRED FOR PASSAGE | | | | |

CITY OF KETCHIKAN, ALASKA

RESOLUTION NO. 13-2498

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KETCHIKAN,
ALASKA ENDORSING AND URGING STATE FUNDING FOR THE SWAN
LAKE RESERVOIR EXPANSION PROJECT; AND ESTABLISHING AN
EFFECTIVE DATE**

WHEREAS, the Ketchikan Pulp Mill closed in 1997, resulting in significant losses of jobs, population, and school enrollment, from which the community has yet to recover; and

WHEREAS, the Ketchikan Gateway Borough presently suffers a higher rate of unemployment than the statewide average; and

WHEREAS, the Ketchikan Gateway Borough and City of Ketchikan are presently pursuing economic development opportunities such as the construction of a mill on Gravina Island for the processing of ore from the prospective Niblack Mine; and

WHEREAS, economic development opportunities such as the prospective Niblack mill require a reliable source of energy at reasonable cost; and

WHEREAS, the Southeast Alaska Integrated Resources Plan notes that there is a shortage of hydroelectric storage capacity in Southeast Alaska and that potential hydroelectric projects with storage capacity are more valuable than potential run-of-the-river hydroelectric projects; and

WHEREAS, Southeast Alaska Power Agency's (SEAPA) proposed expansion of the Swan Lake Reservoir (the Project) would directly contribute to increasing regional hydroelectric storage and maximizes the value of an existing hydroelectric project; and

WHEREAS, the Swan Lake Reservoir Expansion Project enhances the already funded Whitman Lake Hydroelectric Project; and

WHEREAS, the additional storage created by the project adds operational flexibility that benefits the entire region, and shifts summer spill from the new Whitman Lake Hydroelectric Project or the existing Lake Tyee Hydroelectric Project to much needed winter hydroelectric generation; and

WHEREAS, the Project would displace up to 12,000 MW hours of winter diesel generation, which equates to a reduction of 800,000 gallons of diesel fuel annually;

WHEREAS, another significant advantage of the Swan Lake Reservoir Expansion project is that it needs no additional infrastructure (e.g., transmission facilities) to bring the additional power to the existing power grid; the project adds capacity at an existing dam that is currently connected to an existing power distribution grid;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Ketchikan, Alaska as follows:


Section 1: The Ketchikan City Council endorses SEAPA's proposed expansion of the Swan Lake Reservoir.

Section 2: The Ketchikan City Council urges the State to provide \$12.3 funding for the Project in its FY 2014 Capital budget.

Section 3: A copy of this resolution shall be provided to Governor Parnell, Senator Stedman, Representative Peggy Wilson and Alaska Energy Authority Executive Director Sara Fisher-Goad.

Section 4: This resolution shall become effective immediately upon adoption.

PASSED AND APPROVED by a duly constituted quorum of the City Council for the City of Ketchikan on this 21st day of February, 2013.


Lew Williams III, Mayor

ATTEST:


Katherine M. Suiter, City Clerk MMC

CITY AND BOROUGH OF WRANGELL, ALASKA

RESOLUTION NO. 03-13-1272

A RESOLUTION OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, ENDORSING AND URGING STATE FUNDING FOR THE SWAN LAKE RESERVOIR EXPANSION PROJECT; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the City & Borough of Wrangell anticipates continued growth in the sea food, timber processing, marines service repair center and health care facilities; and

WHEREAS, the City & Borough of Wrangell continues to embrace electric heat as a practical alternative to non-renewable based fuel sources; and

WHEREAS, all local economic development opportunities require a reliable source of energy at reasonable cost; and

WHEREAS, the Southeast Alaska Integrated Resources Plan notes that there is a shortage of hydroelectric storage capacity in Southeast Alaska and that potential hydroelectric projects with storage capacity are more valuable than potential run-of-the-river hydroelectric projects; and

WHEREAS, Southeast Alaska Power Agency's (SEAPA) proposed expansion of the Swan Lake Reservoir (the Project) would directly contribute to increasing regional hydroelectric storage and maximizes the value of an existing hydroelectric project; and

WHEREAS, the Swan Lake Reservoir Expansion Project enhances the already funded Whitman Lake Hydroelectric Project; and

WHEREAS, the additional storage created by the project adds operational flexibility that benefits the entire region, and shifts summer spill from the new Whitman Lake Hydroelectric Project or the existing Lake Tyee Hydroelectric Project to much needed winter hydroelectric generation; and

WHEREAS, the Project would displace up to 12,000 MW hours of winter diesel generation, which equates to a reduction of 800,000 gallons of diesel fuel annually; and

WHEREAS, another significant advantage of the Swan Lake Reservoir Expansion project is that it needs no additional infrastructure (e.g., transmission facilities) to bring the additional power to the existing power grid; the project adds capacity at an existing dam that is currently connected to an existing power distribution grid.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA:

Section 1. That the City and Borough of Wrangell urges the State to provide \$12.3 million funding for the Project in its FY 2014 Capital Budget.

Section 2. A copy of this resolution shall be provided to Governor Parnell, Senator Stedman, Representative Peggy Wilson and Alaska Energy Authority Executive Director Sara Fisher-Goad.


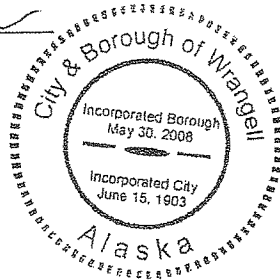
Section 3. This resolution shall become effective immediately upon adoption.

ADOPTED: March 26, 2013



David L. Jack, Mayor

ATTEST:


Kim Flores, Borough Clerk

**Petersburg Borough, Petersburg, Alaska
RESOLUTION #2013-8**

**A RESOLUTION ENDORSING THE PROPOSED EXPANSION OF THE SWAN LAKE
RESERVOIR AND URGING STATE FUNDING FOR THE EXPANSION PROJECT**

WHEREAS, the Petersburg Borough presently anticipates new business development, including expansion of a seafood processing plant and relocation of a custom sawmill in the next year; and

WHEREAS, all local economic development opportunities require a reliable source of energy at reasonable cost; and

WHEREAS, the Southeast Alaska Integrated Resources Plan notes that there is a shortage of hydro storage capacity in Southeast Alaska and that potential hydro projects with storage capacity are more valuable than potential run-of-the-river hydro projects; and

WHEREAS, Southeast Alaska Power Agency's (SEAPA) proposed expansion of the Swan Lake Reservoir (the Project) would directly contribute to increasing regional hydro storage and maximizes the value of an existing hydro project; and

WHEREAS, the additional storage created by the Project adds operational flexibility that benefits the entire region, and shifts summer spill from the new Whitman dam project or the existing Tyee facility to much needed winter hydro generation; and

WHEREAS, the Project would displace up to 12,000 MWhrs of winter diesel generation, which equates to a reduction of 800,000 gallons of diesel fuel annually; and

WHEREAS, another significant advantage of the Swan Lake Reservoir Expansion project is that it needs no additional infrastructure (e.g., transmission facilities) to bring the additional power to the existing power grid; the Project adds capacity at an existing dam that is currently connected to an existing power distribution grid.

THEREFORE BE IT RESOLVED by the Borough Assembly of Petersburg, Alaska to endorse SEAPA's proposed expansion of the Swan Lake Reservoir.

RESOLVED FURTHER, the Petersburg Borough Assembly urges the State to provide \$12.3 million funding for the Project in its FY 2014 Capital budget.

Passed and Approved by the Petersburg Borough Assembly on March 4, 2013.

A copy of this Resolution shall be provided to Governor Sean Parnell, Senator Bert Stedman, Senator Dennis Egan, Representative Beth Kertulla, Representative Peggy Wilson, and Alaska Energy Authority Executive Director Sara Fisher-Goad.

Mark Jensen / Mayor
Mark Jensen, Mayor

ATTEST:

Debra K. Thompson
Debra K. Thompson, Deputy Clerk



February 6, 2013

Alaska Energy Authority
813 West Northern Lights Boulevard
Anchorage, Alaska
99503

ATTN: Sara Fisher-Goad - Director, Alaska Energy Authority

Ms. Fisher-Goad,

As you are likely aware, Heatherdale Resources Ltd. (Heatherdale) is currently advancing geological, engineering and environmental studies toward the future development of the Niblack Copper-Gold-Zinc-Silver Project (Niblack) on Prince of Wales Island. Part of these investigations includes studies of the suitability of an ore-processing facility separate from the mine location, yet still within the Ketchikan area.

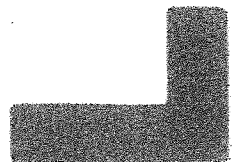
It has recently come to our attention that the Southeast Alaska Power Agency (SEAPA) is requesting State funding for final design, construction engineering, project management and construction of the Swan Lake Reservoir Expansion Project. We understand that the proposed reservoir expansion would meaningfully increase regional hydro storage capacity, and will become an important long-term asset for meeting local residential, commercial and industrial energy needs.

As an anticipated user of industrial power in southeast Alaska, Heatherdale would like to express support for SEAPA in its efforts to secure funding for the Swan Lake Reservoir Expansion Project. It is our understanding that funding would go towards completion of final design, construction engineering, project management and construction. Ensuring a reliable, long-term supply of low-cost, renewable and clean power for the Ketchikan region is a critical foundation for future economic and community development, and we applaud SEAPA for its leadership in this realm.

Sincerely,

A handwritten signature in black ink, appearing to read 'Patrick Smith', written over a circular scribble.

Patrick Smith
President & CEO



ATTACHMENT 2

LETTER TO GOVERNOR PARNELL



1900 1st Avenue, Suite 318
Ketchikan, Alaska 99901
Ph: (907) 228-2281 | Fax: (907) 225-2287
www.seapahydro.org

February 13, 2014

Delivery via Email to Sean.Parnell@alaska.gov and U.S. Priority Mail

The Honorable Governor Sean Parnell
Office of the Governor
Third Floor, State Capitol
P. O. Box 110001
Juneau, Alaska 99811-0001

Re: SEAPA's Integrated Regional Planning Process

Dear Governor Parnell:

At the request of Mayor Lew Williams, this letter is a follow-up to concerns expressed during your recent meeting in Ketchikan on February 6th. During the discussion there was an apparent desire for your office to better understand Southeast Alaska's power development strategy, with an emphasis on how the Mahoney Lake Project fits into the evaluation process.

The Southeast Alaska Power Agency (SEAPA) is leading the region's effort to advance new power generation opportunities to serve anticipated load growth. SEAPA's integrated planning process supports responsible development that will provide the maximum long-term benefit for ratepayers. SEAPA currently has multiple initiatives following parallel paths to address near, mid, and long-term power and energy needs.

1. Near-term: SEAPA and its member utilities are maximizing existing infrastructure, often referred to as the "low hanging fruit". The following list of projects will provide up to 33,000 MWhrs by 2016. That equates to a 12% increase in available energy over actual SEAPA control area sales in 2012.

- | | | |
|----------------------------------|--------------|--------|
| • Tye Cooling Water Modification | 1,000 MWhrs | (2013) |
| • Tye Outlet Weir | 4,000 MWhrs | (2013) |
| • Whitman Lake Hydro (KPU) | 16,000 MWhrs | (2014) |
| • Swan Lake Reservoir Expansion | 12,000 MWhrs | (2016) |

2. Mid-term: SEAPA initiated a Request for Offers of Power & Energy (RFO) in January 2012. This competitive process invited all interested parties to bring forward proposals to meet projected load growth with deliveries starting in 2017. Proposals were not limited to hydro and initial responses have provided an impressive variety of small to mid-size projects totaling over 70MW's of generation. Options 1, 2, and 3 under the RFO process specifically target mid-term needs, while providing significant flexibility to attract potential interested parties. Proposers were provided two field seasons to compile required information. Final proposals are due on September 30, 2014 and will be carefully assessed to determine if they provide the most economical solution to meet anticipated mid-term load growth.

SOUTHEAST ALASKA POWER AGENCY

The Honorable Governor Sean Parnell

Page 2

February 13, 2014

3. Long-term: SEAPA is conducting a State-funded regional hydrosite analysis that spans from Kake to Metlakatla. As noted in the Southeast Alaska Integrated Resource Plan (SEIRP), there is a lack of uniform information on potential hydrosites. This project builds upon the SEIRP and will support fact based decision making. SEAPA successfully initiated its hydrosite analysis field effort last fall on Annette Island. Our expert field teams are now poised for an expanded deployment starting early this spring and will continue work throughout the summer and into next fall. The scope of this effort is well defined, highly technical, and results driven. It includes reservoir bathymetry mapping (below water), Lidar mapping (above waterline), stream gaging, capacity modeling, conceptual design, fatal flow analysis, and fisheries assessment as needed. Although there are over 60 potential sites in our region, SEAPA has quickly narrowed the field to concentrate our limited funding on the most promising sites. This effort will catalog and refine data over the next two field seasons, providing a foundation for future long-term hydro development decisions.

SEAPA owns the existing Tye Lake Hydropower Facility. This project was originally designed to accommodate a third turbine/generator (similar to Kodiak's Terror Lake Facility) and will also be considered for future expansion in the regional hydrosite analysis.

SEAPA's RFO Option 4 is another initiative that specifically addresses the region's long-term need for power and energy. It provided a mechanism for proposers to bring forward projects for possible joint resource development with SEAPA. Proposals were due by November 29, 2013 to allow for early engagement on conceptual opportunities and are currently under review.

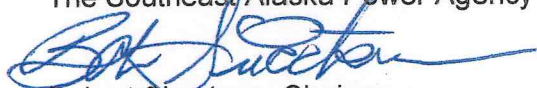
With regard to the proposed Mahoney Lake Project, we believe the Mahoney Partnership's construction estimate of \$46MM is significantly understated when compared to current Southeast Alaska project costs. Despite an anticipated higher cost, SEAPA still considers Mahoney Lake to be a potentially viable hydro resource and it is being included in our detailed regional hydrosite analysis. The Mahoney Partnership has also been provided an opportunity to participate in SEAPA's Request for Offers of Power & Energy.

In closing, SEAPA has a well thought out regional integrated planning process that is firmly based on prudent utility practices. We appreciate the State's support of our efforts to bolster the information provided in the Southeast Alaska Integrated Resource Plan. Our regional hydrosite analysis effort will establish credible and actionable recommendations to steer future project development in our region. SEAPA is fully committed to identifying and developing renewable energy resources that are in the best long-term interest of our ratepayers.

Sincerely,



Trey Acteson, CEO
The Southeast Alaska Power Agency



Robert Sivertsen, Chairman
The Southeast Alaska Power Agency

cc: Michael Nizich, Chief of Staff, Office of the Governor, w/enclosure via email to mike.nizich@alaska.gov
Randy Ruaro, Special Counsel & Policy Advisor, Office of the Governor, w/enclosure via email to randy.ruaro@alaska.gov
The Honorable Senator Bert Stedman, w/enclosure via email to Senator.Bert.Stedman@akleg.gov
The Honorable Representative Peggy Wilson, w/enclosure via email to Representative.Peggy.Wilson@akleg.gov
The Honorable Mayor Lew Williams, III, City of Ketchikan, w/enclosure via email to mayor@city.ketchikan.ak.us
The Honorable Mayor Dave Kiffer, Ketchikan Borough, w/enclosure via email to davek@kqbak.us
The Honorable Mayor Mark Jensen, Petersburg Borough, w/enclosure via email to mayoriensen@petersburgak.gov
The Honorable Mayor David Jack, City and Borough of Wrangell, w/enclosure via email to djack80@hotmail.com

ATTACHMENT 3

**TYEE O&M
CEO 08/19/2013 LETTER TO TBPA**

August 19, 2013

To: John Jensen, President - Thomas Bay Power Authority (TBPA)

From: Trey Acteson, CEO - Southeast Alaska Power Agency (SEAPA)

RE: TBPA – Tyee Hydroelectric Project Operation & Maintenance (O&M) Agreement.

Dear President Jensen,

SEAPA is reaching out to the Thomas Bay Power Authority to explore opportunities that exist to remedy a number of important issues that revolve around the current Tyee O&M Agreement. We have provided specific solutions to each of the prominent topics below and believe that collectively they represent an enormous benefit to the TBPA, your employees, and the communities your organization represents. We offer these potential solutions for the Commission's consideration, contingent upon final approval by the SEAPA Board of Directors.

PERS Unfunded Liability: The four TBPA power plant employees working under the existing Tyee O&M agreement participate in the State PERS retirement program instead of their Union's (IBEW) pension plan. They are technically employees of the City & Borough of Wrangell and one of the positions has an unfunded liability of \$528,250.00 (\$155,920 termination fee + 18 years of annual payments equaling \$372,330). The other three positions are PERS Tier 4, and although there is no unfunded liability identified for them, the City & Borough of Wrangell currently pays a 10% PERS premium above the normal contribution rate.

The TBPA Secretary position has an unfunded liability of \$228,574.00 (\$3,520 termination fee + 18 years of annual payments equaling \$225,054). There is no unfunded liability identified for the TBPA General Manager's position.

Termination of the existing Tyee O&M contract would result in the TBPA (technically the City & Borough of Wrangell) being burdened with payments for positions that no longer exist, totaling \$756,824.00 (per Buck Consultants' Termination Study).

Possible Solution: SEAPA proposes absorbing existing TBPA employees and making a one-time lump sum payment to the City & Borough of Wrangell to cover the unfunded liability for those positions. The City & Borough of Wrangell have indicated that they would consider keeping one employee on their books who prefers to stay in PERS until such time that they retire. The remainder of the employees, with the exception of the Secretary, would have the opportunity to join the IBEW pension plan. The IBEW pension plan is far superior to the PERS Tier 4, which is basically a 401k plan. The IBEW has indicated that they will work with us during any transition and past years of service are typically acknowledged through a partial credit. The secretary position is an administrative position and would be transitioned to SEAPA's NRECA program to be consistent with our other administrative employees.

This solution is a win/win that relieves the Northern communities of a large unfunded liability. It provides a much better opportunity for newer employees to have a "livable" wage when they retire, and also addresses concerns of those approaching retirement.

ARECA Insurance Rebate: There is approximately \$259,798.00 available in rebates from ARECA Insurance Exchange. The original premiums were funded by SEAPA through the net billing process. These

rebate monies could be applied toward the PERS unfunded liability payoff to help reduce the collective impact to SEAPA's three member utilities.

Clearing Crew: The existing clearing crew is based in Wrangell and consists of one regular full-time position, supplemented by seasonal part-time employees. These individuals face uncertainty every year depending on workload and budgets.

Possible Solution: SEAPA proposes absorbing the clearing crew operations as part of a comprehensive package. The crew's home base would remain in Wrangell and SEAPA would commit to hiring one additional regular position. The crew's work scope would expand to cover other areas of the SEAPA transmission system, which would provide greater job stability and help meet line clearing objectives.

Community Oversight of Tyee: There is a strong sense of community pride and purpose for the Tyee hydroelectric project in Wrangell and Petersburg. Although the project is owned by SEAPA, it is the primary source of low-cost hydroelectric power for the area. Power from Tyee also now flows south to the interconnected community of Ketchikan to displace high cost diesel generation. Some people feel that if the extra layer of management provided by TBPA is removed, somehow they will lose local control.

Possible Solution: The SEAPA Board is comprised of community members appointed by their respective Mayors. They are a direct conduit to their communities and are in a strong position to provide oversight and affect change. It is important to acknowledge that half of the members of the TBPA Commission are already on the SEAPA Board. The misperception of loss of community oversight can be resolved through better outreach and communications. SEAPA would commit to providing quarterly project updates in written report form directly to the City/Borough Assemblies of Wrangell and Petersburg. Community members are always welcome to attend SEAPA Board meetings and significant information regarding budgets and ongoing activities is now readily available on the SEAPA website.

Thomas Bay Power Authority's Role and Future: The TBPA's initial mission was to perform hydrosite analysis and advance hydro development in the Thomas Bay Basin. They also assumed the role of O&M contractor for the Tyee project. Over the years TBPA's role has narrowed to just being an O&M contractor.

Possible Solution: The State of Alaska has provided funding for SEAPA to perform regional hydrosite analysis and that process will include potential projects in the Thomas Bay Basin. If the Commission desires to have SEAPA transition into the role of managing daily O&M of Tyee, the TBPA could still remain in the community charters and be available for immediate re-activation should a need arise.

Transition to SEAPA: There is a clause in the current O&M agreement that requires SEAPA to provide a minimum one year notice of contract termination by June 30, effective the following year. The TBPA currently has a funding gap for non-net billables and they would benefit from an expedited solution.

Possible Solution: There is nothing that prevents an early termination of the O&M contract if it is mutually agreed upon by both parties. If it is the desire of the TBPA Commission (and their respective communities), SEAPA is willing to relieve the TBPA of their contractual obligations as part of a more timely transition. Although not required upon termination of the O&M agreement, SEAPA is offering a package of favorable solutions at this time to help facilitate a seamless and positive transition for all parties.

ATTACHMENT 4

**TYEE O&M
PETERSBURG BOROUGH RESOLUTION
NO. 2014-03**

**PETERSBURG BOROUGH, ALASKA
RESOLUTION #2014-03**

A RESOLUTION IN SUPPORT OF CITY AND BOROUGH OF WRANGELL RESOLUTION #12-13-1290, RECOMMENDING THE OPERATIONS AND MANAGEMENT OF THE TYEE HYDROELECTRIC PROJECT BE TRANSFERRED FROM THOMAS BAY POWER AUTHORITY (TBPA) TO SOUTHEAST ALASKA POWER AUTHORITY (SEAPA)

WHEREAS, on September 27, 2013, the Petersburg Assembly adopted Resolution #2013-21, accepting SEAPA's August 19, 2013 offer to take over the costs of operations of the Tyee Hydroelectric Facility, and urged the Wrangell Assembly to do the same, and

WHEREAS, on December 10, 2013, the City and Borough of Wrangell Assembly adopted Resolution #12.13.1290, directing their Manager to enter into negotiations with SEAPA and the Petersburg Borough to develop a conversion plan to transfer the operations and maintenance of the Tyee Hydroelectric Facility to SEAPA and to bring back the plan to the respective boards for approval.

THEREFORE BE IT RESOLVED, the Assembly for the Borough of Petersburg hereby declares their support of City and Borough of Wrangell Resolution #12-13-1290 in its entirety, a copy of which is attached and made a permanent part of this resolution.

Passed and Approved by the Petersburg Borough Assembly on February 14, 2014.

Mark Jensen, Mayor

ATTEST:

Debra K. Thompson, Deputy Clerk

ATTACHMENT 5

**TYEE O&M
PETERSBURG BOROUGH RESOLUTION
NO. 2013-21**

**PETERSBURG BOROUGH, ALASKA
RESOLUTION #2013-21**

A RESOLUTION INFORMING THE CITY AND BOROUGH OF WRANGELL ASSEMBLY THAT THE PETERSBURG ASSEMBLY ACCEPTS THE SOUTHEAST ALASKA POWER AGENCY'S AUGUST 19, 2013 OFFER TO TAKE OVER THE COSTS OF OPERATIONS OF THE TYEE HYDROELECTRIC PROJECT AND TO ABSORB THE CURRENT AND PAST EMPLOYMENT CASH LIABILITIES INCURRED BY THOMAS BAY POWER AUTHORITY AND SUGGESTS THAT THE NON-NET BILLABLE EXPENSES BE PAID BY SEAPA; AND URGING THE WRANGELL ASSEMBLY DO THE SAME

WHEREAS, the formation of Southeast Alaska Power Agency (SEAPA) in late 2008, carried forward a 1996 Operation and Maintenance Agreement contract between the Thomas Bay Power Authority (TBPA) and the Alaska Energy Authority (AEA), whereby SEAPA assumed the rights and responsibilities of the operation and maintenance authority, and costs, of the Tyee Lake Hydro project; and

WHEREAS, in the mid 1970's the communities of Wrangell and Petersburg voters jointly approved formation of the TBPA for the purpose of hydro development and operation, and

WHEREAS, for many years, the Petersburg municipality has been voluntarily supporting and funding one-half of the Non-Net Billable portion of the annual TBPA budget. The Non-Net Billable budget provides mostly for the expenses to employ two positions within TBPA that are outside of the general operations & maintenance crew costs covered by the O&M Agreement with SEAPA. It also provides the administrative costs associated with the TBPA Board of Directors, and

WHEREAS, on May 6, 2013, the Petersburg Borough Assembly by a vote of 6-1 determined not to fund the proposed FY 13/14 TBPA Non-Net Billable budget. It was consensus of the Assembly that responsibility for this budget item was an issue which should be resolved between TBPA and SEAPA; and

WHEREAS, the CEO for SEAPA, in a memo dated August 19, 2013 addressed to the TBPA President, proposed a very fair solution, subject to SEAPA Board approval, to absorb all existing TBPA employees, to relieve the Petersburg and Wrangell boroughs from absorbing a substantial retirement liability cost incurred over the years for two employment positions, and to add and fund an additional employment position within the Tyee Project, and

WHEREAS, it was apparent at the joint work session held between the Wrangell and Petersburg Borough Assemblies on September 10, 2013 the Wrangell representatives may not fully appreciate the effects of the generous offer made by SEAPA that will benefit both communities.

NOW THEREFORE BE IT RESOLVED, the Petersburg Borough Assembly finds the August 19, 2013 memo from the SEAPA CEO to the President of TBPA regarding the Operation and Maintenance Agreement for the Tyee Hydroelectric Project to be acceptable and is willing to work with the SEAPA and TBPA boards to make the offer, or a similar negotiated offer, a permanent agreement.

RESOLVED FURTHER, the Petersburg Borough Assembly urges the City and Borough of Wrangell Assembly to acknowledge acceptance of the proposed August 19, 2013 SEAPA terms, or

similar terms that could be negotiated, to save TBPA in excess of \$750,000 in immediate cash liability, as well as retain the ability to influence regional hydro site analysis in the future, is a benefit to both communities.

FINALLY RESOLVED, failure of the City and Borough of Wrangell to accept the August 19, 2013 memo terms, or similar terms to be negotiated between SEAPA and TBPA, leaves the Petersburg Borough with no alternative but to take the position that 1) the unfunded PERS liability, exceeding \$750,000, will be the sole liability of the City and Borough of Wrangell should SEAPA determine to terminate the agreement with TBPA; and 2) Petersburg Borough will not fund any future Non-Net Billable items as currently presented in the TBPA budgets.

Passed and Approved by the Petersburg Borough Assembly on Friday, September 27, 2013.

Mark Jensen, Mayor

ATTEST:

Kathy O'Rear, Clerk

ATTACHMENT 6

TYEE O&M

**CITY AND BOROUGH OF WRANGELL
RESOLUTION NO. 12-13-1290**

CITY OF WRANGELL, ALASKA

RESOLUTION NO. 12-13-1290

A RESOLUTION OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, RECOMMENDING THAT THE OPERATIONS AND MANAGEMENT OF THE TYEE HYDROELECTRIC PROJECT BE TRANSFERRED FROM THOMAS BAY POWER AUTHORITY (TBPA) TO SOUTHEAST ALASKA POWER AUTHORITY (SEAPA) AND TO WORK COOPERATIVELY WITH THE PETERSBURG BOROUGH AND SEAPA TO FORMULATE A COMPREHENSE CONVERSION PLAN TO MEET THIS GOAL

WHEREAS, Thomas Bay Power Authority is under contract with SEAPA to operate and maintain the Tyee Hydroelectric Facility; and

WHEREAS, TBPA was created by the Cities of Wrangell and Petersburg to operate and maintain the Tyee Hydro project Facility; and

WHEREAS, SEAPA is the owner and holds the Federal Energy Regulatory Commission (FERC) permit for the Tyee Hydroelectric project; and

WHEREAS, Wrangell recognizes the many contributions that TBPA has made over the years, the bond it has helped create between Petersburg and Wrangell and believes that TBPA should go into an inactive state rather than eliminate it so it may reactivate it in the future if the need arises ; and

WHEREAS, SEAPA has proposed to operate the Tyee facility for the communities of Wrangell and Petersburg; and

WHEREAS, Petersburg has passed a resolution that states that they want to accept the offer made by SEAPA's CEO dated August 19, 2013 and that they are willing to work with SEAPA and others to make the offer, or a similar negotiated offer, a permanent agreement and encouraged Wrangell to also accept the SEAPA offer; and

WHEREAS, Both Wrangell and Petersburg believe there are economic and operation advantages for SEAPA to operate the Tyee facility; and

WHEREAS, Wrangell believes that in this transfer of operations, it is important that the employees of TBPA that will be absorbed into the SEAPA system are given assurances that they will "kept whole" during the transfer and that the positions will be kept in Wrangell for a period of two years; and

WHEREAS, Wrangell currently is paying for 100% of the non-net billable costs of TBPA since July 1st, 2013 and believes that these costs need to be equally shared from July 1, 2013 up to the time that the conversion is completed; and

WHEREAS, Without TBPA, it is important that Wrangell, Petersburg, and SEAPA make every effort to continue to improve open and transparent communications with each other on both the Tyee Project and the SEAPA system as a whole and believes both a longer retention of SEAPA's Digital Audio Recording of meetings and having an assembly member on the SEAPA board will help both SEAPA community members and Wrangell achieve progress in area of better communications and transparency; and

WHEREAS, Wrangell believes that it is important that from time to time that the three communities: Ketchikan, Petersburg, and Wrangell revisit the existing MOU, including updates that may be needed, and the underlying reasons why it was part of the original divestiture and urges Ketchikan and Petersburg to participate in this process; and

WHEREAS, SEAPA's offer to run the Tye Hydroelectric Project included absorbing all costs related to the Public Employees Retirement System (PERS) unfunded liability, transferring all employees to SEAPA and integrating them into the various benefit packages that SEAPA would provide; and

WHEREAS, Wrangell recognizes that the ARECA Insurance Rebate of approximately \$259,798 is an asset of TBPA and that it is not unreasonable to apply this amount to the unfunded liability debt incurred by its employees while working for TBPA and would encourage Petersburg to take a similar stance; and

WHEREAS, Wrangell understands that the conversion of various payroll, accounting and other records to SEAPA may take some time and Wrangell is committed to making that process as smooth as possible and is willing to assist in any way that we can to less the impact this transition has on the employees of TBPA.

NOW THEREFORE BE IT RESOLVED, THE CITY AND BOROUGH OF WRANGELL BOROUGH ASSEMBLY directs the Borough Manager to enter into negotiations with SEAPA and the Petersburg Borough to develop a conversion plan to transfer the operations and maintenance of the Tye Hydroelectric Facility to SEAPA and to bring back the plan to the respective boards for approval.

RESOLVED FURTHER, THE CITY AND BOROUGH OF WRANGELL BOROUGH ASSEMBLY would like the following features included as part of the conversion plan:

1. That the conversion plan be completed and presented to the respective boards by January 31, 2014.
2. The current TBPA employees are "kept whole" as it relates to wages and benefits through the conversion process.
3. That the current employee contracts with both IBEW and the TBPA manager are "kept whole" during the conversion process or if some changes have to be made every effort will be made to minimize any negative impacts to the employees.
4. That the City and Borough of Wrangell will work cooperative with SEAPA with all matters related to payroll and other accounting records to help reduce any impact on both the TBPA employees and SEAPA.
5. That SEAPA will be responsible for all of the TBPA PERS unfunded liability and that to help lessen that impact, Wrangell and Petersburg agree to contribute the ARECA Insurance Rebate of approximately \$259,798 or the amount of the unfunded liability, whichever is less.
6. That there is a date set in the future that would require the City and Borough of Wrangell, the City and Borough of Ketchikan and the Petersburg Borough to review the Power Sales Agreement and the organization of SEAPA to see if it is in all of our best interest to continue as is or if there are changes that could be made for the mutual benefit of all communities.
7. That the non-net billable costs that Wrangell has paid since July 1, 2013 to the date of the final conversion are shared by the other parties to this agreement.

FINALLY RESOLVED, THE CITY AND BOROUGH OF WRANGELL ASSEMBLY would like the following items adopted in order to promote open communications between Wrangell, SEAPA, Petersburg Borough, and the City and Borough of Ketchikan:

1. Direct the Borough Manager to send a letter to the SEAPA Board requesting them to retain the Digital Audio recordings of their meetings for a period of two years.
2. That the City and Borough of Wrangell would make as policy that the SEAPA board appointment from Wrangell each year would first be chosen, if a candidate is available, from the borough assembly prior to any other candidates being considered.
3. That Wrangell send a letter to both the City and Borough of Ketchikan and the Petersburg


Borough urging them to participate in revising the existing MOU to meet current conditions and to adopt a date in the future that the three communities would participate in reviewing this revised MOU.

ADOPTED: December 10, 2013



David L. Jack, Mayor

ATTEST:


Kim Lane, Borough Clerk

SOUTHEAST ALASKA POWER AGENCY

Date: February 21, 2014
To: Trey Acteson
From: Steve Henson, Operations Manager
Subject: Operations Update for March 3, 2014 Board Meeting
Purpose: To provide a status report on major operations activities.

REGULATORY

FERC

Hatch Associates was chosen to conduct SEAPA's Part 12, five-year review. FERC approved Dick Griffith as the Independent Consultant to perform the inspection and reporting. Along with the Part 12, FERC required a review of the seismicity studies due to the earthquakes that have occurred near our region in the last two years. This will also dovetail with the requirements for studies on the Swan Dam raise.

SEAPA staff attended an annual meeting at FERC's Portland Regional Office for Alaska FERC licensed projects on February 20, 2014 in Seattle, Washington. Topics discussed were as follows:

- Risk Informed Decision Making (RIDM) status
- Annual letters
- Dam Safety Surveillance and Monitoring Plan and Report (DSSMP/DSSMR)
- Public Safety Plans (PSP)
- Plans and Specifications for construction (amendment or new project)
- Filing with FERC for submittals to D2SI-PRO
- Emergency Action Plans (EAP)
- Part 12 Independent Consultant Safety Inspection and Reports
- Potential Failure Modes Analysis (PFMA)
- FERC Security Program, Currently Rev. 2 dated June 3, 2009
- Facility Maintenance Planning
- Time Extension Requests

Susitna-Watana update by AEA

Blue Lake Dam update by Sitka

Roundtable discussion of current project activity, current issues of interest, schedules, inspections, etc.

Other project updates from licensees during the roundtable:

- Swan Lake raise
- Terror Lake new unit
- Whitman Lake
- Cooper Lake, Stetson Creek diversion
- Bradley Lake, Battle Creek diversion

MAJOR CONTRACTS

Wrangell Reactor

The Wrangell Reactor replacement project management, engineering, and design were awarded to Electric Power Systems, Inc. (EPS). Staff solicited bids for the supply and delivery of three oil-filled three-phase 2.5 MVAR shunt reactors to replace the ailing 7.5 reactor. Bids are due February 24 and results will be provided at the board meeting with a recommendation for award of a contract. Engineering is ongoing for the construction and installation phase.

Satellite Communications System

The satellite system and phones have been installed at Swan Lake and the SEAPA office. The mesh network is functional. Staff will elaborate further on the remaining scope, schedule, and budget of the project during the board meeting.

The permitting process is underway for the Tyee dish location.

The City and Borough of Wrangell has agreed to allow us to string a fiber optic cable between the Wrangell substation and switchyard on their distribution poles which will save us the need for two dishes and equipment in Wrangell.



Satellite Dish at SEAPA Office Location

STI Helipad

Bids for the supply and delivery of 105 helipads are due on February 24, 2014. Results will be provided at the board meeting with a recommendation for award of a contract. The pads will likely be stored in the Ward Cove area until deployment by barge to their specific locations. Deployment will be by helicopter from barges.



Photograph of one type of Helipad Model

ATV Use on the Tye Transmission System

A Request for Proposals will issue on February 28, 2014 for the permitting effort required by the USFS for the use of the ARGO on select areas of the Tye transmission line right-of-way.

Swan Lake Power House Roof and Water Tank Projects

RFP's for both projects are in draft. It is anticipated bids will be solicited shortly. They consist of replacing the roof membrane and recoating the water tank.

SEAPA Landing Craft for Swan Lake Project

Bids were initially solicited in October 2013 for a landing craft that could accommodate a freight capacity of 10,000 lbs, deck capable of carrying materials up to 20 ft long, and carrying a standard size pickup. The bids received on October 11, 2013 for the craft were cost prohibitive

and the board determined at its October 15-16, 2013 meeting that staff should re-evaluate the project and scope to downsize the vessel. Staff solicited bids on a downsized craft on February 10, 2014 to align with budgeted funds and bids are due February 24, 2014. Staff will evaluate bids and provide the results and a recommendation for award during the upcoming board meeting.

Operator Training

SEAPA will be sending one operator from each plant to Golden Colorado for an 8-day course on power plant operation and maintenance in early April. As time and budget allow, we will continue this rotation with other personnel.

Engineering Drawings

Joe May completed the first phase of the drawings project, which allowed us to complete the Electronic Document Management System (EDMS) so outside engineering consultants can access SEAPA's drawings library.

The next step in the project is a review of the field portion to verify redlines and changes, after which drawings will need to be updated and reissued to their respective areas.

Helipad installation on DNR Lands

McMillen LLC has proposed an approach for the permitting of helipad placement on DNR Lands within the STI. The process is similar to the permitting for the USFS Lands. The process should not be as lengthy due to the USFS having already given their approval. Staff is reviewing the proposal.

FERC Annual Fees

McMillen LLC and Tetra Tech worked jointly on the non-capacity amendments to both projects regarding changes to FERC land-use fees charged to SEAPA each year. This stems from a FERC decision that allows non-Federal lands to be deducted from acreage within our project boundaries. Copies of the respective letters and applications sent to FERC in January 2014 are attached showing the acreage proposed for removal for each project.

CONCLUSION

Staff will be available to answer any questions or concerns.

Attachment 1:

01/07/2014 Letter and Application for Amendment
to FERC Re Tyee Lake Project No. 3015

Attachment 2:

01/09/2014 Letter and Application for Amendment
to FERC Re Swan Lake Project No. 2911

ATTACHMENT 1

Letter to FERC Re Tyee Project No. 3015



1900 1st Avenue, Suite 318
Ketchikan, Alaska 99901
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January 7, 2014

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Project No. 3015
Tye Lake Hydroelectric Facility

**Re: Application for Amendment of License of the Tye Lake
Project No. 3015 to Amend Article 301**

Dear Secretary Bose:

The Southeast Alaska Power Agency ("SEAPA"), licensee of the Tye Lake Project No. 3015 ("Project"), hereby submits an application to amend Article 33 of its license in response to the Federal Energy Regulatory Commission's ("FERC" or "Commission") Declaratory Order in Power Site Reservation Fees Group, 142 FERC ¶ 61,196 (2013) ("Declaratory Order").

Based on the Declaratory Order, SEAPA proposes to remove 1,460 acres of land subject to a power site reservation under Section 24 of the Federal Power Act ("FPA") from the acres of land designated as lands of the United States. Those 1,460 acres of land were owned by the United States until the State of Alaska acquired those lands pursuant to Section 6(a) of the Alaska Statehood Act of July 7, 1958. Although SEAPA understands those lands are still subject to a power site reservation, based on the Declaratory Order, the Commission has determined that it will no longer charge annual federal land use charges for the use and occupancy of those lands. In the Declaratory Order, the Commission held that it "will no longer assess annual charges with respect to former federal lands included within the boundaries of hydropower projects as to which a section 24 reservation obtains." 142 FERC ¶ 61,196 at P 7. The Declaratory Order also noted that hydropower licensees with non-federal lands subject to a power site reservation at their projects can submit information to Commission staff "whenever they see fit." Id. at P 8.


Attached to the Application to amend Article 33 as Attachment A are the currently applicable Exhibit K maps for the Project, which separately quantify both the federal lands and the lands owned by the State of Alaska subject to the FPA Section 24 power site reservation within the project boundary. Attachment B to the application includes the land transfer documents showing that the lands identified as subject to Section 24 of the FPA on the Exhibit K maps are no longer owned by the United States. Attachment C is a GIS generated map and analysis of land ownership within the Project boundary, and provides the basis for the updated tabulations.

SOUTHEAST ALASKA POWER AGENCY

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
January 7, 2014
Page Two

If you have any questions regarding this filing, please do not hesitate to contact the undersigned at (907) 228-2281.

Sincerely,

A handwritten signature in blue ink, appearing to read 'T. Acteson', with a long horizontal flourish extending to the right.

Trey Acteson, CEO
The Southeast Alaska Power Agency

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

*Application for Amendment of Article 33 of the License for
Tye Lake Project No. 3015*

Proposal to Amend Article 33 of the License

(1) The Southeast Alaska Power Agency (“SEAPA”) applies to the Federal Energy Regulatory Commission (“FERC” or “Commission”) for an amendment of license for the Tye Lake Project No. 3015 (“Project”) water power project. This application is for a non-capacity amendment in accordance with the license and Section 4.201 of the Commission’s regulations.¹

(2) The exact name, business address, and telephone number of the applicant are:

Southeast Alaska Power Agency
1900 First Avenue, Suite 318
Ketchikan, Alaska 99901
(907) 228-2281

Contact for this Application:
Trey Acteson
Chief Executive Officer
(907) 228-2281

(3) The applicant is a joint action agency, established according to the laws of the State of Alaska, and is considered a municipality for purposes of the Federal Power Act (FPA), and the licensee of the water power project, designated as Project No. 3015 in the records of the Commission, which issued an Order Issuing New License for the Project on August 5, 1981 (“License Order”).

(4) The amendment of license proposed and the reasons why the proposed changes are necessary:

¹ 18 C.F.R. § 4.201

The purpose of the amendment application is to amend Article 33 of the license to modify the number of acres of federal land listed as within the Project boundary. Article 33 is used for the purpose of calculating SEAPA's annual charge for recompensing the United States for the use, occupancy, and enjoyment of federal lands under section 10(e) of the FPA.² SEAPA proposes to amend Article 33 of the license in response to the Commission's March 21, 2013 Declaratory Order in Power Site Reservation Fees Group ("Declaratory Order").³ The current Exhibit K drawings on file with the Commission show 2,312 acres of land within the FERC Boundary. Utilizing modern GIS mapping techniques, SEAPA's revised Exhibit K submitted herein (Attachment A) reflects 2,905 acres as being within the project boundary. Based on the Declaratory Order, SEAPA proposes to remove 1,460 acres of land subject to a power site reservation under Section 24 of the FPA from the acres of land designated as lands of the United States. Those 1,460 acres of land were owned by the United States until they were transferred to the State of Alaska pursuant to Section 6(a) of the Alaska Statehood Act of July 7, 1958.⁴

Patents 50-2002-0015 and 50-2004-0174 were issued to the State of Alaska by the United States on October 31, 2001 and February 27, 2004 respectively for purposes of furthering the development of and expansion of communities in Alaska. A federal power site reservation, pursuant to Section 24 of the Federal Power Act (FPA) was included in the patents: lands reserved under Section 24 and within the Project boundary have been subject to annual charges.

² 16 U.S.C. § 803(e).

³ 142 FERC ¶ 61,196 (2013).

⁴ Pub. L. 85-508, 72 Stat. 339, as amended

However, since then, the Commission issued the Declaratory Order on March 21, 2013, which holds that the Commission will no longer require licensees to pay annual land use charges for non-federal lands subject to a Section 24 power site reservation.⁵

Therefore, SEAPA proposes to amend license Article 33 to remove reference to the 1,460 acres of land occupied by SEAPA that are subject to Section 24 of the FPA. This leaves 1,444 acres of federal land located in the Tongass National Forest administered by the USFS within the Project boundary and subject to annual charges under Article 33; these remaining lands are primarily within the transmission corridor associated with the Project boundary. Specifically, SEAPA requests the following change to Article 33:

Current License Article 33:

Article 33. The Licensee shall pay the United States the following annual charge, effective as of the first day of the month in which this license is issued:

(a) For the purpose of reimbursing the United States for the cost of administration of Part I of the Act, a reasonable annual charge as determined by the Commission in accordance with the provisions of its regulations, in effect from time to time. The authorized installed capacity for such purpose is 26,700 horsepower.

(b) For the purpose of recompensing the United States for the use, occupancy and enjoyment of its land an amount to be determined later.

Proposed License Article 33:

Article 33. The Licensee shall pay the United States the following annual charge, effective as of the first day of the month in which this license is issued:

⁵ *Power Site Reservation Fees Group*, 142 FERC ¶ 61,196 at P 7.

(c) For the purpose of reimbursing the United States for the cost of administration of Part I of the Act, a reasonable annual charge as determined by the Commission in accordance with the provisions of its regulations, in effect from time to time. The authorized installed capacity for such purpose is 26,700 horsepower.

(d) For the purpose of recompensing the United States for the use, occupancy and enjoyment of 1,444 acres of its lands (other than for transmission right of way). The project occupies 2,635 acres of federal lands (1,460 acres of which are Section 24 lands). Under the Commission's policy currently in effect, projects occupying Section 24 lands will not be assessed an annual charge.

The exhibits attached to this application show that the lands identified in Article 33 are no longer owned by the United States. Attached to this application as Attachment A are the applicable proposed Exhibit K maps for the Project, amended to restate the 1,444 acres of federal land that remain within the Project boundary and subject to annual fees. Non-federal lands, and federal lands subject to Section 24 of the FPA are also tabulated.

In addition, attached as Attachment B are the land transfer documents showing that the lands identified as subject to Section 24 of the FPA on the Exhibit K maps are no longer owned by the United States. The land transfer documents include the approved patents from United States of America, through the USFS, whereby the State acquired land from the Bureau of Land Management (BLM). The documents also contain the BLM's master title plats covering such lands. Together, these documents demonstrate that the land within the Project boundary previously owned by the United States is now

owned by the state. Attachment C is a Geographic Information System (GIS) generated land map showing reconciled land-ownership information. A cover page is provided which classifies acres subject to annual fees as being either: (A) exclusive of transmission lines; or, (B) transmission lines. A tabulation of Section 24 lands in each category is also provided.

In light of the Commission's decision in the Declaratory Order to no longer charge licensees for the use, occupancy, and enjoyment of land previously owned by the United States and subject to a Section 24 power site reservation, SEAPA requests the Commission amend Article 33 of the License to remove those lands from the calculation of annual charges.

(5)(i) The statutory or regulatory requirements of the state in which the project would be located that affect the project as proposed with respect to bed and banks and to the appropriation, diversion, and use of water for power purposes are:

SEAPA is operating the Project in compliance with all applicable state and federal laws. No state statutory or regulatory requirements or approvals are impacted or required by this proposed license amendment.

(ii) The steps which the applicant has taken or plans to take to comply with each of the laws cited above are:

No additional actions are required.

ATTACHMENT 2

Letter to FERC Re Swan Project No. 2911



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Ketchikan, Alaska 99901
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www.seapahydro.org

EI333320181US

January 9, 2014

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Project No. 2911
Swan Lake Hydroelectric Facility

**Re: Application for Amendment of License of the Swan Lake
Hydroelectric Project No. 2911 to Amend Article 45**

Dear Secretary Bose:

The Southeast Alaska Power Agency ("SEAPA"), licensee of the Swan Lake Hydroelectric Project No. 2911 ("Project"), hereby submits an application to amend Article 45 of its license in response to the Federal Energy Regulatory Commission's ("FERC" or "Commission") Declaratory Order in Power Site Reservation Fees Group, 142 FERC ¶ 61,196 (2013) ("Declaratory Order").

Based on the Declaratory Order, the SEAPA proposes to remove 1,599 acres of land subject to a power site reservation under Section 24 of the Federal Power Act ("FPA") from the acres of land designated as lands of the United States. Those 1,599 acres of land were owned by the United States until the State of Alaska acquired those lands pursuant to Section 6(a) of the Alaska Statehood Act of July 7, 1958. Although SEAPA understands those lands are still subject to a power site reservation, based on the Declaratory Order the Commission has determined that it will no longer charge annual federal land use charges for the use and occupancy of those lands. In the Declaratory Order, the Commission held that it "will no longer assess annual charges with respect to former federal lands included within the boundaries of hydropower projects as to which a section 24 reservation obtains." 142 FERC ¶ 61,196 at P 7. The Declaratory Order also noted that hydropower licensees with non-federal lands subject to a power site reservation at their projects can submit information to Commission staff "whenever they see fit." Id. at P 8.

Attached to this application as Attachment A are the currently applicable Exhibit K maps for the Project; these maps, which were revised in 1985, do not distinguish between federal lands and the lands owned by the State of Alaska subject to the FPA Section 24 power site reservation within the project boundary. Therefore Attachment B is a GIS generated map and analysis of land ownership within the Project boundary, showing the 320.8 acres of federal land that remain within the Project boundary; this analysis utilizes a newly available digital terrain model (DTM) to more accurately place the project boundary around the reservoir at the prescribed 350 foot contour. Attachment C to the application includes the land transfer documents showing that the lands identified as subject to Section 24 of the FPA on the Exhibit K maps are no longer owned by the United States.

If you have any questions regarding this filing, please do not hesitate to contact Trey Acteson at (907) 228-2281

SOUTHEAST ALASKA POWER AGENCY

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
January 9, 2014
Page Two

Sincerely,



Trey Acteson, CEO
The Southeast Alaska Power Agency

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

*Application for Amendment of Article 45 of the License for
Swan Lake Hydroelectric Project No. 2911*

Proposal to Amend Article 45 of the License

(1) The Southeast Alaska Power Agency ("SEAPA") applies to the Federal Energy Regulatory Commission ("FERC" or "Commission") for an amendment of license for the Swan Lake Hydroelectric Project No. 2911 ("Project") water power project. This application is for a non-capacity amendment in accordance with the license and section 4.201 of the Commission's regulations.¹

(2) The exact name, business address, and telephone number of the applicant are:

Southeast Alaska Power Agency
1900 First Avenue, Suite 318
Ketchikan, Alaska 99901
(907) 228-2281

Contact for this Application:
Trey Acteson
Chief Executive Officer
(907) 228-2281

(3) The applicant is a joint action agency, established according to the laws of the State of Alaska, and is considered a municipality for purposes of the Federal Power Act (FPA), and the licensee of the water power project, designated as Project No. 2911 in the records of the Commission, which issued an Order Issuing New License for the Project on July 17, 1980 ("License Order").

(4) The amendment of license proposed and the reasons why the proposed changes are necessary:

¹ 18 C.F.R. § 4.201

The purpose of the amendment application is to amend Article 45 of the license to modify the number of acres of federal land listed as within the Project boundary. Article 45 is used for the purpose of calculating SEAPA's annual charge for recompensing the United States for the use, occupancy, and enjoyment of federal lands under Section 10(e) of the FPA.² SEAPA proposes to amend Article 45 of the license in response to the Commission's March 21, 2013 Declaratory Order in Power Site Reservation Fees Group ("Declaratory Order").³ Based on the Declaratory Order, SEAPA proposes to remove 1,598 acres of land subject to a power site reservation under Section 24 of the FPA from the acres of land designated as lands of the United States. Those 1,598 acres of land were owned by the United States until they were transferred to the State of Alaska pursuant to Section 6(a) of the Alaska Statehood Act of July 7, 1958.⁴

Patents 50-92-0117 and 50-97-0286 were issued to the State of Alaska by the United States on December 24, 1991 and July 24, 1997 respectively for purposes of furthering the development of and expansion of communities in Alaska. A federal power site reservation, pursuant to Section 24 of the FPA was included in the patents: lands reserved under Section 24 and within the Project boundary have been subject to annual charges.

However, since then, the Commission issued the Declaratory Order on March 21, 2013, which holds that the Commission will no longer require licensees to pay annual land use charges for non-federal lands subject to a Section 24 power site reservation.⁵

² 16 U.S.C. § 803(e).

³ 142 FERC ¶ 61,196 (2013).

⁴ Pub. L. 85-508, 72 Stat. 339, as amended

⁵ *Power Site Reservation Fees Group*, 142 FERC ¶ 61,196 at P 7.

Therefore, SEAPA proposes to amend License Article 45 to remove reference to the 1,598 acres of land occupied by SEAPA that are subject to Section 24 of the FPA. This leaves 321 acres of federal land located in the Tongass National Forest administered by the USFS within the Project boundary and subject to annual charges under Article 45; these remaining lands are primarily within the transmission corridor associated with the Project boundary. Specifically, SEAPA requests the following change to Article 45:

Current License Article 45:

Article 45. The Licensee shall pay the United States the following annual charge, effective as of the first day of the month in which this license is issued:

- (a) For the purpose of reimbursing the United States for the cost of administration of Part I of the Act, a reasonable annual charge as determined by the Commission in accordance with the provisions of its regulations, in effect from time to time. The authorized installed capacity for such purpose is 29,300 horsepower.
- (b) For the purpose of recompensing the United States for the use, occupancy and enjoyment of its lands (other than for transmission line right-of-way), a reasonable amount as determined in accordance with the provisions of the Commission's regulations in effect from time to time. The acreage of those lands shall be determined later.
- (c) For the purpose of recompensing the United States for the use, occupancy and enjoyment of its lands for transmission line right-of-way, a reasonable amount as determined in accordance with the provisions of the Commission's

regulations in effect from time to time. The acreage of those lands shall be determined later.

Proposed License Article 45:

Article 45. The Licensee shall pay the United States the following annual charge, effective as of the first day of the month in which this license article is amended:

(a) For the purpose of reimbursing the United States for the cost of administration of Part I of the Act, a reasonable annual charge as determined by the Commission in accordance with the provisions of its regulations, in effect from time to time. The authorized installed capacity for such purpose is 26,700 horsepower.

(b) For the purpose of recompensing the United States for the use, occupancy and enjoyment of 25.8 acres of its lands other than for transmission line right-of-way, a reasonable amount as determined in accordance with the provisions of the Commission's regulations in effect from time to time. The acreage of those lands is set at 25.8. The project occupies 2,043 acres of federal lands (1,721 acres of which are Section 24 lands). Under the Commission's policy currently in effect, projects occupying Section 24 lands will not be assessed an annual charge.

(c) For the purpose of recompensing the United States for the use, occupancy and enjoyment of 296 acres of its lands for transmission line right-of-way, a reasonable amount as determined in accordance with the provisions of the Commission's regulations in effect from time to time.

The exhibits attached to this application show that the lands identified in Article 45 are no longer owned by the United States. Attached to this application as Attachment A are the applicable proposed Exhibit K maps for the Project, which have not changed as a result of this effort.

SEAPA is submitting documentation supporting its analysis of the revised acreages. Attachment B is a Geographic Information System (GIS) generated land map showing reconciled land-ownership information of areas depicted in the Exhibit K maps. A cover page is provided which classifies acres subject to annual fees as being either (A) exclusive of transmission lines; or (B) transmission lines. Attachment B identifies the 321.8 acres of federal land that remain within the Project boundary and subject to annual fees.

In addition, attached as Attachment C, are the land transfer documents showing that the lands identified as subject to Section 24 of the FPA on the Exhibit K maps are no longer owned by the United States. The land transfer documents include the approved patents from United States of America, through the USFS, whereby the State acquired land from the Bureau of Land Management. The documents also include master title plats covering such lands. Together, these documents demonstrate that the land within the Project boundary previously owned by the United States is now owned by the state.

In light of the Commission's decision in the Declaratory Order to no longer charge licensees for the use, occupancy, and enjoyment of land previously owned by the United States and subject to a Section 24 power site reservation, SEAPA requests the Commission amend Article 45 of the License to remove those lands from the calculation of annual charges.

(5)(i) The statutory or regulatory requirements of the state in which the project would be located that affect the project as proposed with respect to bed and banks and to the appropriation, diversion, and use of water for power purposes are:

SEAPA is operating the Project in compliance with all applicable state and federal laws. No state statutory or regulatory requirements or approvals are impacted or required by this proposed license amendment.

(ii) The steps which the applicant has taken or plans to take to comply with each of the laws cited above are:

No additional actions are required.

SOUTHEAST ALASKA POWER AGENCY

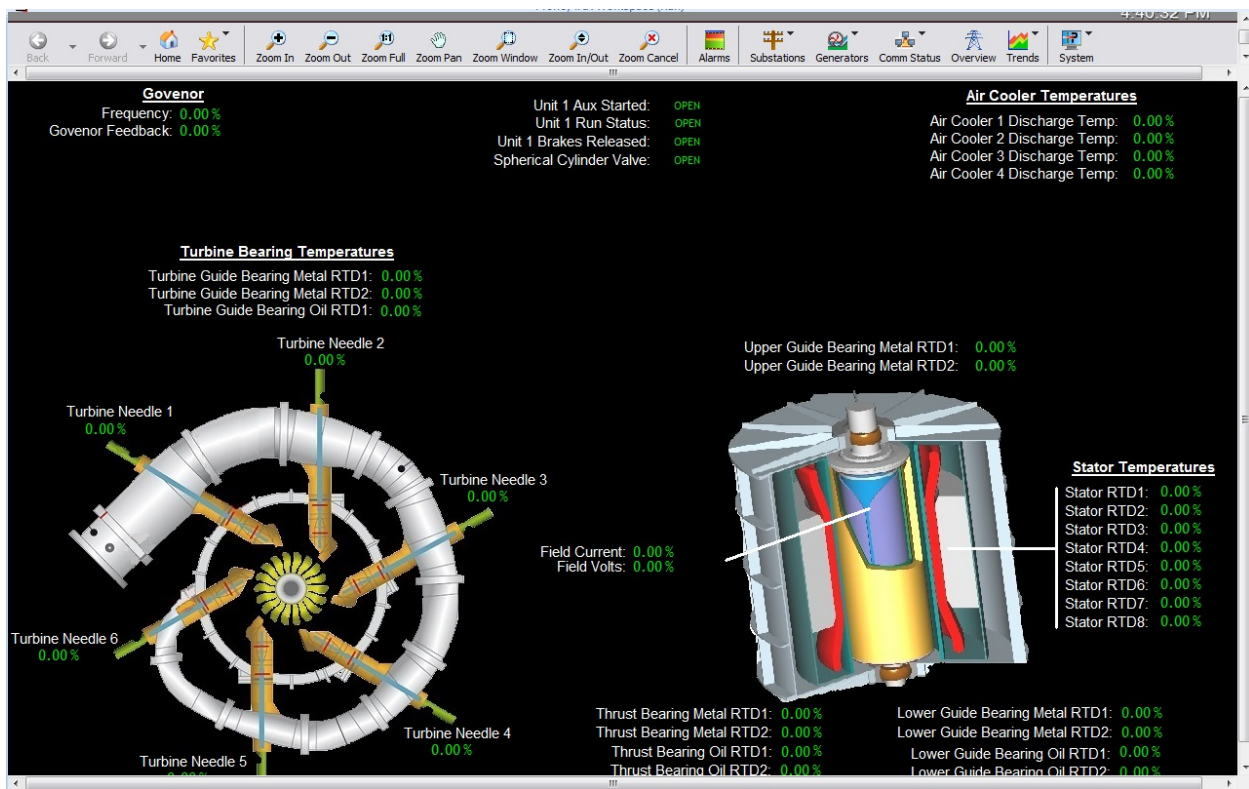
Director of Special Projects Report

February 21, 2014

SCADA Capital Project Update (Supervisory Control and Data Acquisition)

Fiber Fusion/ GE Ifix, Ipower Installation

Installations at Tyee and the north side substations are complete. Phase I covers the Tyee to Petersburg portion of the system, while Phase II is the Swan-Bailey-SEAPA office portion of the system. We have experienced communication drop-outs at all north side locations using an APT supplied DSL modem. These drop-outs mean Tyee cannot send/receive data or commands to the substations, when communications are lost an alarm triggers call-outs of TBPA personnel. The root cause of those drop-outs appears to be settings on the AP&T DSL modems as after AP&T modified the settings, the interruptions ceased. This DSL system is temporary until the new satellite system is fully operational, after the satellite system is fully commissioned, we will disconnect the DSL communication paths from Tyee to the substations. How and to what degree the Tyee Microwave system will be decommissioned has not yet been determined. The new SCADA network is no longer redundant with the original system; the original system has been removed.



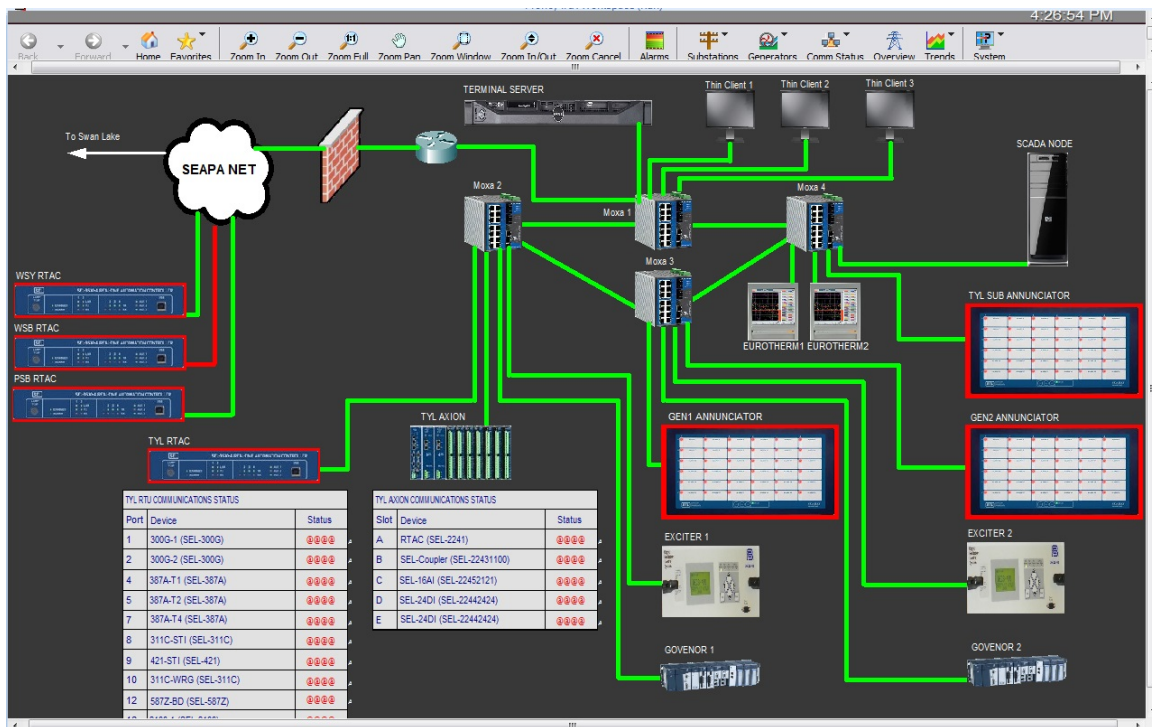
GE IFix SCADA screen, Unit Indication for Tyee Turbine and Generator.

SCADA Project Schedule

Our original schedule was very aggressive and continues to slip a bit, but we still expect all work with the existing Fiber Fusion contract to be complete by end of fiscal year. We still have follow-up work to do on Phase I and some of this work is related to Phase II, particularly how the archival data base will be structured and how Swan Lake and Tye Lake will pass information back and forth. We also have a delay caused by Schweitzer Engineering Labs (SEL) as there has been a hardware revision and firmware upgrade to the SEL 3530 RTAC component. This component controls the real time data transfer from all the devices and relays in the power plant and substations. It is uncertain at this time what consequences the upgrades will have not only on Phase II but also on just installed Phase I locations. The new schedule is listed below.

| Schedule | Tye-PSG | Swan-SEAPA-Bailey |
|------------------------|-------------------|-------------------|
| SCADA Task | Phase I | Phase II |
| Site Visits | 7/16 to 7/26/2013 | 1/9/2014 +/- |
| Preliminary Design | 7/27 to 8/26/2013 | 2/1/2014 |
| Factory Accept. Test | 10/29/2013 | 3/13/2014 |
| Installation | 11/4 to 1/15/2014 | 3/17 to 4/28/2014 |
| Commissioning Complete | 1/22/2014 | 5/4/2014 |
| Training/Manuals | 1/15 to 2/14/2014 | 5/15/2014 |
| Project Close-out | 4/18/2014 | 6/18/2014 |

We know there will be changes on the Phase I trending and status screens and that the archival question will result in a change from the original contract. At our next board meeting, staff will have a better idea what the impacts of the changed scope of work will have on budget and schedule. At this time the Phase I contract portion is over budget by a change order related to substation interruptions (\$25,299) and a materials charge of approximately \$5300, and we have paid the licensing costs of Phase II.



Tye communication overview - how the devices are linked

Swan Lake Reservoir Expansion

SEAPA continues the planning effort to expand the Swan Lake reservoir. We plan to add 6 feet of concrete to our arch dam for a gain of 25% in active storage. In order to start construction, we need approval from FERC's Division of Dam Safety (D2SI), and we also need an amended FERC license from the Washington DC based Hydro Compliance Division (DHAC). At our last Board meeting we sought approval to retain Jacob Associates as our engineer to develop the 30% design. We retained them and conducted a site visit with them to Swan Lake to evaluate geologic conditions. As part of the 30% design process, we were also required to retain a Board of Consultants (BOC). A BOC was retained with assistance from FERC's Portland Regional Office (PRO). Typically, the DHAC issues an approval to form a BOC after the license amendment process is complete as it is rare that an owner designs the modification in parallel to the amendment process (saves a year), thus you must acquire DHAC permission to form a BOC; however, before you can form a BOC, you must submit a letter to DHAC identifying the BOC, then the DHAC approves the individuals forming the BOC. After that, the owner is allowed to start the BOC contract process. FERC's PRO called SEAPA staff to explain this process. With that help, we truncated this bureaucratic tangle to 3 days since we had already hired a very competent BOC. In the meantime, staff met with Jacobs and outlined the first BOC meeting and the design criteria memorandum steps.



Jacobs Associates assessing geologic conditions at and above the Swan Lake plunge pool.

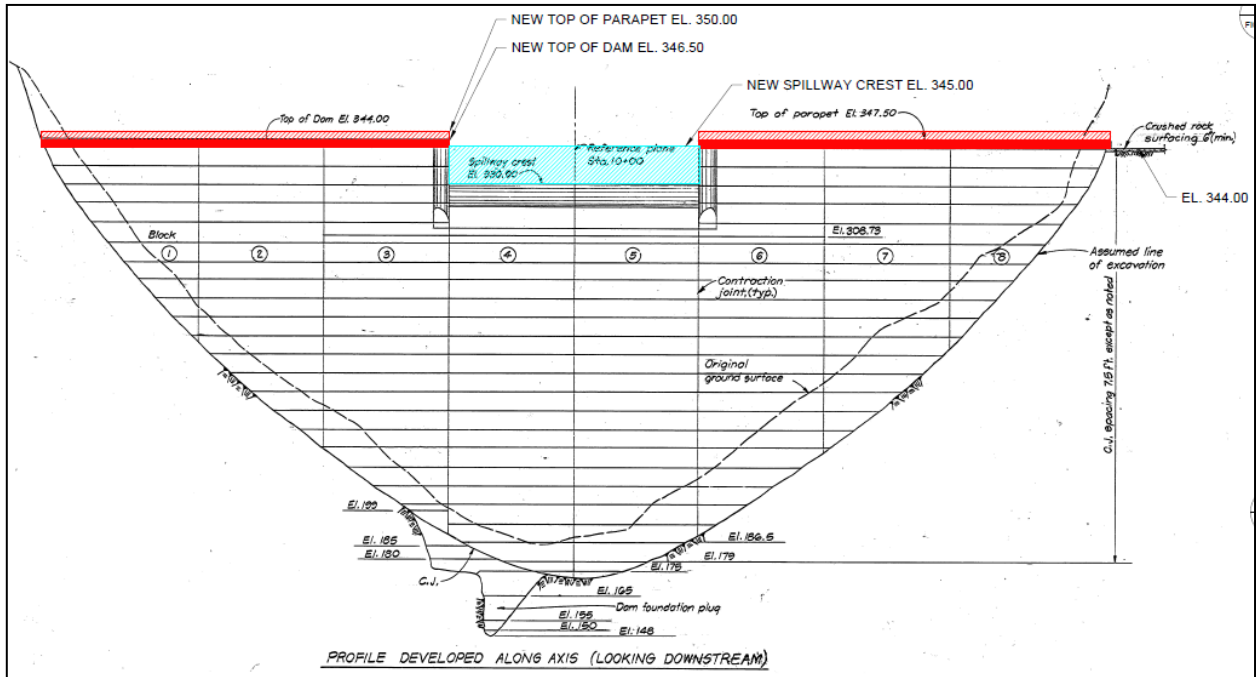
The first BOC meeting will be held February 24th at Swan Lake with the BOC, Jacobs Associates, SEAPA, and representatives of FERC's PRO.

Design Team: Jacob Associates, Portland, Oregon Office
Subcontractors: Quest Structures, Orinda, California
Northwest Hydraulic Consultants, Seattle, Washington

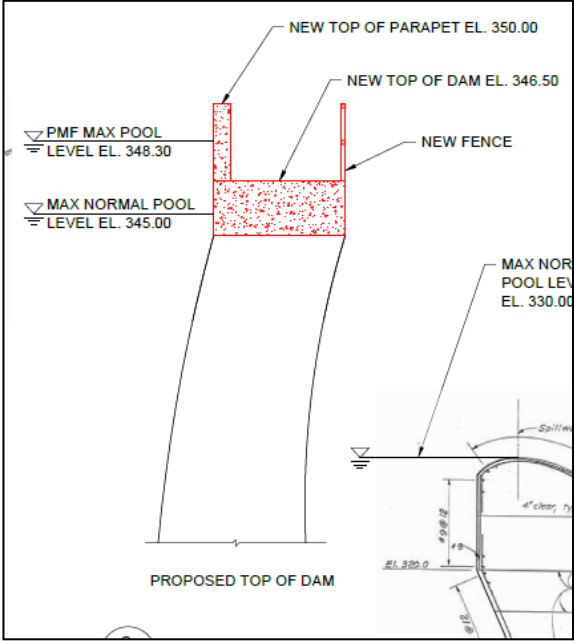
BOC: Glenn Brewer, P.E.; Kim De Rubertis, P.E.; and Eric Kollgaard, P.E.

FERC PRO: Mr. Glenn Koester; Mr. Walt Davis

After the 30% design has been accepted by D2SI (July-August 2014) we will seek assurance from DHAC that limited-to-no conditions above what was proposed have been added by the agencies to our Amendment; if we can receive these assurances, we would then proceed with writing an Engineering-Procurement-Construction (EPC) RFP. After the amendment is granted, we can proceed with the Request for Proposal (RFP) process. At this time we expect to issue an RFP during November-December of this year, gain our license amendment in the November 2014 to June 2015 timeframe, and hopefully have an EPC conformed close to the license amendment date. Pre-construction activities will occur in 2015; and construction will continue in 2016 and may take a year to complete. Logging operations at this time are thought to occur during full pool elevation of 235-245 ft after construction is complete.

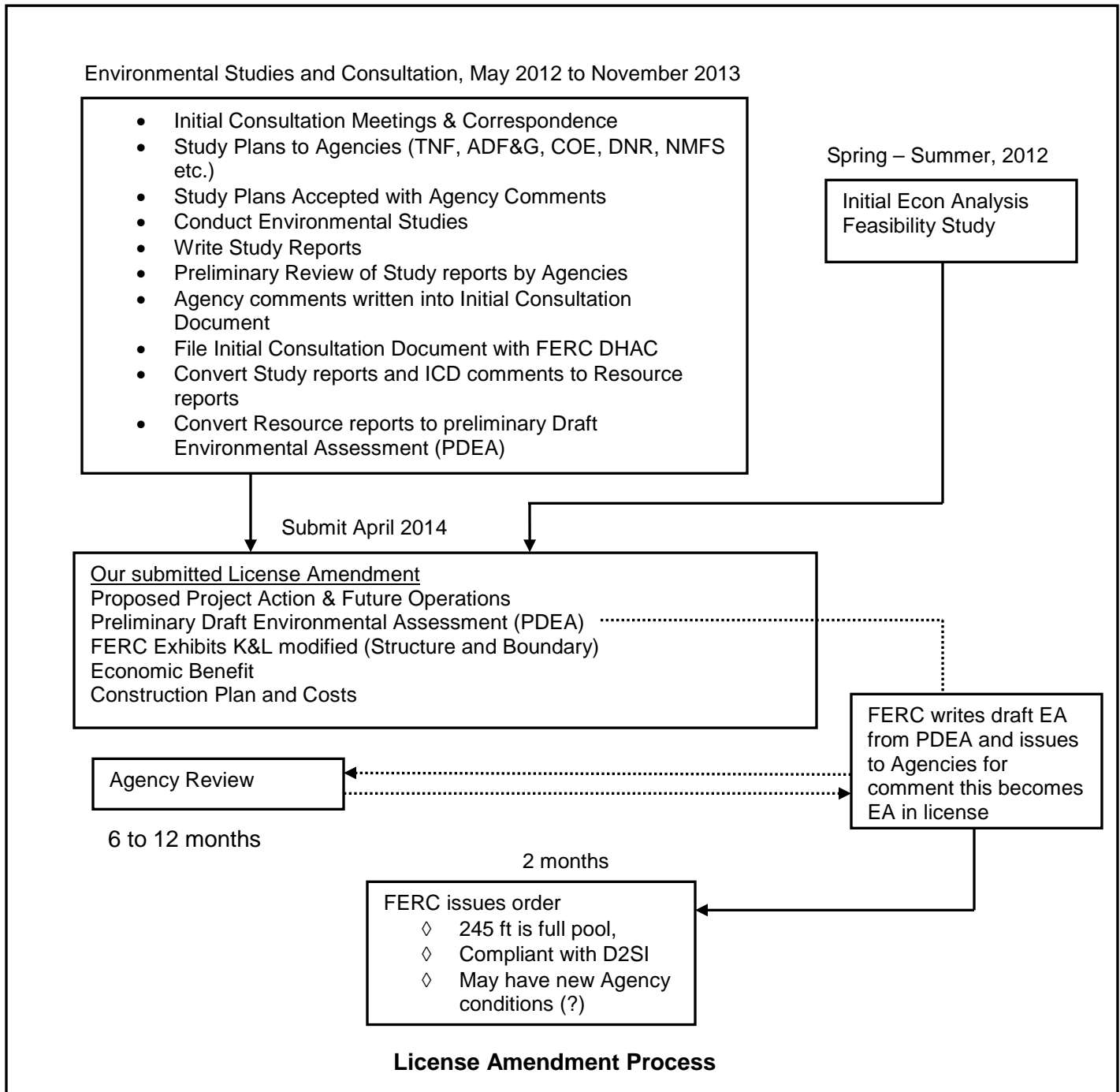


Figures above and to the right show the proposed concrete modifications to the dam; Obermeyer gates would be installed in the existing ogee slot shown as the blue area above.



The Swan Lake Non-capacity Amendment Process

A huge documentation effort is necessary to submit a license amendment even for a project as small as this one. Words fail in the explanation of this effort; the diagram below may help. McMillen LLC and Tetra Tech continue to write revisions and compile the documentation for our license Amendment. We are on schedule and under budget.



Tyee Lake Cooling Water Conversion

No change from last board meeting, control work to occur this spring

Tests conducted during 2012 indicate throttling the CW and using the existing pumps is by far a more efficient way to cool the units. The annual value of using the existing CW pumps combined with a simple control system is approximately 1,000 MWh of additional energy for our municipal members. Cooling water (CW) at Tyee was supplied off the penstock via a set of pressure reducing valves until this October when Tyee crews under the direction of Morris Kepler Consulting modified the piping to allow the CW flows to be supplied from pumps. Since October CW has been supplied by two pumps in parallel with a third pump available as emergency standby. The next step is to conduct heat and flow measurements such that James Volk of Segrity LLC can program either one of the new SEL RTACs or a PLC; the control range will be stator temperatures between 70 and 75 degrees Celsius. Final control valve installation and pressure-flow measurements occurred December 10th and December 11th, and PLC or RTAC programming is scheduled to occur during the last stages of SCADA Phase I commissioning.

Request for Offers of Power and Energy (RFO)

The RFO was issued on January 31, 2013; respondents have until **September 30, 2014** to submit an offer under Options 1, 2, and/or 3. The deadline to submit an Option 4 offer passed on November 29, 2013 and SEAPA received several Option 4 proposals. The RFO has developed interest from a variety of suppliers/manufacturers, utilities, and Independent Power Producers. We received letters of intent that total in excess of 70 MW of generating capacity. We are now waiting for submittals of Options 1, 2, and/or 3 while we begin the analysis of Option 4 proposals. We plan to discuss the RFO at this board meeting and answer as many questions as we can without disclosing any proprietary information.

Department of Commerce, Community, and Economic Development Grant (DCCED Grant)

History

We received the grant during the summer of 2012 and set up the accounts and project plan over the following fall. Kay Key monitors the accounts and manages our submittals to the DCCED. We selected McMillen LLC as our site evaluation contractor this past July, and started field work last September at Annette Island. We have five years from July 2012 to execute our grant, and have initiated three aspects of it to date.

- 1 Business Analysis Task (RFO)
- 2 Hydro Site analysis (Site Investigations)
- 3 Storage (Swan Lake)

Next Steps

Information on 15 hydro sites has been compiled and analyzed. This list will swell to 20 sites by the end of spring 2014. We continue to review technical work and plan for this summer's site survey work. Staff met with Metlakatla on February 3rd and plan to issue an Annette Island report that summarizes our field investigations by the end of May 2014. We are currently billing any hydrosite work to the Metlakatla Indian Community for reimbursement. The Metlakatla Indian Community has an AEA grant for preliminary hydrosite development work.

| DCCED Grant Tasks | Schedule | | Budget |
|---|--------------------|----------------|-------------|
| | Start (Month-Year) | Projected Stop | Approved |
| Hydro Storage-Swan Lake Reservoir Expansion | Oct-13 | Oct-14 | \$578,000 |
| Hydro Site Evaluation | Jul-13 | Jun-15 | \$1,705,000 |
| Electrical Stability/Interconnection Studies | Jun-14 | Nov-14 | \$146,000 |
| System Water & Load Balance Modeling | Jun-14 | Oct-14 | \$112,000 |
| Project Management/Meetings/PR/Analysis | Nov-13 | Dec-15 | \$309,000 |
| RFO-Business Analysis and Power Purchase/Sales/Exchange | Dec-12 | Apr-13 | \$150,000 |
| DCCED Total | | | \$3,000,000 |

Remaining funds can be transferred to other tasks with approval by the DCCED.

Swan Lake preliminary engineering and license amendment costs are now charged to the DCCED grant.

Water Management

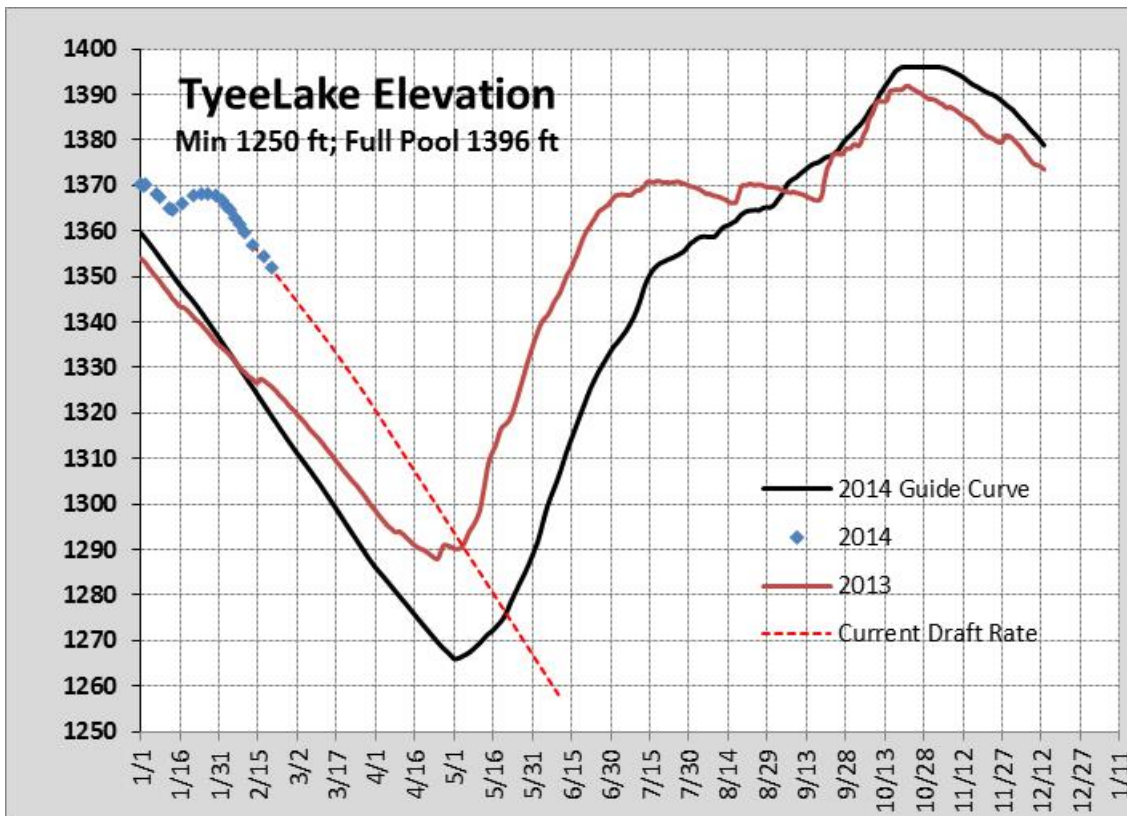
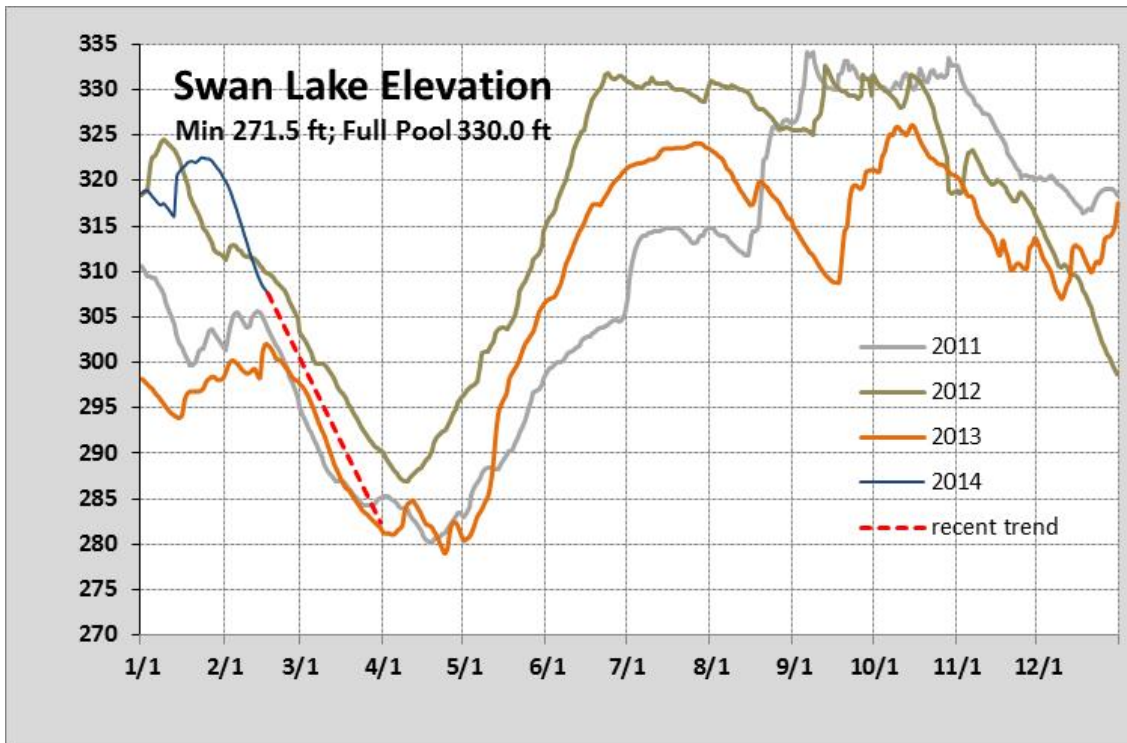
We have not received much snow, but the flip side is December and January were unusually wet and winter temperatures have been quite mild overall which has kept electrical demand low. As a result of the mild wet weather, storage at both reservoirs is above the 2012 and 2013 levels. Recent trends however indicate more normal winter weather will persist into April and the usual winter period reservoir drafting is set to occur. Given the volatile nature of this winter, SEAPA staff requests amending the Board approved operations plan draft levels from last December to be as shown in the table below. Note in the table below, that the Low Bounds are the same as approved by the board during the December 17, 2013 board meeting. We are seeking approval to increase the Upper Bounds for Swan Lake from 280 to 282, and for Tye Lake from 1280 to 1288 as noted in the table below. Slight changes are suggested at Swan Lake to reflect the possibility of an early run-off; we do not want to be confined to the Board meeting schedule with respect to April operations at Tye Lake. If we receive the same snow pack as the 2012-2013 average, then we will continue with the original request and draft to near 1265; however, if conditions in either basin persist as “dry”, then drafting to the original elevations is not prudent.

| Plant | Date | Target | Low bounds | Upper Bounds |
|-------|--------|--------|------------|--------------|
| SWL | Dec-13 | 275 | 275 | 280 |
| SWL | Mar-14 | 275 | 275 | 282 |
| TYL | Dec-13 | 1265 | 1265 | 1280 |
| TYL | Mar-14 | 1273 | 1265 | 1288 |

SUGGESTED MOTION

I move to approve an amendment to SEAPA’s 2014 Operations Plan that includes drafting Swan Lake to elevation 275 ft + 7 ft, -0 ft, and drafting Tye Lake to 1265 ft + 23 ft, -0 ft, with a target of 1273 ft. The amended tolerances approved depend on snow pack and operational circumstances.

Please see the graphs on the next page for present and historical elevations at Swan Lake and Tye Lake.



SEAPA Project Update: Swan Lake February 2014

Safety/Environmental/Security

- No Safety or Security issues to report
- An Environmental investigation over two dead birds, Raven and Loon, found along a site drainage outfall has concluded. The birds were recovered and sent to the State F & G, Wildlife Management for toxicology examination along with a water sample from alongside the birds. (Ref. NWHC #24616) The State has concluded no toxicology issues exist.
- Safety Training for January/February included: Hazardous Energy Control (HEC), LOTO, OSHA 1910. 147/ 1910.269, Arc Flash & FR Clothing
- Visitors for February include Board of Consultants Meeting, 10 visitors to review proposed dam modifications (Feb 24th)

Outages/Unit constraints/Reservoir Level

- Forced outages: None
- Planned station outages (when returned to single unit operation)
 - Final baffle arrangement for cooling is incomplete, may re-install one side
- Reservoir level dropping: 302.3 ft. as of February 24th.
- Emergent work:
 - Control communications issue remains from Nov. 28th 07:17, Ketchikan outage (bird strike opening 34.5 kV line at Ketchikan Substation). An action item identified was the need for an appropriately rated control room UPS.
 - Unit 1 breaker/exciter pre-set issue upon start-up
 - Strainer dump valve replacement and work around

Compliance

- Dam deflection survey done January by R&M.
- Seepage pin survey complete

- Dam pin measurements complete
- Fire suppression systems check (Yukon)

Periodic Maintenance

- (Unit 2 open item) Draft tube cavity inspections with replacement of vibration instrumentation
- New Spare Breaker rotated into Unit #1 breaker position successfully and Unit #1 breaker is now out. It will be sent out for rehab & testing, followed by rotation with Unit #2.
- (open item) SF6 Breaker gas testing.
- Unit #2 baffle removal and cleaning scheduled for December

New Projects

- New satellite communications in place through SEAPA office.
- Lighting upgrades - (open)
- Load of D1 gravel (open)
- Plumping/piping in stand-by compressor.



— TYEE LAKE HYDROELECTRIC PROJECT —

P. O. BOX 1318 WRANGELL, ALASKA 99929 (907) 874-3834 FAX (907) 874-2581

General Manager Report
Submitted by Michael J. Nicholls 02-20-14

1) BUDGET:

- a) R&R approved projects status:
 - i. Gate Control Relocation - Installation of components complete; Function test not complete.
 - ii. Cooling Water Piping -Piping and on/off valves complete; control valves to modulate generator cooling water from the tailrace rather than from the penstock incomplete; Valves for controlling the cooling water flow were purchased as air operated valves; provisions for an air dryer and clean dry air lines to the valves need to be made.
 - iii. Work on the SCADA upgrade in progress – James Volk and Fiber Fusion employees completed installation of equipment at Tyee, Wrangell Switchyard, Wrangell Substation, and Petersburg Substation. Work on Tyee Operators punch list was begun. Some SCADA alarms and set-points were tested; however, major testing of the system is postponed until a major system outage in order to minimize the possibility of accidental service interruptions. System is still unstable and loses communications too frequently.
 - iv. Trash Rack Inspection – Divers to inspect trash rack - time to be determined. Tyee Generators will be shut down during this inspection.

2) TRAINING:

- a) Awaiting training schedule from SEAPA.
- b) Randy Rasler is scheduled to attend Electric Power Operations Training in Golden CO at Electric Power Training Center in April.
- c) Working with Penny Allen to schedule CPR/First Aid Renewal Training.

3) LINE CLEARING:

- a) Petersburg Sub yard clean up complete.
- b) Wrangell Sub Yard clean up in progress.

4) MISC:

- a) Web camera for use on site at TBPA by Sunrise and available to others is installed - software issues required dedicated line with static IP address – was working with AP&T to install (Steve Henson STOPPED the AP&T Technician from completing the installation); In talking with the Sunrise Aviation pilots, the camera could well be used to help evaluate the safety in flying in and out of Tyee; Sunrise pilots routinely use private cameras to see weather conditions at remote landing strips; AP&T informed me that a hardware issue has arisen with their equipment at Tyee after recent SEAPA modifications. AP&T has 8 hours of labor invested (cost \$720) with up to another 8 hours necessary to complete (cost \$720). Approximate monthly costs of \$50.
- b) Surplus Submarine Cable oil and tanks have arrived at AML and will be transferred to TBPA warehouse site as weather permits.
- c) Gary Allen inquired about any difficulties in moving 3 each oil filled tanks into the switchyard; Each tank (Single Phase Reactor) weighs @ 45,000 lbs.
- d) TBPA Office Internet Usage – December billing from GCI indicated a ten-fold increase in internet usage. Our bill went from @ \$80 to \$800. GCI was called and after discussion with GCI, a fraud claim was instituted and I changed passwords. Upon rechecking usage since the password change, our usage has returned to traditional numbers.
- e) Transformer and Reactor Containment Drains – Petersburg transformer containment was found to be draining very slowly. The oil containment system in the drain was opened, cleaned, and reinstalled. The containment was found to be contaminated with silt and moss. The sealing media was found to be a gooey mess. Renewal kits were located and a manufacturer of Imbiber Beads (the sealing compound) was contacted to provide new Replenishment Imbiber Beads.

Southeast Alaska Power Agency Compensation Plan Overview December 2013

Winston L. Tan, Managing Principal



INTANDEM LLC
ADVISORS TO MANAGEMENT

Winston Tan

- Winston Tan is the Managing Principal of Intandem, LLC, a management-consulting group based in Spokane, WA. Intandem specializes in the public power industry, serving hundreds of distribution, generation and cooperative service clients throughout the United States. He provides a broad range of management advisory services to both public and private entities and specializes in designing compensation plans, performance systems and creating human resource development strategies.
- Winston holds an MBA from Boston University's International Management School, and a BA from Covenant Life College. He is a Certified Compensation Professional and a frequent conference speaker presenting a wide range of human resources and management issues in a motivational format. Winston is a published writer on management topics and has written an innovative book on performance management, *The Performance Appraisal Toolkit*, by AMACOM books.
- On a more personal note Winston has homesteaded in Northern Canada, dabbled in ultra-light flying and resides in the Pacific Northwest, along with his wife Julie and two teens (Michael and Madison).

Client List

| | |
|---|--|
| A&N Electric Cooperative, VA | Lynches River Electric, SC |
| Arkansas Valley Electric Cooperative, AR | Midwest Electric, OH |
| Bluegrass Energy, KY | Nespelem Valley Electric, WA |
| Central Alabama Electric, AL | New Hampshire Electric Co-op, NH |
| Central GA EMC, GA | Nolin RECC, KY |
| Central REC, OK | Okanogan PUD, WA |
| Central Virginia Electric Cooperative, VA | Old Dominion Electric Cooperative, VA |
| Clearwater Power, ID | Pee Dee Electric, SC |
| Chugach Electric Association, AK | Pee Dee EMC, NC |
| Cleveland Utilities, TN | Peace River Electric, FL |
| Copper Valley Electric Assn., AK | Rappahannock Electric Co-op, VA |
| Cumberland EMC, TN | Sawnee EMC, GA |
| Decatur Utilities, AL | Snapping Shoals EMC, GA |
| East Mississippi Electric Power Assn., MS | South Central Indiana REMC, IN |
| Flathead Electric, MT | South Central Power Company, OH |
| GreyStone Power Corporation, GA | Southeastern Indiana REMC, IN |
| Harrison REMC, IN | South Kentucky RECC, KY |
| Homer Electric Association, AK | South Mississippi Electric Power Assn., MS |
| Horry Electric Cooperative, SC | Sulphur Springs Valley Electric, AZ |
| Jo-Carroll Energy, IL | Tideland EMC, NC |
| LaGrange County REMC, IN | Wabash Valley Electric Power, IN |
| Magic Valley Electric Cooperative, TX | Wiregrass Electric Cooperative, AL |
| Mid South Synergy, TX | Yazoo Valley EPA, MS |

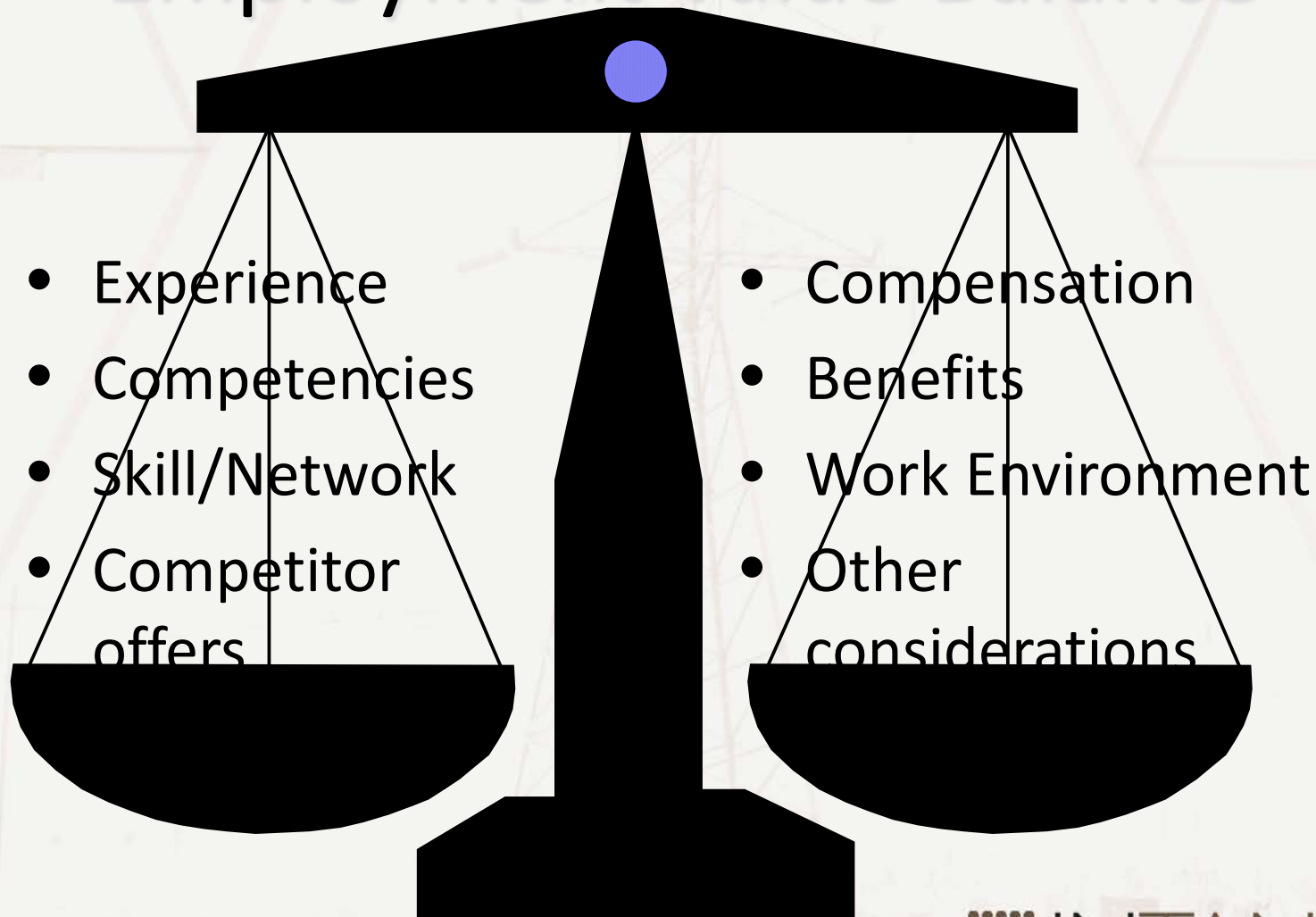
Alaska Entities:

Alaska Power Association
 Alaska Village Electric
 Chugach Electric
 Cordova Electric
 Copper Valley Electric
 Golden Valley Electric
 Homer Electric
 Kodiak Electric
 Sitka Electric Department
 Tatitlek Native Corporation
 Trailboss Enterprises

Compensation Plan Objective

- To attract, retain and motivate employees of the caliber necessary to achieve the organization's objective
- To reflect the organization's recruiting and retention strategy/philosophy within a market valuation system that explains "why we pay what we do".

Employment Value Balance



Market Position & HR Strategy

| | | | |
|---------------------|---------------|-----------------------------|------------|
| Market Position | Lowest | 50 th Percentile | Highest |
| Recruiting Strength | Weaker | Average | Higher |
| Retention Risk | Higher | Medium | Lower |
| Workforce Impact | High Turnover | Expected | Continuity |

Compensation Plan Components

External Market Values

Internal Equity



Funding the Plan &
Administrative Procedures

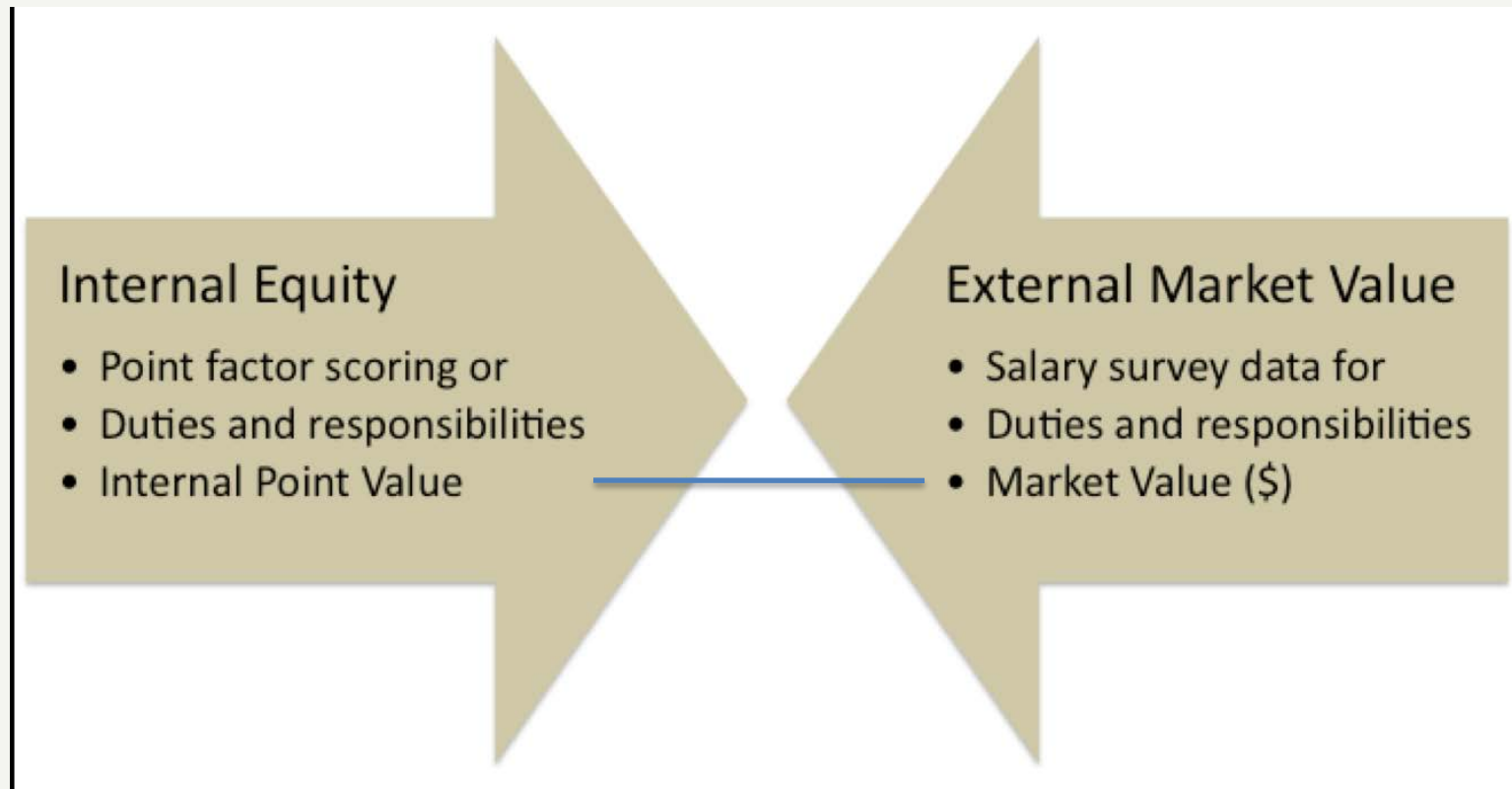
Point Factor Evaluation System

- Standardized factor evaluation is used to measure “Relative Worth” and establishes a proxy for positions which do not have market data
- Compliance to “equal pay for equal work”
- Equally weighted factors that consider
 - Job Knowledge
 - Leadership
 - Organizational Effect
 - Complexity
 - Communication

SEAPA Internal Hierarchy

| Grade | Title | Knowledge | | Leadership | | Org. Effect | | Complexity | | Communica | | Total |
|-------|--------------------------------------|-----------|-----|------------|-----|-------------|-----|------------|-----|-----------|-----|--------|
| | | Level | Pts | Level | Pts | Level | Pts | Level | Pts | Level | Pts | Points |
| 7 | Administrative Assistant (new) | C+ | 184 | A | 54 | C | 166 | C | 166 | C | 166 | 736 |
| 11 | Executive Assistant/Contract Special | E- | 256 | C | 138 | D+ | 238 | D | 220 | D | 220 | 1072 |
| 13 | Controller | E+ | 292 | D | 180 | E | 274 | E | 274 | D | 220 | 1240 |
| 14 | Engineer (new) | F | 328 | D | 180 | E | 274 | E | 274 | E | 274 | 1330 |
| 16 | Operations Manager | F | 328 | E | 222 | F | 328 | F | 328 | E | 274 | 1480 |
| 17 | Director of Special Projects | F+ | 346 | E | 222 | F | 328 | F+ | 346 | F | 328 | 1570 |

Generating the Market Model



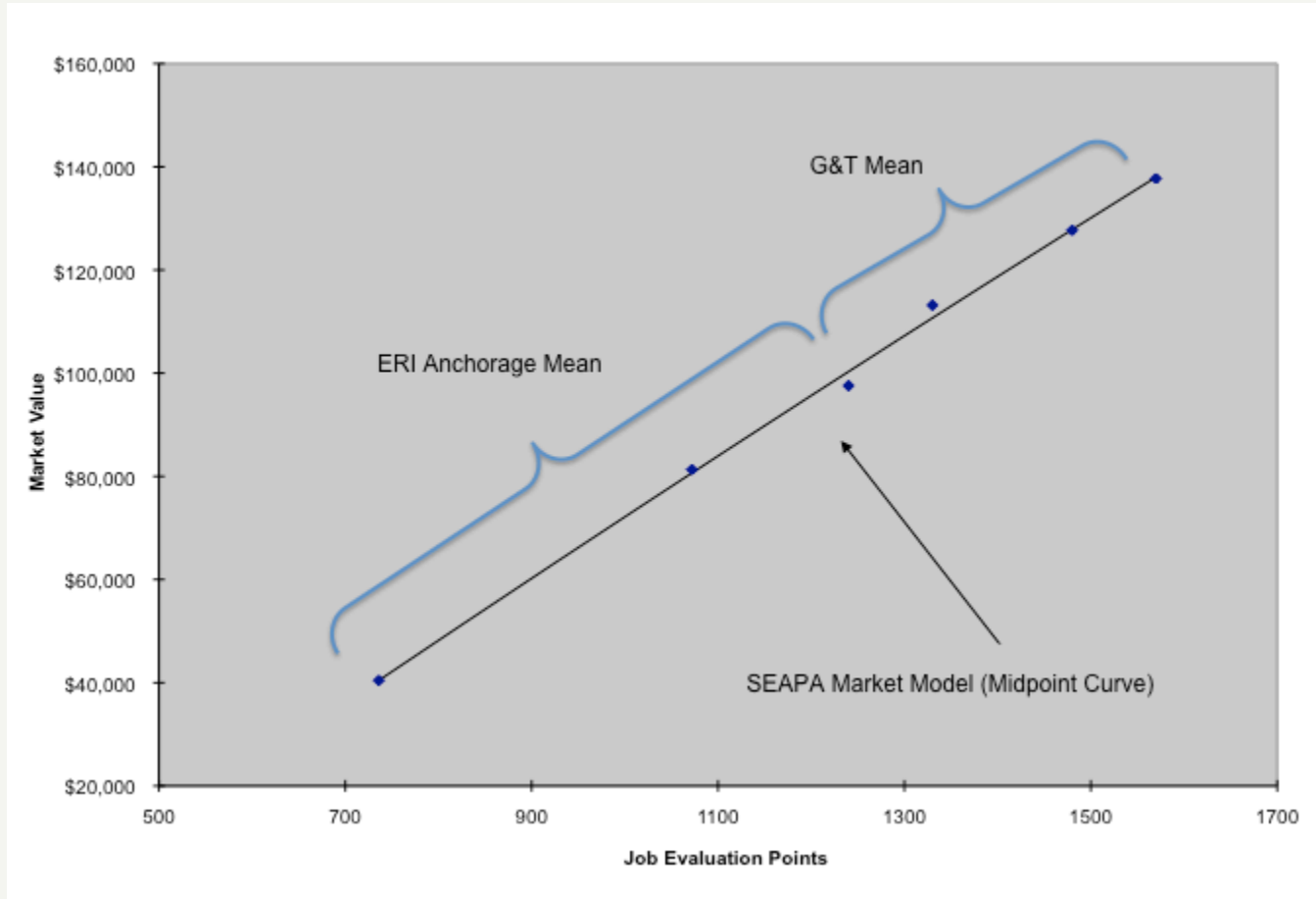
Market Model Data Sources

- Generation and Transmission Survey mean
 - National report
 - 48 non profit, generation and transmission cooperative entities
 - Private survey, industry specific
- Economic Research Institute Salary Assessor
 - Broad, commercial database (used by IRS to determine “reasonable compensation”)
 - Emulates the Anchorage, AK mean
- Comparative Data
 - 2012 Alaska Cross Industry survey comparable to the survey mean
 - 2012 Northwest Utilities survey comparable to the survey mean

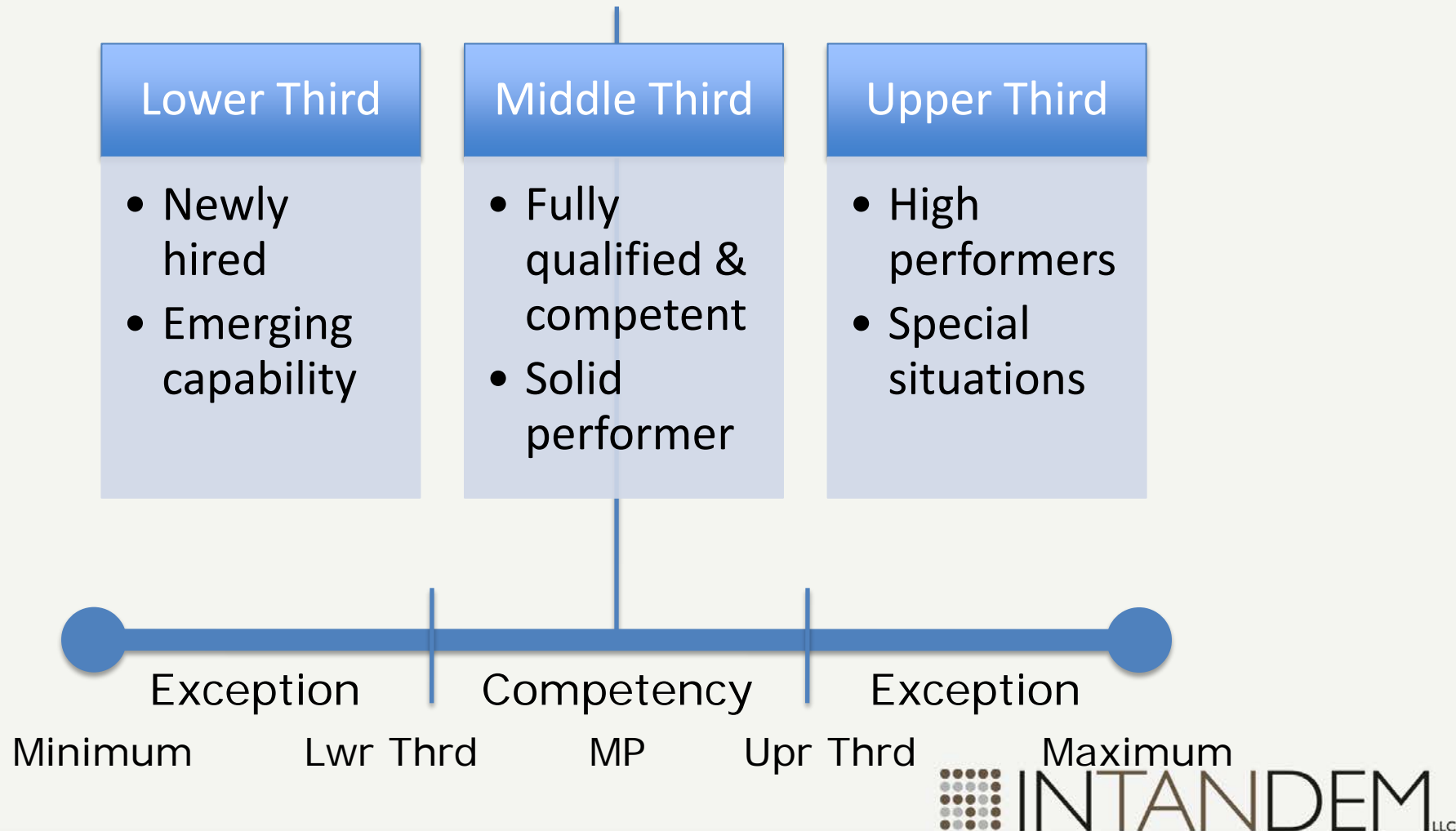
Compensation Plan Market Model

| SEAPA Title | Total Points | G&T Code | G&T Title | 2013 Nat'l Avg | ERI Title | 2013 Mean |
|---|--------------|----------|---|----------------|--------------------------|-----------|
| Administrative Assistant (new) | 736 | | | | Secretary | \$40,442 |
| Executive Assistant/Contract Specialist | 1072 | 101 | Administrative Assistant to the President/CEO | \$67,436 | Secretary to CEO | \$81,319 |
| Controller | 1240 | 201 | Controller/Mgr. Accounting | \$123,609 | Accounting Manager | \$97,569 |
| Engineer (new) | 1330 | 308 | Senior Engineer | \$107,069 | Project Manager (10 yrs) | \$113,174 |
| Operations Manager | 1480 | 363 | Plant Manager | \$127,700 | Plant Manager | \$125,928 |
| Director of Special Projects | 1570 | 901 | Manager of System Planning | \$137,725 | Director Operations | \$133,824 |

Creating the Market Model



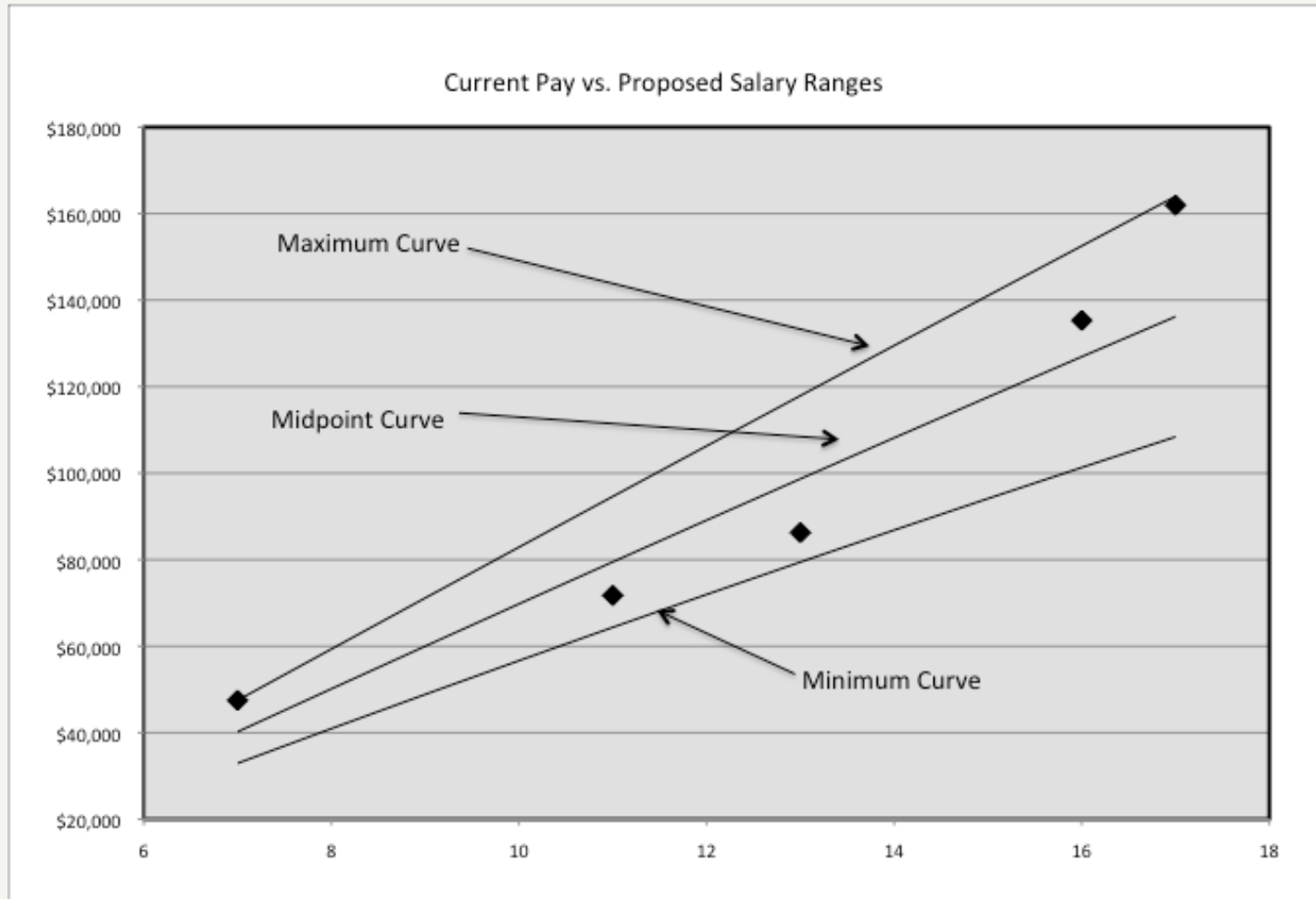
Salary Range Administration



Resultant Salary Ranges

| GRADE | MIN | MID | MAX | MIN | LWR THD | MP | UPR THD | MAX | SPREAD |
|-------|------|------|------|-----------|-----------|-----------|-----------|-----------|---------|
| | | | | | | | | | MIN-MAX |
| 7 | 693 | 734 | 774 | \$32,927 | \$37,782 | \$40,209 | \$42,637 | \$47,491 | 44.23% |
| 8 | 775 | 816 | 856 | \$40,942 | \$47,072 | \$50,138 | \$53,203 | \$59,333 | 44.92% |
| 9 | 857 | 898 | 938 | \$48,852 | \$56,279 | \$59,992 | \$63,706 | \$71,133 | 45.61% |
| 10 | 939 | 980 | 1020 | \$56,656 | \$65,401 | \$69,774 | \$74,146 | \$82,891 | 46.31% |
| 11 | 1021 | 1062 | 1102 | \$64,356 | \$74,440 | \$79,482 | \$84,523 | \$94,607 | 47.01% |
| 12 | 1103 | 1144 | 1184 | \$71,952 | \$83,395 | \$89,116 | \$94,837 | \$106,280 | 47.71% |
| 13 | 1185 | 1226 | 1266 | \$79,445 | \$92,267 | \$98,677 | \$105,088 | \$117,909 | 48.42% |
| 14 | 1267 | 1308 | 1348 | \$86,835 | \$101,055 | \$108,165 | \$115,275 | \$129,495 | 49.13% |
| 15 | 1349 | 1390 | 1430 | \$94,122 | \$109,760 | \$117,579 | \$125,399 | \$141,037 | 49.84% |
| 16 | 1431 | 1472 | 1512 | \$101,308 | \$118,383 | \$126,920 | \$135,458 | \$152,533 | 50.56% |
| 17 | 1513 | 1554 | 1594 | \$108,392 | \$126,923 | \$136,188 | \$145,453 | \$163,984 | 51.29% |

Current Pay vs. Proposed Range Curves



CEO Valuation



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Data Sources

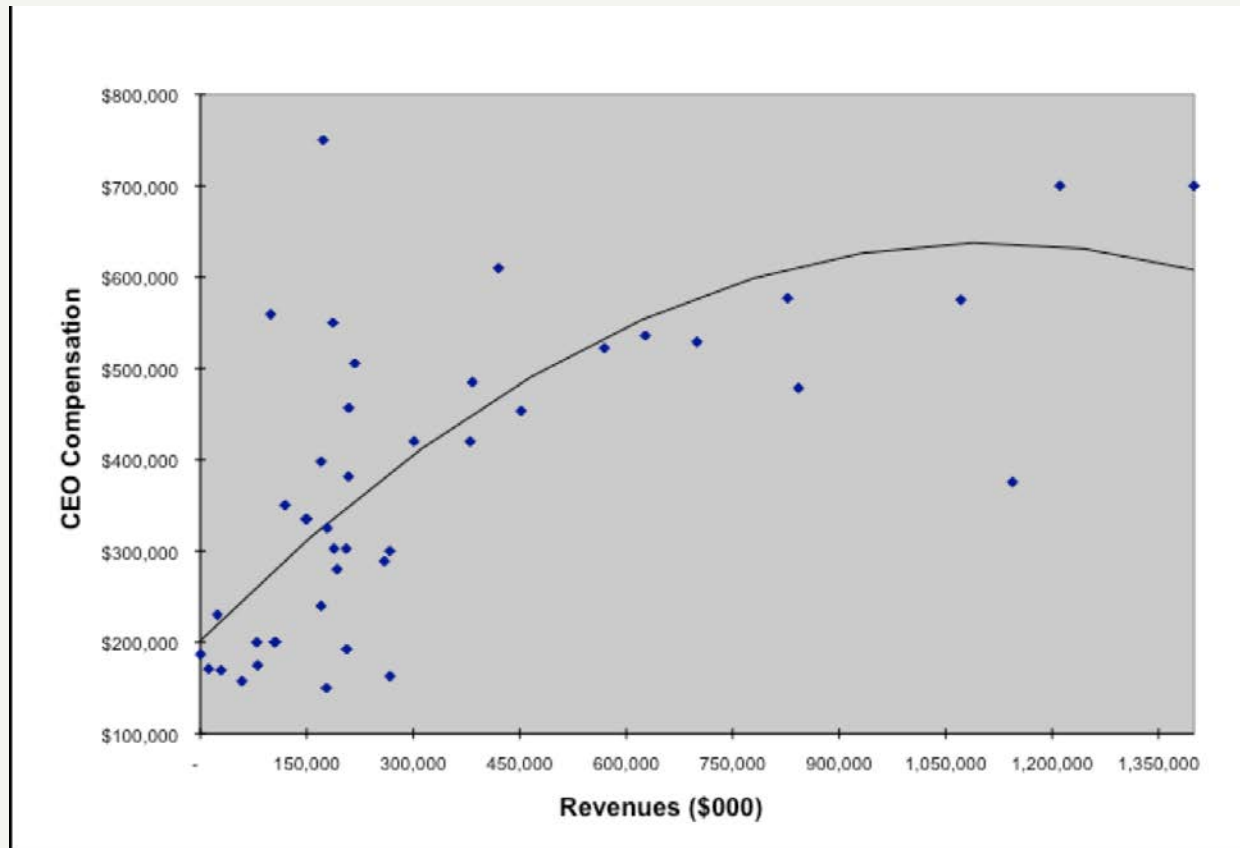
- Generation and Transmission Survey mean
 - National report
 - 48 non profit, generation and transmission cooperative entities
 - Private survey, industry specific
- Economic Research Institute Salary Assessor
 - Broad, commercial database (used by IRS to determine “reasonable compensation”)
 - Organization sizing
 - Emulates the Alaska state mean
 - Revenues set for \$10m

Survey Data Overall Report

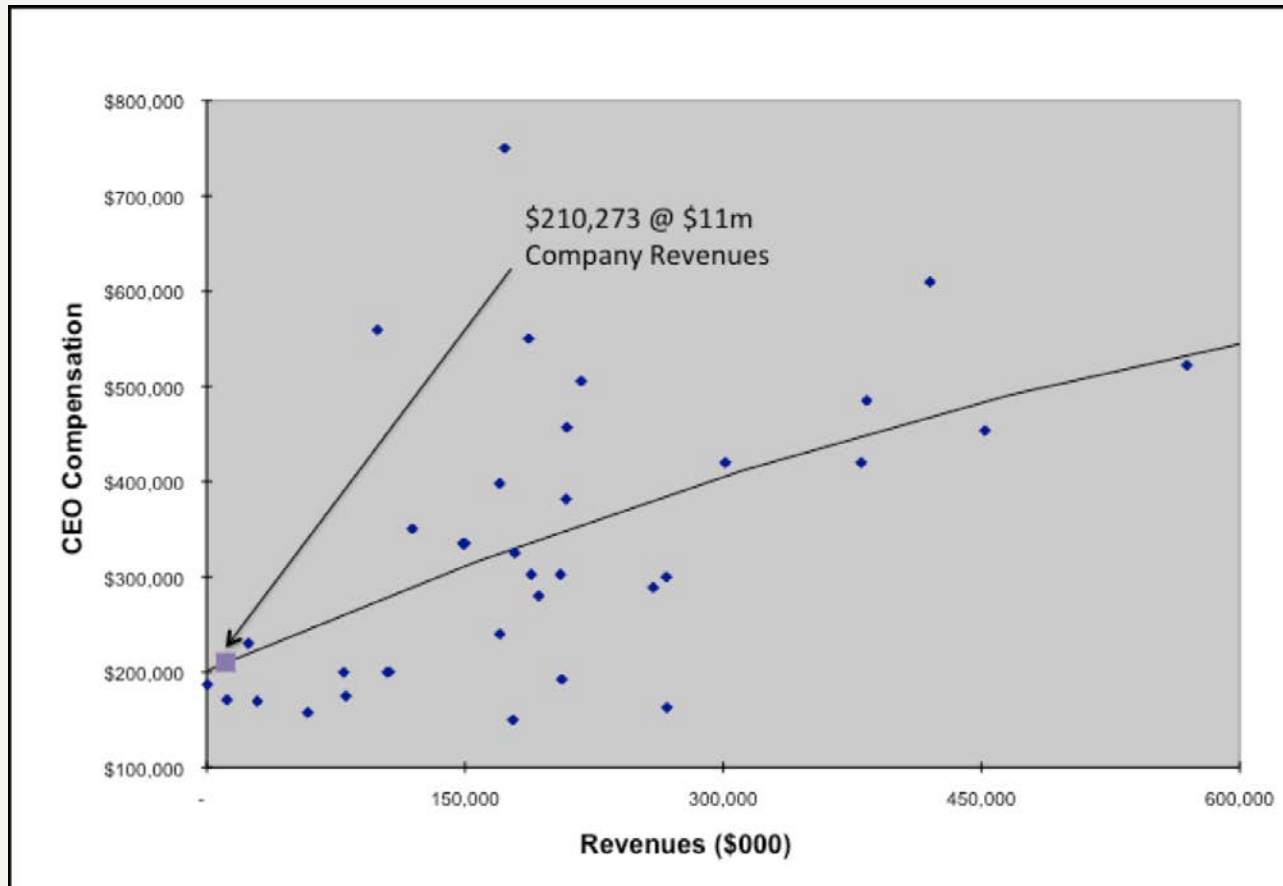
| Survey/Criteria | First Quartile | Median | Third Quartile |
|------------------------------------|----------------|-----------|----------------|
| ERI Salary Assessor \$11m revenues | \$139,883 | \$215,968 | \$310,213 |

| Survey/Criteria | First Quartile | Median | Third Quartile |
|------------------|----------------|-----------|----------------|
| NRECA G&T Survey | \$232,689 | \$400,260 | \$534,209 |

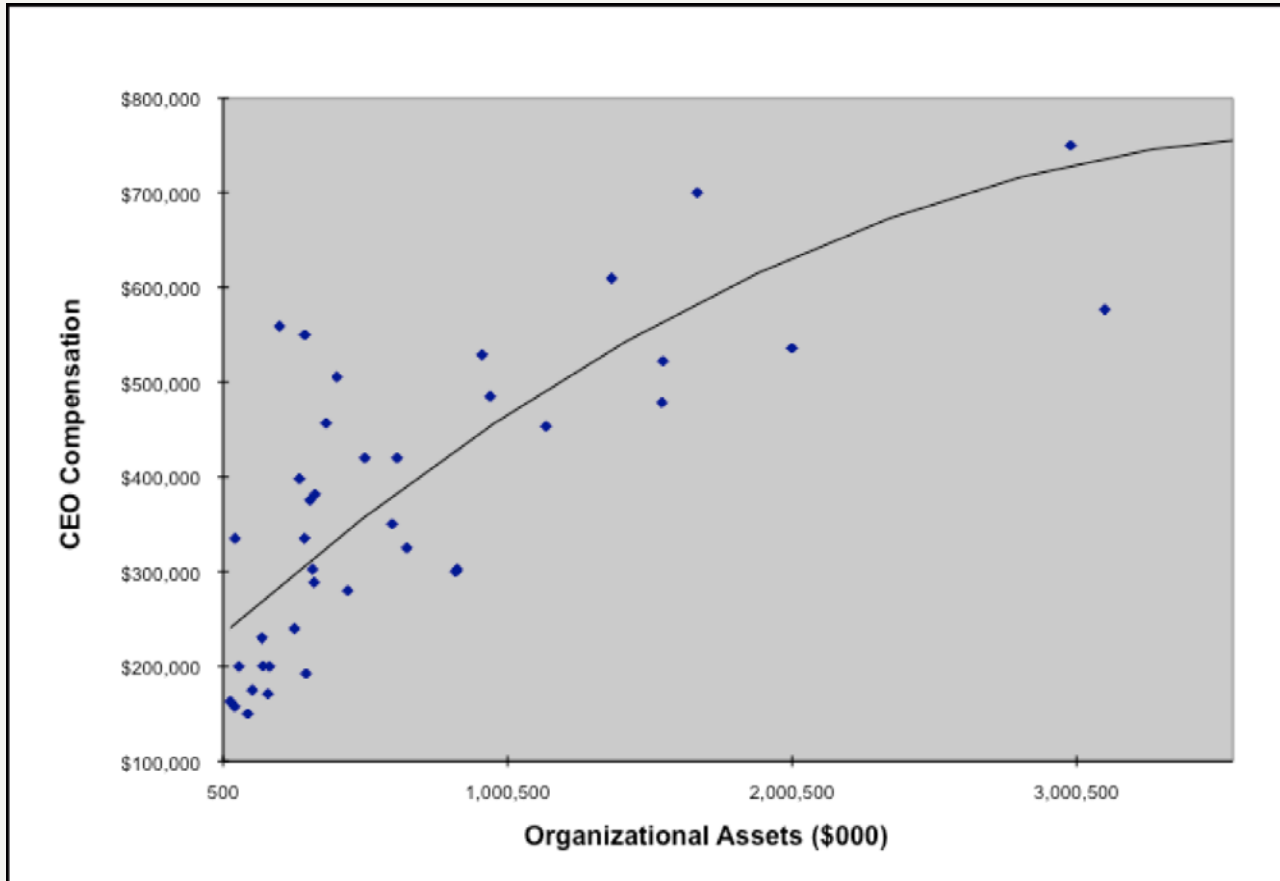
G&T Revenue Model



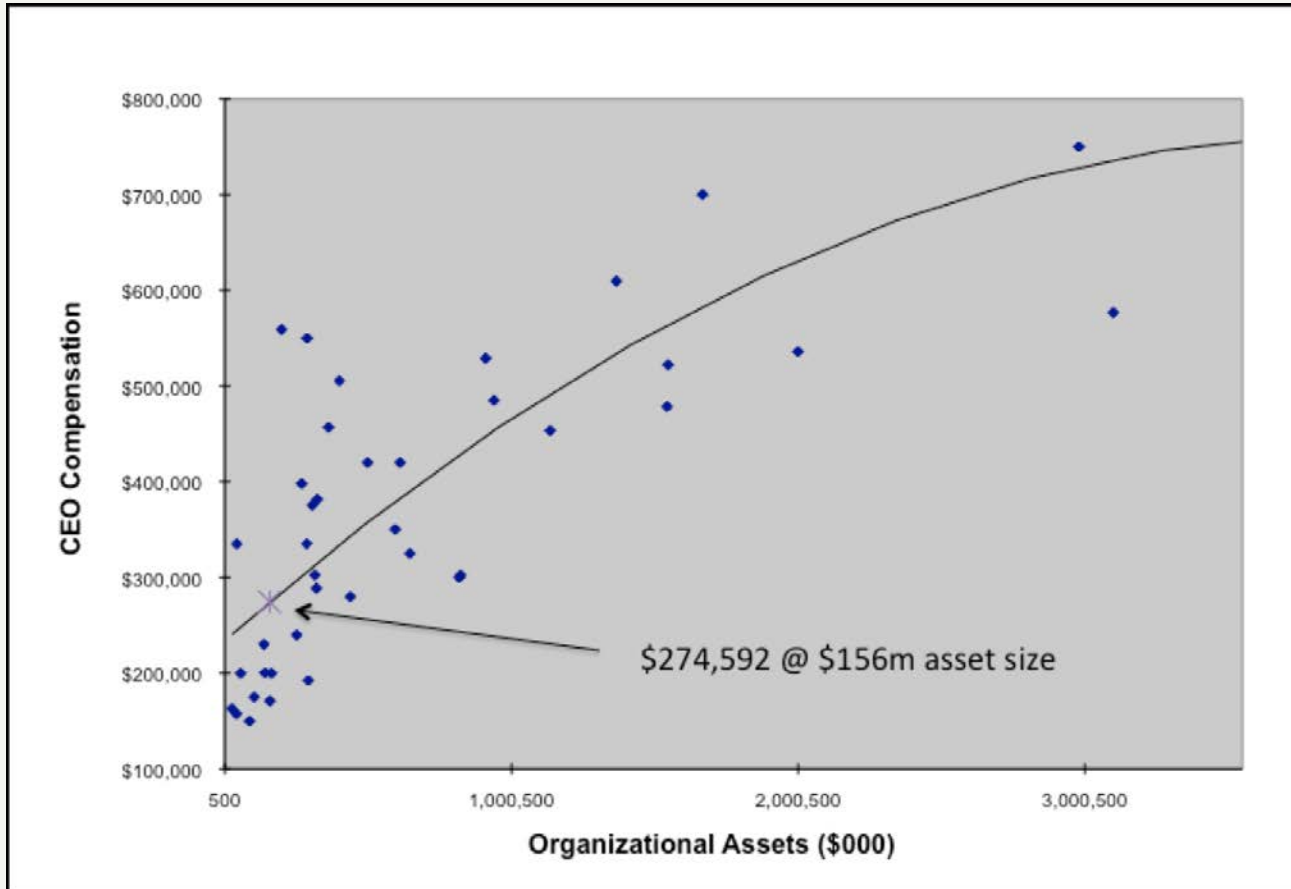
Revenue Calculation



G&T Asset Model



Asset Model Calculation



Best Data Sources

| Survey | Matching Quality | Matching Limitation |
|----------------------------------|--|---|
| G&T survey revenue model (\$11m) | Excellent reflection of the public power generation market. | Coefficient of correlation is .70. Other factors can also influence value. |
| G&T survey asset model (\$156m) | Private, association-based survey. Specifically sourced within the G&T cooperative utility industry and adjusted for SEAPA size. | Asset valuation used for the model is conservative (reflecting acquisition rather than replacement cost). Coefficient of correlation for this model is .82. Other factors can also influence value. |
| ERI Salary Assessor | Adjustable database set to emulate utility industry, revenue size (\$11m) and location (Alaska state) | Not specifically industry sourced |

Range Calculation

| Source | Value |
|-----------------------------|-----------|
| G&T Survey Revenue Model | \$210,273 |
| G&T Survey Asset Model | \$274,592 |
| Economic Research Institute | \$215,968 |
| Grand Average | \$233,611 |

| Target - 20% | Target | Target + 20% |
|--------------|-----------|--------------|
| \$186,889 | \$233,611 | \$280,333 |



Geographic Differentials

Geographic Assessor® - Professional [North America]

File Edit View Options Library Internet Help

Two City Comparison | Graphs | Comparison List | Immigration Analysis

Calculations for Executive-2 Structure

| Base City's Base Salary Level United States Dollars 150,000 | Base City: United States Average United States Dollars | Destination City: Ketchikan, Alaska United States Dollars | Destination City as a Percentage of Base City |
|---|---|--|---|
| Salary | 150,000 | 150,349 | 100.2 % |
| % of United States Avg. | 100.0 % | 100.2 % | |
| Cost of Living | 150,000 | 171,163 | 114.1 % |
| % of United States Avg. | 100.0 % | 114.1 % | |
| Area Included | United States Average | Ketchikan, Alaska | |

Data as of: October 01, 2013 File:

Market Position & HR Strategy

| | | | |
|---------------------|---------------|-----------------------------|------------|
| Market Position | Lowest | 50 th Percentile | Highest |
| Recruiting Strength | Weaker | Average | Higher |
| Retention Risk | Higher | Medium | Lower |
| Workforce Impact | High Turnover | Expected | Continuity |

Thank you for your attention. Questions?

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INTANDEM LLC

ADVISORS TO MANAGEMENT



MEMORANDUM
CONFIDENTIAL ATTORNEY CLIENT COMMUNICATION

TO: Robert Sivertson, Chair, Southeast Alaska Power Agency (SEAPA)
Board of Directors, Southeast Alaska Power Agency

FROM: Mr. Joel Paisner, Ascent Law Partners, LLP

DATE: February 17, 2014

RE: Technical Changes to the Agency Bylaws

SEAPA Bylaws and Director Terms

SEAPA is organized under Alaska Code Section 42.45.310(c)(1), the Joint Action Agency (the "JAA") Statute. As a JAA, SEAPA may adopt bylaws in order to govern its actions. The current bylaws were adopted by SEAPA at the time of the restructuring on February 24, 2009.

SEAPA's bylaws were based upon those of the Four Dam Pool Power Agency ("FDPPA"). Under those bylaws each director was appointed annually from each of the represented Member Utilities, and served one year terms, as well as an alternate for each director. The Member Utilities appoint the new directors and alternates by January 1, the beginning of each director's term. (See Section 1.2, SEAPA Bylaws). SEAPA carried over this practice. The only major change to the bylaws relating to directors, was creating the rotation regarding the fifth Board member. This was done to balance the interests between the representation of the northern communities provided by directors from Petersburg and Wrangell, and the representation for the south provided by two directors selected from Ketchikan.

The length of Board member terms is a decision left to the Board of the agency. It is discretionary, and there is no law requiring a certain length of time. Any changes to the bylaws must be approved by a unanimous vote of the Directors.

Options – Term Length

In preparing the attached draft, a review of model forms of bylaws such as those prepared by the Rural Electrification Association (REA) is helpful. Another resource is the Model Non-Profit Corporation Act, prepared and revised through the Business Law Section of the American Bar Association.

The typical term recommended for both the bylaws for non-profit boards and cooperatives is a three year director term, although they can range from two to five years in length. In most cases, it is recommended they not exceed a five year term. The idea of having longer than annual term is to provide both continuity and experience among directors to provide stable leadership.

SEAPA is an agency comprised of municipalities. In many instances over the years, the appointed director was the manager of the Member Utility. In other instances, the director was an elected official or the city manager of the Member Utility, or a Board member of Thomas Bay Power Authority.

One approach for SEAPA is to increase the term from one year to either two or three year terms, either being at the discretion of the Board. Should the Board decide to increase the length of the term for a director, it could begin as soon as the next time directors are to be appointed - 2015. This would apply to the directors that represent Ketchikan, Petersburg and Wrangell. The fifth director that annually swings between the communities (the 2014 director is appointed by Wrangell) will remain a one year appointment to preserve the balanced representation offered by this position.

Option – Staggered Terms

Many non-profit boards stagger director terms. The purpose of staggered terms is to preserve continuity and board experience, but also can serve to frustrate those trying to oust an incumbent board. Although continuity and experience are an important goal, achieving that through staggered terms may be less necessary with SEAPA. First, SEAPA is governed by directors appointed from its three Member Utilities, from three separate communities. Ouster of a complete board would be extremely difficult given that each director is appointed by a city or borough comprised of elected officials. The three communities are separate and distinct, and experience shows them to have different concerns over time. Second, effective control will shift every year between Tyee and Swan with the rotating fifth director. Continuity is built into the governance structure because anything done in one year that improperly favors one plant over another, can be undone the following year.

Should the Board desire to create staggered terms, it too can be phased in beginning with the 2015 term, at the same time the lengthened term is incorporated. At that time, the Board can determine which seats shall initially be staggered. Over the next two or three years (depending upon the length decided by the Board), terms will expire at the end of year one, year two, and if necessary, year three. At that time, after the initial two or three years, each year thereafter a new appointment will be made from a different community. Again, the fifth director will continue to rotate between plants as provided in the initial SEAPA bylaws.

Draft Bylaw Summary

Attached is a draft of proposed changes to the SEAPA bylaws. The draft changes the term from a one-year term to a two-year term. In addition, there are several technical corrections as well. These are summarized as follows:

- Notice. The draft provides that the Agency be notified at the same time each Member Utility is notified of the director's appointment. (Sections 1.2; 1.4)
- Vacancies of officers. This change makes sure that the Board of Directors can appoint a new Chairperson if the Board Chair either resigns or is not re-appointed. (Section 4.4)
- Delegation. This change clarifies that both the Secretary, Treasurer, and the Board, if necessary, can properly delegate tasks in order to have them completed. For example, currently, staff provides minutes to the Secretary, the bylaws do not address this, but it is a standard function for most agencies. This change makes clear that the Board approves of that process. (Sections 4.7; 4.8)

There may be other areas where the bylaws can improve Board processes. For example, in the past, the Board of Directors has discussed possible changes to the motion process where only voting members may propose and second motions for consideration by the Board of Directors, but alternates may fully enter discussions on the proposed motions.

This first draft is meant to assist the Board with its discussions on proposed changes.

**BYLAWS
OF
THE SOUTHEAST ALASKA POWER AGENCY**

**ARTICLE 1
BOARD OF DIRECTORS**

1.1 Duties and Voting Requirements. All powers of the Southeast Alaska Power Agency (the "Agency") shall be exercised by or under the authority of the Board of Directors and the business and affairs of the Agency, including all matters related to the Long Term Power Sales Agreement between the Agency and the Member Utilities, as defined therein, shall be managed by or under the direction of the Board of Directors.

Except as otherwise provided, the Board shall make decisions by majority vote of all of its Directors.

1.2 Appointment and Term of Office. The Agency shall have a total of five Directors. Each Project shall be represented by two Directors. The Tyee Lake Project shall be represented by one Director, and one alternate from Petersburg and one Director, and one alternate from Wrangell. The Swan Lake Project shall be represented by two Directors and two alternates from Ketchikan. Each Member Utility shall notify [the Agency, and](#) all other Member Utilities in writing of its designated Director and alternate to the Board. Directors and alternates shall serve for a ~~one~~[two](#)-year term commencing on January 1 and ending on December 31 of ~~each~~[the](#) calendar year [at the end of the two-year term](#), provided that a Director or an alternate to the Board shall continue to serve until his or her successor is appointed. The fifth Director and one alternate shall be selected and approved, on an alternating annual basis, between the two Projects. When the Swan Lake Project is to select the fifth Director, the Member Utility from Ketchikan shall make the selection. In the year that the Tyee Lake Project is to select the fifth Director, the selection shall alternate between the Member Utilities of Petersburg and Wrangell.¹ The selection of the initial fifth Director shall be determined randomly in a manner unanimously agreed upon by the Member Utilities. In the event the Member Utility from Ketchikan, on behalf of the Swan Lake Project, is randomly determined to select the initial fifth Director, there shall be a second random selection between Wrangell and Petersburg to determine which Member Utility will select the initial fifth Director to represent the Tyee Lake Project. The fifth Director may serve one or more additional terms, with the consent of all Directors from each Project. Such a selection shall not alter the alternation of the selection of the fifth Director.

¹ By way of example only, if Ketchikan selected the fifth Director in Year 1 (representing Swan Lake Project), in Year 2 Petersburg would select the fifth Director (representing the Tyee Lake Project). In Year 3 Ketchikan would select the fifth Director (representing Swan Lake). In Year 4 Wrangell would select the fifth Director (representing the Tyee Lake Project).

1.3 **Qualification.** A Director or alternate to the Board shall not be either an employee of the Agency or a party to a personal services contract with the Agency at any time that he or she is serving as a Director or alternate to the Board.

1.4 **Vacancies.** In the event any vacancy occurs on the Board of Directors, the unrepresented Member Utility shall appoint a successor prior to the next regular meeting of the Board. A Member Utility that appoints a new Director or alternate in accordance with the Third Amended and Restated Joint Action Agency Agreement (the "JAA Agreement") shall promptly provide written notice of such change to the [Agency and](#) other Member Utilities. A vacancy that will occur at a specific later date, by reason of a resignation or otherwise, may be filled before the vacancy occurs, and the new Director shall take office when the vacancy occurs.

1.5 **Resignation.** Any Director or alternate to the Board may resign by delivering written notice to the Board of Directors, [through](#) its chairperson. The Director or alternate shall continue to serve until his or her successor is appointed.

ARTICLE 2 BOARD MEETINGS

2.1 **Open Meeting Requirement.** All formal meetings of the Board and its special purpose committees must, unless otherwise provided in the JAA Agreement or in these Bylaws, comply with the open meetings requirements contained in AS 44.62.310 *et seq.*

2.1.1 **Executive Sessions.** If any subjects to be discussed at a meeting are subjects that may potentially be discussed in an executive session, the meeting shall first be convened as a regular or special meeting and the question of holding an executive session to discuss matters that come within the exceptions to the open meeting requirement shall be determined by a majority vote of the Board. No subjects may be considered at the executive session except those mentioned in the motion calling for the executive session unless auxiliary to the main question. Formal action may not be taken during the executive session. The following subjects constitute exceptions to the open meeting requirement and may be discussed in an executive session:

- (a) matters the immediate knowledge of which would clearly have an adverse effect upon the finances of the Agency, the Projects, or any of the Member Utilities represented on the Board;
- (b) subjects that tend to prejudice the reputation and character of any person, provided the person may request a public discussion;
- (c) matters which by law are required to be confidential;
- (d) matters discussed with an attorney retained by the Board members, or with a consultant retained by such attorney, the immediate knowledge of which could have an adverse effect on the legal position of the Agency, the Projects, or any of the Member Utilities represented on the Board; and

- (e) matters which for any other reason allowed by law may be exempt from the open meeting requirement.

2.2 Annual Meeting. The Agency shall hold an annual meeting for the purpose of electing officers, and for transacting such other business as may come before the meeting.

2.3 Regular Meetings. Regular meetings of the Agency shall be held at least quarterly, with the specific date and time to be determined by the Agency.

2.4 Special Meetings. Special meetings of the Agency may be called at any time by the Chairperson or by three members of the Board of Directors by so advising the Secretary of the Board, provided each Project shall have one Director voting to approve such meeting. Business at a special meeting of the Board shall be limited to the purpose stated in the notice of such meeting.

2.5 Notice of Meetings. Notice of any meeting of the Board of Directors, including official meetings, informal meetings, or executive sessions, shall be given by the Secretary of the Board to the public, Directors and alternates to the Board, and the governing body of each Member Utility.

2.5.1 Notice of a regular meeting shall be mailed and published at least five (5) days in advance of the date of the meeting, and shall be given by:

- (a) mailing notice to all persons or organizations who have filed with the Agency a written request to receive notice, and
- (b) publishing notice once in the designated newspaper of the Agency, the local newspapers in Ketchikan, Wrangell and Petersburg.

2.5.2 A notice of a meeting shall include the date, time and place of the meeting, and if the meeting is by teleconferencing, the location of a teleconferencing facility that is equipped with a speaker-telephone or similar listening device.

2.5.3 Written notice of special meetings of the Board shall state the purpose or purposes for which the meeting is called. Business at a special meeting shall be limited to the purposes stated in the notice of the special meeting. Notice of special meetings shall be published to the extent practical and if sufficient time permits.

2.5.4 It is the intent of the Agency to give the best notice possible to the public of all its transactions, but the inadvertent failure to accomplish any one of the notice requirements shall not invalidate any action of the Board.

2.6 Waiver of Notice. Any person entitled to notice of a Board meeting may at any time waive any notice required by law, the JAA Agreement, or these Bylaws. Unless a person entitled to notice attends and participates in a meeting, a waiver must be in writing, must be signed by the person entitled to notice, must specify the meeting for which notice is waived, and must be filed with the minutes or Agency records. Attendance at a Board meeting shall constitute a waiver of notice,

except where attendance is for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

2.7 Place of Meetings. The Chairperson of the Board may designate any place as the place of meeting for any annual, regular or special meeting of the Board. As a matter of general policy, the Board will conduct its meetings in the State of Alaska. Should there be a need to meet outside the State of Alaska, the Board will consider the desire for easy access by the press and the public in addition to the need to conduct business at least cost to the ratepayer.

2.8 Teleconferencing. Attendance and participation by any or all Directors and alternates at any meeting of the Board may be by teleconference. The votes at a meeting held by teleconference shall be taken by roll call. Materials to be considered at a meeting held by teleconference shall be made available at the teleconference locations. Participation by such means shall constitute presence in person at a meeting.

2.9 Minutes of Meetings. Written minutes shall be kept for all regular and special meetings of the Board. Minutes of Board meetings shall be mailed, or provided electronically to each Director, alternate, and Member Utility following each meeting. The official copy of each minutes shall be signed by the Chairperson and the Secretary.

2.10 Quorum. The presence of any three Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, except as otherwise provided by law, another agreement, or these Bylaws.

2.11 Manner of Acting.

2.11.1 A Director may not vote by proxy but may vote by mail or facsimile or by participation in a meeting of the Board via telephone conference or similar communication.

2.11.2 All Board actions shall be taken in a manner that the public may know the vote of each member of the Board who is entitled to vote.

2.11.3 A Director who is present at a meeting of the Board of Directors at which the Board takes action on a matter shall vote on such matters by either yes or no.

2.11.4 Except for those matters that expressly require alternative voting procedures, the vote of a majority of Directors shall be required for the adoption of any matter voted upon, and shall be an act of the Board.

2.11.5 The following matters shall require the affirmative vote of all Board members.

(a) Adoption of the Bylaws, amendment, alteration or repealing of the Bylaws, consistent with the JAA, as amended.

(b) Any action required by the Joint Action Agency Agreement, as amended, to be approved by a unanimous vote of all Boardmembers.

(c) Releasing any Member Utility from its purchase of Firm Power Requirements as determined in the Long Term Power Sale Agreement.

(d) As otherwise required by the Long Term Power Sales Agreement.

2.11.6 The following matters shall require the affirmative vote of a supermajority of the Board members (eighty percent of all members):

(a) Providing any new hydroelectric generation or transmission lines.

(b) Any action required by the Joint Action Agency Agreement, as amended, to be approved by a Supermajority vote of all Boardmembers.

(c) As otherwise required by the Long Term Power Sales Agreement.

(d) The Funding of any capital projects in excess of an amount set by an adopted Agency Policy. This amount will be reviewed periodically by the Board of Directors as appropriate.

(e) Adoption of an Operations Plan consistent with the Power Sales Agreement.

(f) The sale and pricing of Surplus Power, after the Agency has determined that Surplus Power is available, pursuant to the Long Term Power Sales Agreement

(g) The entering of any long term service or operations contract in excess of 5 years.

2.11.7 Conduct of Meetings. Robert Rules of Order shall govern the conduct of Board meetings except where in conflict with specific procedural rules adopted by the Board.

ARTICLE 3

EXECUTIVE COMMITTEE AND SPECIAL PURPOSE COMMITTEES

3.1 **Designation of Committees.** The Board of Directors may designate two or more Directors or alternates to constitute an executive committee or a special purpose committee, subject to such conditions as may be prescribed by the Board and subject to any limitations imposed by the JAA Agreement. The designation of a committee, and the delegation of authority to it, shall not operate to relieve the Board of Directors or any member thereof of any responsibility imposed by law or the JAA Agreement. No member of a committee shall continue to be a member thereof after ceasing to be a Director or alternate of the Agency. The Board of Directors shall have the power at any time to increase or decrease the number of members of the committee, to fill vacancies thereon, to change any member thereof, and to change the functions or terminate the existence thereof. The creation of a committee and the appointment of members to it shall be approved by a majority of the Directors in office when the action is taken, unless a greater number is required by the JAA Agreement or these Bylaws.

3.2 **Powers.** The Board may not delegate its decision making duties to any executive or special purpose committee.

3.3 **Term.** The members of a committee shall serve from the date of appointment until the date of the next annual meeting of the Board of Directors, unless earlier terminated by the Board of Directors.

3.4 **Procedures; Meetings; Quorum.**

3.4.1 The Board of Directors shall appoint a committee Chairperson and Secretary from among the members of the committee. The Chairperson shall preside at all meetings of the committee and the Secretary of the committee shall keep a record of its acts and proceedings, which shall be filed with the minutes of the Agency.

3.4.2 Regular meetings of a committee shall be held upon such notice as is required by these Bylaws for regular meetings of the Board of Directors, and shall be held on such days and at such places as shall be fixed by resolution adopted by the committee. Special meetings of the committee shall be called at the request of the Chairperson or of any member of the committee, and shall be held upon such notice as is required by these Bylaws for special meetings of the Board of Directors.

3.4.3 Attendance of any member of a committee at a meeting shall constitute a waiver of notice of the meeting. A majority of the committee, from time to time, shall be necessary to constitute a quorum for the transaction of any business, and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee. Members of a committee may hold a meeting of such committee by conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and participation in such meeting shall constitute presence in person at the meeting.

ARTICLE 4 OFFICERS

4.1 **Appointment and Term of Office.** The Board of Directors shall annually appoint a Chairperson, Vice Chairperson, Treasurer and Secretary. The offices of Chairperson and Secretary shall not be held by the same person. Each officer shall serve for a one-year term commencing on January 1 and ending on December 31 of each calendar year, and shall hold office until a successor is elected and accepts office, unless the officer earlier resigns or is removed by the Board of Directors as provided in the JAA Agreement.

4.2 **Qualification.** Only Directors or alternates to the Board shall be eligible to serve as officers of the Agency.

4.3 **Resignation and Removal.** An officer may resign at any time by delivering notice of such resignation to the Agency. A resignation is effective upon receipt unless the notice specifies a later effective date. If the Agency accepts a specified later effective date, the Board of Directors may fill the pending vacancy before the effective date, but the successor may not take office until the

effective date. Once delivered, a notice of resignation is irrevocable unless revocation is permitted by the Board of Directors. Any officer appointed by the Board of Directors may be removed from office at any time with or without cause by the Board.

4.4 **Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification, [a Director not being reappointed by the Member Utility](#), or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

4.5 **Chairperson of the Board of Directors.** The Chairperson shall preside over all meetings of the Agency and shall perform such other duties and have such other powers as the Board may prescribe, subject to the limitations set forth in the JAA Agreement.

4.6 **Vice Chairperson.** The Vice Chairperson shall act under the direction of the Chairperson, and in the absence or disability of the Chairperson or if the office of the Chairperson is vacant, shall perform the duties of Chairperson, and from time to time shall perform such other duties and have such other powers as the Chairperson or Board of Directors may prescribe, subject to the limitations set forth in the JAA Agreement.

4.7 **Secretary.** The Secretary shall act under the direction of the Chairperson. Subject to the direction of the Chairperson or the Board, the Secretary shall attend all meetings of the Board and keep accurate records of all proceedings. The Secretary shall perform like duties for committees when required. In the Secretary's absence, the Chairperson shall designate another member of the Board to keep a record of the proceedings. The Secretary shall give or cause to be given notice of all meetings of the Board and special meetings of the Board and shall promptly obtain and provide approval of all minutes of official meetings of the Agency. The Secretary shall perform such other duties as may be prescribed by the Chairperson or the Board. [The Secretary or the Board of Directors may delegate to another or others any of the duties hereinbefore assigned to this officer.](#)

4.8 **Treasurer.** The Treasurer shall act under the direction of the Board of Directors. Subject to the direction of the Board, the Treasurer shall have control of the Board's funds and securities and shall keep full and accurate records of all accounts and finances of the Agency, and shall report at least four times per year to the Board with a summary of all accounts and finances. The Treasurer shall immediately deposit all monies and other valuable effects in the name and to the credit of the Board in such depositories as may be designated by the Board. The Treasurer shall disburse the funds of the Board as may be ordered by the Board, taking proper vouchers for such disbursements. The Board shall secure a bond in an adequate amount to cover the actions of the Treasurer. [The Treasurer or the Board of Directors may delegate to another or others any of the duties hereinbefore assigned to this officer.](#)

ARTICLE S MISCELLANEOUS PROVISIONS

5.1 **Compensation.**

5.1.1. Directors and alternates to the Board, Directors and alternates serving as executive and special committee members and Directors and alternates serving as officers to the Board, may not receive salaries for such services, and except in emergencies, may not receive

salaries for services provided to the Agency in any other capacity without the approval of a majority of the Board, excluding the vote of the Director or alternate to be compensated. Directors and alternates to the Board may receive reasonable reimbursement for expenses, including but not limited to travel, hotel and a per diem for meals for any necessary travel required as a Director and alternate, including service as an executive and special committee member and officer. The Board from time to time may establish a policy governing such reimbursements for necessary travel to and from a meetings of the Board or other meetings while officially representing the Agency.

5.2 **Contracts.** The Board of Directors may authorize any officer or officers and agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Agency, and such authority may be general or confined to specific instances.

5.3 **Checks; Drafts.** All checks, drafts or other orders for the payment of money and notes or other evidences of indebtedness issued in the name of the Agency shall be signed by such officer or officers and agent or agents of the Agency and in such manner as shall from time to time be determined by resolution of the Board of Directors.

5.4 **Deposits.** All funds of the Agency not otherwise employed shall be deposited from time to time to the credit of the Agency in such banks, trust companies or other depositories as the Board of Directors may select.

5.5 **Severability.** Any determination that any provision of these Bylaws is for any reason inapplicable, invalid, illegal or otherwise ineffective shall not affect or invalidate any other provision of these Bylaws.

ARTICLE 6 AMENDMENTS

6.1 These Bylaws may be altered, amended or repealed and new bylaws may be adopted only by unanimous vote of all members of the Board of Directors at any regular or special meeting.

, Secretary of the Board of Directors

ADOPTED:

, 2014 .

Southeast Alaska Power Agency

DATE: February 21, 2014
TO: Trey Acteson
FROM: Steve Henson, Operations Manager
RE Swan Lake Landing Craft

Staff issued an Invitation to Bid for the design/engineering and supply of a landing craft for Swan Lake. Bids are due February 28, 2014. Results will be provided at the board meeting. The board approved \$130,000 in the FY14 budget for the project, of which \$20,000 was anticipated for rigging the craft with electronics, safety gear, rigging/lifting supplies and a trailer. A copy of the R&R Project sheet is attached.

I have prepared the following suggested form of motion in the event the board elects to award the contract at the upcoming meeting:

| SUGGESTED MOTION |
|--|
| <p>I move to authorize staff to enter into a contract with _____ for the lump-sum value of \$_____ for the design/engineering and supply of a landing craft for SEAPA's Swan Lake Hydroelectric Facility.</p> |

Attachment:
R&R 245-14 Project Sheet

| | | | |
|---|---------------------------------|-------------------------|--------------------|
| Project Name | CREW BOAT – Swan Lake | | |
| Project Description | Crew Boat for Swan Lake Project | | |
| Cost Estimate | \$130,000.00 | Project Responsibility: | SEAPA/Steve Henson |
| Start Date: | July 2013 | Project Management: | SEAPA/Steve Henson |
| Completion Date: | June 2014 | Design/Engineering: | |
| Submitted By: | Steve Henson | Installation: | |
| Project Discussion | | | |
| Swan Lake Project does not have a boat of sufficient size to ferry operators or materials and supplies back and forth from the Swan Lake Plant to Ketchikan. The open skiff that is used to work around the dock area does not afford proper protection in inclement weather for crew changes when planes cannot fly nor does it have the capacity to carry appreciable freight. With the commitment of the SEAPA board to proceed with the Swan Lake Dam Raise Project, a landing craft in the 30-foot range with the capability to haul 5,000 lbs. of freight could afford a savings in the construction of this project and provide a safe means of crew transportation. | | | |

| Project Cost Estimate | | | |
|---|------------|----------------|------------------|
| Item | Cost | Budget Request | |
| Labor | \$0 | FY14 | \$130,000 |
| Material | \$0 | | |
| Design/Engineering | \$0 | | |
| Project Mgmt/Inspection | \$0 | | |
| Total | \$0 | Total | \$130,000 |
| Project Cost Estimate Discussion | | | |
| This would be a bid item for local manufacture. One budgetary estimate from a manufacturer was \$110,000. The remaining \$20,000 would be for rigging the boat with electronics, safety gear, rigging/lifting supplies and trailer. | | | |

| FY14 ESTIMATED SCHEDULE OF EXPENDITURES | | | | | | | | | | | |
|--|----------|-----|-----|-----|-----|-----|----------|----------|-----|-----|-----|
| JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN |
| \$ | \$40,000 | \$ | \$ | \$ | \$ | \$ | \$70,000 | \$20,000 | \$ | \$ | \$ |

| R&R Project / Budget Approval | | FY14 | FY15 |
|--|--------------|-------------|-------------|
| CEO Approval | Trey Acteson | 06/2013 | |
| Project/Budget Approval | SEAPA Board | 06/26/2013 | |

Attach Project Close-Out Summary upon completion of project:

| R&R Project Contracts (Vendor, Description, Award Date) | | |
|---|--|--|
| | | |
| | | |

Southeast Alaska Power Agency

DATE: February 21, 2014
TO: Trey Acteson
FROM: Steve Henson, Operations Manager
RE MVAR Shunt Reactors for Wrangell Reactor Replacement Project

Staff issued an Invitation to Bid for the supply and delivery of three oil-filled 3-Phase 2.5 MVAR Shunt Reactors for SEAPA's Wrangell Reactor Replacement Project. Bids are due February 24. Results will be provided at the board meeting. The board approved a total of \$1,800,000 in the FY14 budget for the Wrangell Reactor Project, of which \$780,000 was estimated for three reactors. A copy of the R&R Project sheet is attached.

I have prepared the following suggested form of motion in the event the board elects to award the contract at the upcoming meeting:

| SUGGESTED MOTION |
|---|
| <p>I move to authorize staff to enter into a contract with _____ for the lump-sum value of \$_____ for the supply and delivery of three oil-filled 3-Phase 2.5 MVAR Shunt Reactors for SEAPA's Wrangell Reactor Replacement Project.</p> |

Attachment:
R&R 236-13 Project Sheet

| | | | |
|---|---|-------------------------|--------------|
| Project Name | WRANGELL REACTOR | | |
| Project Description | Replace Wrangell Reactor with switchable reactors and capacitors. | | |
| Cost Estimate | \$1,840,000 | Project Responsibility: | Steve Henson |
| Start Date: | JUL, 2012 | Project Management: | EPS |
| Completion Date: | JUN, 2014 | Design/Engineering: | EPS |
| Submitted By: | Steve Henson | Installation: | |
| Project Discussion | | | |
| <p>The Wrangell reactor is aging and producing gasses indicating a hot spot in the winding and paper insulation degradation. The reactor is critical for the energizing of the transmission line from Wrangell to Petersburg. Replacing the reactor with switchable reactors will also allow better voltage control on the Tye transmission system during the high inductive loads of the cannery season. This project is an integral part of our system reliability.</p> <p>FY14 – Studies were conducted by Commonwealth and Segrity during FY13. EPS was awarded the design, engineering and project management contract for this project.</p> | | | |

| Project Cost Estimate | | | |
|--|--------------------|-------------------|--------------------|
| Item | Cost | Budget Request | |
| Switching Study | \$35,000 | Approved FY13 | \$3,615,000 |
| Reactors (3) | \$780,000 | | --- |
| Installation | \$750,000 | FY14 Budget | \$1,840,000 |
| Design/Engineering/Project Mgmt | \$109,000 | Spent FY13 | (\$40,000) |
| 10% Contingency | \$166,000 | | |
| Total | \$1,840,000 | FY14 Total | \$1,800,000 |
| Project Cost Estimate Discussion | | | |
| <p>Switching study is actual cost. Reactor estimate is based on a quote, but will be bid. Installation is an engineering estimate pending reactor bids. Design, engineering and project management cost is based on EPS contract. Approximately \$40K was spent in FY2013.</p> | | | |

| R&R Project / Budget Approval | | FY13 | FY14 |
|--|---------------------------|-------------|-------------|
| CEO Approval | D. Carlson / Trey Acteson | 06/2012 | 06/2013 |
| Project/Budget Approval | SEAPA Board | 06/2012 | 06/2013 |

| R&R Project Contracts (Vendor, Description) | | |
|--|-----------------------------------|--|
| Electric Power Systems | Design, Engineering, Project Mgmt | |
| Commonwealth | Reactor Switching Study | |
| Segrity | Reactor Switching Study | |

Southeast Alaska Power Agency

DATE: February 21, 2014
TO: Trey Acteson
FROM: Steve Henson, Operations Manager
RE STI Helipad Project (Fabrication of Phase II Helipads)

Staff issued an Invitation to Bid for the engineering design, fabrication, painting, and delivery of 105 helicopter landing pads for SEAPA's Swan-Tyee Intertie Helipad Project. Bids are due February 24. Results will be provided at the board meeting. The board approved a total of \$2,215,000 in the FY14 budget for helicopter pads. A copy of the R&R Project sheet is attached.

I have prepared the following suggested form of motion in the event the board elects to award the contract at the upcoming meeting:

| SUGGESTED MOTION |
|---|
| <p>I move to authorize staff to enter into a contract with _____ for the lump-sum value of \$_____ for the engineering design, fabrication, painting, and delivery of 105 helicopter landing pads for SEAPA Swan-Tyee Intertie Helicopter Project.</p> |

Attachment:
R&R 231-13 Project Sheet



Project Name: **Helicopter Pads**

Project Number: **231-13**

Project Description: Helipad installation on the STI, Swan and Tyee transmission lines

Project Cost Estimate: \$3,350,000

Project Start Date: July 2012

Project Completion Date: June 2014

Project Discussion: The STI was built without helicopter pads. In addition, the existing pads on the Tyee line are in need of reinforcement and/or replacement. The pads on the Swan Lake line need to be inspected and more may need to be placed on this section of line. This is a “global” problem that will take significant funds over the next 10 years to fix.

This is a multi-year project that will require the installation of new helipads on the STI and the refurbishment and/or replacement of existing pads on the Tyee and Swan transmission lines.

Three aluminum helipads were purchased from Touchdown Enterprises, Ltd. and R&M Engineering provided engineering services for the development of foundation systems. Fabrication of foundation footers and preliminary site evaluation and preparation was done in FY12.

FY13 – Forest Service permitting, purchase of 16 additional helipads and contracting for installation of the entire project. Project Management will be retained.

FY14 – Purchase and installation or remaining helipads.

| Project Cost Estimate Summary | Item | Cost |
|--------------------------------------|-------------------------|--------------------|
| | Labor | \$845,000 |
| | Material | \$2,275,000 |
| | Design/Engineering | \$65,000 |
| | Project Mgmt/Inspection | \$165,000 |
| | Total | \$3,350,000 |

Project Cost Estimate Discussion: The cost estimate is for the installation of 108 helipads, 65 for the STI line and 43 to replace existing helipads on the Swan and Tyee lines. The estimate will be updated after engineering site evaluation the week of June 18.

Budget Amount Requested for FY2013: \$1,135,000

Budget Amount Requested for FY2014: \$2,215,000

Southeast Alaska Power Agency

DATE: February 21, 2014
TO: Trey Acteson
FROM: Eric Wolfe, Director of Special Projects
RE Preliminary Engineering Design Services for
Swan Lake Reservoir Expansion Project

At the December 17, 2013 board meeting, staff requested and received approval to enter into a contract with Jacobs Associates for preliminary engineering design services for Swan Lake dam modifications for the not-to-exceed (NTE) value of \$367,000. The NTE value requested during the meeting was an estimate only that could not be verified until after a contractor was selected and a site visit conducted with the contractor to more fully develop the scope of work. Staff provided a memo during the meeting showing that the bids were evaluated on various categories of experience, average hourly rate, schedule, feasibility study evaluation, and the number of people charging for their time in the project. Jacobs Associates had the best overall score after evaluation of the stated categories. The scope of work, however, could not be fully developed until SEAPA staff and Jacobs Associates had the opportunity to conduct a site visit and discuss the scope further.

A site visit was conducted the last week of January, after which staff estimated a cost of \$490,900 for the fully developed scope of work. Jacobs Associates subsequently submitted their overall project budget in the amount of \$446,286, plus a contingency of \$32,760 for a total of \$479,046. Jacobs Associates NTE estimate is \$12K less than staff's estimate.

Based on the additional information verified during the site visit and data collected, staff recommends increasing the not-to-exceed value of the award to Jacobs Associates from \$367,000 to \$480,000 for completion of the fully developed scope of work. The board approved \$1,626,750 for this project in the FY14 budget which included \$575,750 in Alaska Department of Commerce, Community and Economic Development (AK DCCED) grant funds.

I have prepared the following suggested motion for the board's consideration:

| SUGGESTED MOTION |
|--|
| I move to authorize staff to increase the not-to-exceed value of the contract with Jacobs Associates from \$367,000 to \$480,000 for SEAPA's Preliminary Engineering Design Services for the Swan Lake Reservoir Expansion Project. |

Southeast Alaska Power Agency

DATE: February 21, 2014
TO: Trey Acteson, CEO
FROM: Sharon Thompson, Executive Assistant
RE **Section II Redline Draft: SEAPA 2005 Policies and Procedures Handbook**

Attached is a copy of the relined draft of Section II of the 2005 Policies and Procedures Handbook for discussion and/or the board's consideration and approval of the changes to this section.

The following is a suggested motion:

| SUGGESTED MOTION |
|------------------|
|------------------|

| |
|---|
| <p>I move to authorize staff to accept the changes made to Section II of SEAPA's 2005 Policies and Procedures Handbook as set forth in the redlined draft dated February 21, 2014.</p> |
|---|

SECTION 2. ~~THE FOUR DAM POOL POWER AGENCY STATUS, JOINT ACTION AGENCY AGREEMENT AND BYLAWS AND THE PROJECT MANAGEMENT COMMITTEE~~

~~The Four Dam Pool Power Agency (“Agency”) was formed by the Purchasing Utilities in December 2000 with the execution of the Joint Action Agency Agreement Relating to the Four Dam Pool Power Agency as a joint action agency under State law (AS 42.45.300 to 42.45.320). This initial JAA Agreement was amended and restated by the Purchasing Utilities immediately prior to the Divestiture Closing and most recently prior to the issuance of the Bonds with the execution of the Second Amended and Restated Joint Action Agency Agreement Relating to the Four Dam Pool Power Agency (“Agreement”- Appendix C).~~

~~The Agency The Agency is a joint action agency, organized pursuant under to state law (AS 42.45.300 to AS 42.45.320). It is an Alaska public corporation and an instrumentality of the Member Utilities having a separate and distinct legal entity—existence from of the City of Ketchikan, d/b/a Ketchikan Public Utilities, the City of Petersburg (n/k/a Petersburg Borough), d/b/a Petersburg Municipal Power and Light, and the City of Wrangell (n/k/a City and Borough of Wrangell), d/b/a City of Wrangell Light Department (n/k/a Wrangell Municipal Light & Power) (“Member Utilities” or “Purchasing Utilities”). ~~formed by the five participating utilities As a joint action agency, it and is is granted broad powers to own, manage, finance and operate the four pgeneration and transmission Projects comprising the Four Dam Pool Initial Project.~~ The Agency’s JAA Agreement and ~~the Agency~~ Bylaws contain detailed provisions regarding the appointment and removal of directors, selection of officers, issuance of debt, and other matters related to the administration of the Agency. This section is a summary of those provisions.~~

~~The provisions of the Long Term Power Sales Agreement (“PSA”- Appendix A) between the purchasing Member uUtilities and the Agency (as the successor party to the Alaska Energy Authority pursuant to Article I of the Agreement for Purchase and Sale of the Four Dam Pool Project—“Sale Agreement”) are to be implemented by SEAPA’s Board of Directors (“Board”) a Project Management Committee (“PMC”), which consistsing of five Directors and five alternates. Each Project is represented by two Directors and two alternates. The Tye Lake Project is represented by one Director and one alternate from Petersburg and one Director and one alternate from Wrangell. The Swan Lake Project is represented by two Directors and two alternates from Ketchikan. The fifth Director and alternate are selected on an alternating annual basis between the two Projects, with the Tye representation alternating between Petersburg and Wrangell. one representative of each party to the Agreement. The Board, among other things, PMC is responsible for handling the financial aspects of the Four Dam Pool pProjectsAgency, including creation of annual budgets and funds. In addition to the 2009 PSA, numerous memoranda and resolutions contain detailed provisions regarding the powers of the PMC Agency and the rules and policies to which the PMC Agency is subject.~~

~~This Handbook Section is intended as a review of the JAA Agreement and Bylaws that to cover the rules governing both the Agency Board and the PMC. However, to the extent there may be a conflict, the JAA Agreement and Bylaws govern.~~

2.1 AGENCY MEMBERSHIP

~~The members of the Agency are comprised of the following three municipally owned utilities and two electric cooperatives: (1) the City of Ketchikan, d/b/a Ketchikan Public Utilities;~~

(2) the ~~City of Petersburg Borough, d/b/a Petersburg Municipal Power and Light; and~~ (3) the City and Borough of Wrangell, Alaska, d/b/a Wrangell Municipal Light & Power; ~~(4) Copper Valley Electric Association; and (5) Kodiak Electric Association.~~ The Agency-JAA Agreement provides that new Agency members may be added upon unanimous approval by the Agency Board. A Member Utility may only withdraw from the Agency provided it has submitted written notice to the Board, it has obtained the unanimous written consent of all members of the Board of Directors and has satisfied all terms and conditions established by the Board of Directors for such withdrawal. ~~However, a~~ Member Utility may not withdraw if such withdrawal would result in the dissolution of the Agency, ~~Withdrawal is also not allowed or~~ so long as any long-term Bonds, indebtedness or other obligations remain outstanding, or any obligations payable to any third party providing credit enhancement or liquidity support for such Bonds remain outstanding, unless such withdrawal is consented to by such third party.

Comment [JRP1]: Clarification needed that Petersburg, a city, signed the JAA Agreement and Long Term Power Sales Agreement. May need to amend those documents in the future to account for that.

2.2 — PMC AND AGENCY JOINT OPERATION

~~To provide for the orderly management of the affairs of the Agency and the PMC, immediately prior to Divestiture Closing, the Agency and the PMC entered into a Memorandum of Understanding (Appendix L) requiring that the composition of the PMC and the Power Agency's Board of Directors be identical, and that the officers of the Power Agency and the PMC also be the same. Consistent with the intent of these requirements, the MOU also provides that the Agency (as the successor party to AEA under the PSA) will not appoint a representative (or alternate) to the PMC, with the representatives appointed by the Purchasing Utilities exercising all powers granted to the PMC under the PSA.~~

2.3.2.2 AGENCY BOARD OF DIRECTORS AND PROJECT MANAGEMENT COMMITTEE MEMBERSHIP

~~Each of the member utilities shall appoint one representative to serve as a Director of the Agency and as the utility's representative on the PMC, and another as its alternate for a one-year term. The Agency's Board consists of five Directors and five alternates. Each Project is represented by two Directors and two alternates. The Tyee Lake Project is represented by one Director and one alternate from Petersburg and one Director and one alternate from Wrangell. The Swan Lake Project is represented by two Directors and two alternates from Ketchikan. The fifth Director and alternate are selected on an alternating annual basis between the two Projects. The Member Utilities shall appoint their representatives accordingly beginning January 1 of each year. [Agency Bylaws § 1.2]; PMC Resolution 85-4 § 8; modified by PMC Res. 88-21 § 3; Memorandum of Understanding Regarding Certain Relationships between the Agency and the PMC (dated 1/30/02)].~~

2.3.12.2.1 ~~Removal of Agency Board of Directors and PMC Representatives.~~ An Agency Board Director or alternate may only be removed from the Board for cause and only after the unanimous vote of the other Directors appointed by the municipally owned member utilities. No Director or alternate is entitled to vote on his/her own removal or the removal of a Director or alternate appointed by the same member utility as the Director. [JAA Agreement §6(c)] This provision is structured to comply with an Internal Revenue Service requirement. ~~The rule also, therefore, applies to PMC membership given the requirement for identical membership and officers.~~

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2.4 OFFICERS

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2.4.12.2.2 Officers, Appointment, and Term of Office. A Chairperson, Vice Chairperson, Treasurer, and Secretary are elected annually from the Agency Directors and alternates. ~~(The PMC is required to have the same officers. MOU 1/30/02 referenced above)~~ The one-year term begins on January 1 of each year. A sitting officer serves until a replacement is elected [Agency Bylaws §4.1-2; JAA Agreement §8(b) & (c)]. **In order to assure continuity of the officers of the Board, the utilities are directed to name their member representatives for the ensuing year at the last Board meeting of each year.**

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2.4.22.2.3 Removal. Officers of the Agency ~~and the PMC~~ may be removed at any time with or without cause by a unanimous vote of the remaining members of the Agency Board ~~and the PMC~~ and are automatically removed if the officer is no longer a Director or alternate. [Agency Bylaws §8.4.1, 4.3; JAA Agreement §6(c); ~~PMC Resolution 85-4 § 10, modified by Res. 88-21 § 4~~]

2.4.32.2.4 Chairperson. The Chairperson presides over all meetings of the Agency ~~and the PMC~~ and performs such duties as the Agency Board may prescribe. [Agency Bylaws §4.5; ~~PMC Resolution 85-4 § 11~~]

2.4.42.2.5 Vice Chairperson~~.~~ The Vice Chairperson acts under the direction of the Chairperson, and in the absence or disability of the Chairperson, or if the office of the Chairperson is vacant, performs the duties of the Chairperson, and from time to time performs such other duties and has such other powers as the Agency Board prescribes. [Agency Bylaws §4.6; ~~PMC Resolution 85-4 § 12~~]

2.4.52.2.6 Secretary. The Secretary acts under the direction of the Chairperson. Subject to the direction of the Chairperson or the Agency Board, the Secretary attends all Board ~~and PMC~~ meetings and keeps accurate records of all proceedings or causes such records to be kept. The Secretary will perform like duties for special committees when required. In the Secretary's absence, the Chairperson designates another member of the Board to keep a record of the proceedings. The Secretary provides, or arranges to be provided, notice of Board ~~and PMC~~ meetings and special meetings and promptly obtains and provides approval of minutes of official meetings of the Agency ~~and the PMC~~. [Agency Bylaws §4.7; ~~PMC Resolution 85-4 § 13, modified by Res. 88-21 § 5~~]

Comment [s2]: This hasn't happened at least for the last three years; do we want to bring this to the Board's attention for an amendment to the Bylaws? (Sharon)

2.4.62.2.7 Treasurer. The Treasurer acts under the direction of the Agency Board. Subject to the direction of the Board, the Treasurer has control of the Board's funds and securities and keeps full and accurate records of all accounts and finances of the Agency ~~and the PMC~~. The Treasurer will immediately deposit all moneys in the name and to the credit of the Agency or the PMC in such depositories as may be designated by the Board or PMC. The Treasurer disburses the funds of the Agency or the PMC as ordered by the Board ~~or the PMC~~, taking proper vouchers for such disbursements. The Board will secure a bond in an adequate amount to cover the actions of the ~~Treasurer~~. [Agency Bylaws §4.8; ~~PMC Resolution 85-4 § 14~~]

Comment [JRP3R2]: I inserted a provision in the draft Bylaws stating that duties of Secretary/Treasurer may be delegated to as Board sees fit to complete tasks. Will that address this issue?

Comment [s4]: Same comment as above – no longer happens; suggest amendment to Bylaws? (Sharon)

Comment [JRP5R4]: See above.

2.5.2.3 COMMITTEES

2.5.12.3.1 Agency ~~and PMC~~ Special Committees.

- (1) Designation. The ~~PMC or the~~ Agency may appoint special purpose committees from time to time, composed of representatives and alternate representatives, subject to certain conditions prescribed by the ~~PMC/~~Agency and subject to the limitations imposed by the PSA. The designation of any such committee does not relieve the ~~PMC, the~~ Agency, or any member thereof, of any responsibility imposed by law, the PSA or the Agreement. [~~PSA §7(h); PMC Resolution 85-4, §8.6~~]-
[Agency Bylaws § 3.1]
- (2) Powers. The ~~PMC or the~~ Agency may not delegate its decision-making duties to any special purpose committee. [~~PSA §7(h)~~]
[Agency Bylaws § 3.2]
- (3) Term. The members of each special purpose committee serve from the date of appointment until the date of the next annual meeting of the ~~PMC/~~Agency and only so long as they are an appointed representative or alternate representative to the ~~PMC/~~Agency. [~~PMC Resolution 85-4, modified by Resolution 88-21 §8.2~~]-[Agency Bylaws §§ 3.1, 3.3]

2.62.4 MEETINGS

2.6.12.4.1 Annual Meeting. An annual meeting is held for the purpose of electing officers of the Agency Board ~~and PMC~~ and to conduct such other business as may come before the meeting. The Agency Board establishes the specific date and time for the annual meeting. [Agency Bylaws §2.2]

2.6.22.4.2 Regular Meetings. Regular meetings of the Agency ~~and the PMC~~ are to be held at least quarterly, with the specific date and time to be determined by the Agency from time to time. [Agency Bylaws §2.3]

2.6.32.4.3 Special Meetings. Special meetings of the Agency ~~and the PMC~~ may be called by the Agency Chairperson or by three members of the Agency Board by advising the Secretary of the Board ~~and PMC~~. Business at a special meeting must be limited to the purpose stated in the notice of such special meeting. [Agency Bylaws §2.4]

2.6.42.4.4 Place of Meetings. The Chairperson of the Board may designate any place as the place of meeting for any annual, regular, or special meeting of the ~~Agency Board or PMC~~. As a matter of general policy, the ~~Agency Board~~ will conduct its meetings in the State of Alaska. Should there be a need to meet outside of Alaska, the ~~Agency Board and PMC~~ will consider the desire for easy access by the press and the public in addition to the need to conduct business at least cost to the ratepayer, ~~the Agency, and the PMC~~. [Agency Bylaws §2.7; ~~PMC Resolution 85-4 modified by 88-21 §6~~]

2.6.52.4.5 Teleconferencing. Attendance and participation by any or all of the Directors ~~/Representatives~~ and alternates may be by teleconference. The votes at a meeting held by teleconference ~~must~~shall be taken by roll call. Materials that are to be considered at a meeting ~~that is~~by teleconference

~~must~~shall be made available at the teleconference locations. Participation by such means shall constitute presence in person at ~~the a~~ meeting. [Agency Bylaws §2.8; ~~PMC Resolution 86-5 §4~~]

2.6.6~~2.4.6~~ Minutes of Meetings. Written minutes ~~must~~shall be kept for all ~~regular and special~~ meetings of the ~~Board Agency and the PMC~~. Such Minutes will be provided to each Board Director, alternate, and ~~m~~Member ~~u~~Utility representative following each meeting and shall be submitted for approval by the Board ~~or PMC~~ at the next subsequent meeting. The official copy of ~~each minutes shall the approved minutes of each meeting must~~ be signed by the Chairperson and the Secretary. [Agency Bylaws §2.9 and §2.11.2 ~~Agreement §7(e); PMC Resolution 85-4 §15~~]

2.6.7~~2.4.7~~ Quorum. At all Agency Board ~~and PMC~~ meetings, the presence of any ~~four three (3)~~ Directors/~~Representatives~~ shall constitute a quorum for the transaction of business, except as otherwise provided by law, another agreement, ~~or the Agency Bylaws, or by PMC resolution.~~ [Agency Bylaws §2.10; ~~PMC Resolution 85-4 §4~~]

2.6.8~~2.4.8~~ Conduct of Meetings. Robert Rules of Order govern the conduct of Agency/~~PMC~~ meetings except where in conflict with specific procedural rules adopted by the Board of Directors. [Agency Bylaws §2.11.~~75~~]

~~2.7.2.5~~ NOTICE REQUIREMENTS

The various notice requirements for the Agency ~~and the PMC~~ are as follows: ~~substantially identical and given that the Agency and PMC rarely meet separately, the terms "Agency" and "PMC" are interchangeable in the following provisions. The waiver of notice provisions differ slightly between the two entities and are noted accordingly. The governing documents are cited for reference.~~

2.7.1 ~~2.5~~ Notice of Meetings. ~~Notice of any meeting of the Board of Directors, including Public notice must be given by the Secretary of the Board for all meetings of the Agency Board, including official meetings, informal meetings, and/or executive sessions, shall be given by the Secretary of the Board to the public, Directors and alternates to the Board, and the governing body of each Member Utility. [Agency Bylaws §2.5].~~

Comment [s6]: This entire section is 2.5 in the bylaws so all numbering needs to be corrected to delete references to 2.7 (Sharon)

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~~2.5.1~~ Notice of a regular meeting ~~must~~shall be mailed and published at least five ~~(5)~~ days in advance of before the date of the meeting, and shall be given by: ~~Notice of regular meetings must be given by:~~ [Agency Bylaws §2.5.~~1~~; ~~PMC Resolution 86-5, §3~~]

- (1) mailing notice to all persons or organizations who have filed with the Agency a written request to receive notice; and
- (2) publishing notice once in the designated newspaper of the Agency, if any, and the local newspapers in Ketchikan, Wrangell, and Petersburg. Anchorage Daily News, the designated newspaper of the Agency.

(2) [Agency Bylaws §2.5.1]

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~~2.7.2-2.5.2~~ 2.5.2 Notice Contents.—A notice of a meeting must include the date, time, and place of the meeting, and if the meeting is by ~~teleconferencing~~ teleconference, the locations of a teleconferencing facility that is equipped with a speaker-telephone or similar listening device. [Agency Bylaws § 2.5.2; ~~PMC Resolution 85-4, § 1; PMC Resolution 86-5 § 2~~]

2.5.3 Written notice of special meetings of the ~~Agency Board~~ must state the purpose or purposes for which the meeting is called. Business at a special meeting shall be limited to the purposes stated in the notice of the special meeting. Notice of special meetings shall be published to the extent practical and if sufficient time permits. [Agency Bylaws § 2.5.3; ~~PMC Resolution 85-4 § 2 modified by Resolution 88-21 § 1.2~~]

~~2.7.32.5.2~~ 2.5.4 Failure to Give Notice.—It is the intent of Agency to give the best notice possible to the public of all its transactions, but the inadvertent failure to accomplish any one of the notice requirements shall not invalidate any action taken by the Board. [Agency Bylaws § 2.5.4; ~~PMC Resolution 86-5 § 2~~]

~~2.7.42.5.3~~ 2.6 Waiver of Notice—Agency. Any person entitled to notice of an ~~Agency~~ Board meeting may, at any time, waive any notice required by law, the ~~JAA Agency~~ Agreement, or the Agency Bylaws. Unless a person entitled to notice attends and participates in a meeting, a waiver must be in writing, must be signed by the person entitled to notice, must ~~Such waiver of the notice must be in writing and signed by the person or persons entitled to such notice, must~~ specify the meeting for which notice is waived, and must be filed with the minutes or Agency records. Attendance at the Board meeting shall constitute a waiver of notice, except where attendance is for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. [Agency Bylaws §2.6]

~~2.7.5~~ Waiver of Notice—PMC. Whenever any notice is required to be given to any Party, a waiver of the notice in writing, signed by the person or persons entitled to such notice, whether before or after the time stated in the notice, shall be deemed equivalent to the giving of such notice. [~~Resolution 85-4 modified by 88-21, § 6~~]

~~2.8~~ 2.11 MANNER OF ACTING

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~~2.8.12.5.4~~ 2.11.1 Voting. ~~An Agency Director/PMC Representative, or in the event of his or her absence, the alternate appointed by the member utility, shall be entitled to one vote in matters to be decided by the Agency Board and/or the PMC.~~—A Director/~~Representative~~ may not vote by proxy, but may vote by ~~mail or facsimile or by~~ participation in a meeting of the Board/~~PMC~~ via telephone conference or similar communication. [Agency Bylaws §2.11.1]

Comment [s7]: Voting is in person or telephonically, we need the Bylaws to conform to this provision by deleting voting by mail or fax. (Sharon)

2.11.2 All Board/PMC actions ~~must shall~~ be taken in a manner that by roll call vote so at all times the public may know the vote of each member of the Board/PMC who is entitled to vote. [Agency Bylaws §§~~2.11.1-2.11.2~~]

2.11.3 A Director who is present at a meeting of the Board of Directors at which the Board takes action on a matter shall vote on such matters by either yes or no. [Agency Bylaws §2.11.3]

2.11.4 Except for those matters that expressly require alternative voting procedures, the vote of a majority of Directors shall be required for the adoption of any matter voted upon, and shall be an act of the Board. [Agency Bylaws §2.11.4]

2.11.5 The following matters shall require the affirmative vote of all Board members.

(a) Adoption of the Bylaws, amendment, alteration, or repealing of the Bylaws, consistent with the JAA, as amended.

(b) Any action required by the Third Amended and Restated Joint Action Agency Agreement to be approved by a unanimous vote of all Board members.

(c) Releasing any Member Utility from its purchase of Firm Power Requirements as determined in the Long-Term Power Sales Agreement, and if applicable, any related financing agreements.

(d) As otherwise required by the Long-Term Power Sales Agreement.

2.11.6 The following matters shall require the affirmative vote of the supermajority of the Board members (eighty percent [80%] of all members).

(a) Providing any new hydroelectric generation or transmission lines.

(b) Any action required by the Third Amended and Restated Joint Action Agency Agreement to be approved by a Supermajority vote of all Board members.

(c) As otherwise required by the Long-Term Power Sales Agreement.

(d) The Funding of any capital projects in excess of an amount set by an adopted Agency Policy. This amount will be reviewed periodically by the Board of Directors as appropriate.

(e) Adoption of an Operations Plan consistent with the Power Sales Agreement.

(f) The sale and pricing of Surplus Power, after the Agency has determined that Surplus Power is available, pursuant to the Long-Term Power Sales Agreement.

(g) The entering of any long-term service or operations contract in excess of five (5) years.

[Agency Bylaws §§2.11.45-2.11.6]

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~~The act of a majority of Directors/Representatives taken during a meeting at any time when a quorum is present shall be an act of the Board of Directors and the PMC, and binding on the member utilities, except for such matters that may require unanimous action or another level of consent by the Directors/Representatives. The act of a majority of Directors taken during a meeting at any time when a quorum is present shall be an act of the Board of Directors, and binding on the Member Utilities, except for such matters that may require unanimous action or another level of consent by the Directors/Representatives.~~

~~A Director/Representative who is present at a meeting of the Agency/PMC at which action on an Agency/PMC matter is taken will be presumed to have assented to such action unless the Director's/Representative's dissent is entered in the minutes of the meeting, or unless the Director/Representative files a written dissent from such action with the person acting as the Secretary of the meeting, before the adjournment of the meeting, or forwards such dissent by registered mail to the Secretary of the Board/ PMC immediately after the adjournment of the meeting. Such right to dissent does not apply to a Director/Representative who voted in favor of such action. [PMC Resolution 85-4 §5; Agency Bylaws §2.11.3]~~

~~2.8.2 Action Without a Meeting. Except as otherwise required under the open meetings law (AS 44.62.310), any action that is required or permitted to be taken by the Directors/Representatives at a meeting may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Directors entitled to a vote on the matter. The action shall be effective on the date when the last signature is placed on the consent or at such earlier or later time as is set forth in the consent. Such consent, which shall have the same effect as a unanimous vote of the Directors, shall be filed with the minutes of the Board. [Agency Bylaws §3.4.4]~~

2.9.2.6 OPEN MEETINGS

~~2.9.12.6.1 Agency. The Agency has agreed to abide by the Alaska Open Meetings Act. All formal meetings of the Agency Board and its any special committees established by the Board must, unless otherwise provided in the JAA Agreement or in the Agency Bylaws, comply with Alaska open meetings law~~

Comment [s8]: There is no Section 3.4.4 in the Bylaws nor is there a paragraph that addresses Action Without a Meeting--even though it's referenced here. Should I delete this entire section? (Sharon)

Comment [JRP9R8]: This must have been removed from the original FDPPA Bylaws. It is a standard provision in most bylaws to allow votes by unanimous consent outside of a meeting. May want to include in Bylaw cleanup?

contained in AS 44.62.310, et seq., except as provided below with respect to executive sessions. [\[Agency Bylaws §2.1\]](#)

- (1) *Executive Sessions.* If any subjects to be discussed at a meeting are subjects that may potentially be discussed in an executive session, the meeting must first be convened as a regular or special meeting and the question of holding an executive session to discuss matters that come within the exceptions [to the Agency's open meeting requirement described herein](#) shall be determined by a majority vote of the Board. No subjects may be considered at the executive session except those mentioned in the motion calling for the executive session unless auxiliary to the main question. Formal action may not be taken during the executive session. [\[Agency Bylaws §2.1.1\]](#)
- (2) The following excepted subjects may be discussed in an executive session:
 - a. matters the immediate knowledge of which would clearly have an adverse effect upon the finances of the Agency, the ~~Initial-Projects~~, or any of the Member Utilities [represented on the Board](#);
 - b. subjects that tend to prejudice the reputation and character of any person, provided the person may request a public discussion;
 - c. matters which by law are required to be confidential;
 - d. matters discussed with an attorney retained by the Board members, or with a consultant retained by such attorney, the immediate knowledge of which could have an adverse effect on the legal position of the Agency, the ~~Initial-Projects~~ or any of the Member Utilities represented on the Board; and
 - e. matters for which any other reason allowed by law may be exempt from the open meeting requirement. [\[Agency Bylaws §2.1.1\]](#)
- (3) *Exceptions to Open Meetings Requirement.* The open meeting requirement shall not apply to:
 - a. meetings at which a quorum is not present;
 - b. informal discussions, by telephone or otherwise, among members of the Board at which votes are not taken and official business is not conducted; or

- c. meetings and discussions, formal or informal, of Board members in which all participants indicate they are acting individually as representatives of the member utilities and not as the assembled Board, and at which no Board business is conducted and no votes are taken. [~~Agency Bylaws §2.1.2]~~

~~2.9.2-PMC. The PMC open meeting requirements vary somewhat from those for the Agency. When meeting as both the Agency Board and the PMC, the Agency rules govern. If meeting only as the PMC, the following apply:~~

- (1) ~~Open Meetings. All formal meetings of the PMC and its special purpose committees shall be open to the public except as provided below. [Resolution 87-19 § 1]~~
- (2) ~~Emergency Meetings. Meetings called to meet a public emergency affecting life, health, welfare or property may be called by the Chairman or by three members of the PMC at any time by so advising the Secretary of the PMC who shall forthwith give telephonic notice to the Parties and their designated representatives to the PMC of the time and, unless the meeting is by teleconference, the place of the meeting. [Resolutions 86-5 § 7, modified by 88-21 § 9]~~
- (3) ~~Executive Sessions. If any subjects to be discussed at a meeting are subjects that may potentially be discussed in an executive session, the meeting shall first be convened as a regular or special meeting and the question of holding an executive session to discuss matters that come within the exceptions contained in Section 2.6.2(e)(1-4) of this rule shall be determined by a majority vote of the PMC. No subjects may be considered at the executive session except those mentioned in the motion calling for the executive session unless auxiliary to the main question. Formal action may not be taken during the executive session. Only members of the PMC and designated alternates, attorneys for members of the PMC and members of the Technical Standards Committee may attend an executive session, unless the motion calling for the executive session specifies other persons who are to present information to the PMC. [Resolution 87-19 §2]~~
- (4) ~~The following excepted subjects may be discussed in an executive session:~~
- a. ~~matters, the immediate knowledge of which would clearly have an adverse effect upon the finances of the PMC, the Initial Project, or any of the individual parties represented on the PMC;~~

Comment [s10]: This entire section is not referenced in the Bylaws, JAA, or PSA. I think it's good to include it though to provide clarity as those situations do arise where there is a question whether a meeting needs to be called. (Sharon)

Comment [JRP11R10]: Agreed, and further emphasizes that the JAA statutes make clear that the Agency is not a public agency and arm of the state or the municipalities.

- b. ~~subjects that tend to prejudice the reputation and character of any person, provided the person may request a public discussion;~~
 - e. ~~matters which by law are required to be confidential; and~~
 - d. ~~matters discussed with an attorney retained by the PMC members, or with a consultant retained by such attorney, the immediate knowledge of which could have an adverse effect on the legal position of the PMC, the Initial Project or any of the Parties represented on the PMC. [Resolution 87-19 § 3]~~
- (5) ~~The PMC open meeting requirements Executive Session exclusions shall not apply to:~~
- a. ~~meetings at which a quorum is not present;~~
 - b. ~~informal discussions, by telephone or otherwise, among members of the PMC, at which votes are not taken and official business is not conducted; or~~
 - e. ~~meetings and discussions, formal or informal, of PMC members in which all participants indicate they are acting individually as representatives of the Parties to the PSA and not as the assembled PMC, and at which no PMC business is conducted and no votes are taken. [Resolutions 86-5, 87-19 § 5; modified by 88-21, § 8]~~

2.142.7 **COMPENSATION, TRAVEL, AND PER DIEM EXPENSES**

The Agency Bylaws prohibit Directors and alternates to the Board from receiving salaries for services provided as members of the Board, any special committees, or as officers of the Agency, ~~and there are no PMC resolutions or MOUs addressing the subject.~~ The Agency Bylaws further specify that Directors and alternates may not, except in emergencies, receive salaries for services provided to the Agency in any other capacity without the approval of a majority of the Board, excluding the vote of the Director or alternate to be compensated. Under the Agency Bylaws, Directors and alternates may, however, receive ~~a~~ reasonable reimbursement for expenses, including but not limited to travel, hotel, and meals for any necessary travel required as a Director and alternate, including service as an executive and special committee member and officer. fee, as established by ~~€~~The Board from time to time may establish a policy governing such reimbursements for necessary travel to and from meetings of the Board or other meetings while officially representing the Agency. , for attendance at meetings while officially representing the Agency, and for travel to and from such meetings and may be reimbursed for actual expenses while performing duties on behalf of the Agency, including but not limited to telephone and hotel charges. [Agency Bylaws §§ ~~35.5~~.1 and 4.9.1]

Comment [s12]: deleted "and a per diem for meals" since SEAPA typically provides all meals while board members are traveling for board business; if there is travel by a board member for other business other than a board meeting, the board member typically pays for their meals and presents receipts for reimbursements; we have never issued a per diem for travel. Bylaws need to be consistent with this change however. (Sharon)

~~Each Director/Representative or alternate serving as a member of the executive committee or a special committee may be reimbursed for the cost of travel and per diem necessary for such Director/Representative or alternate to attend such meetings or other meetings while officially representing the Agency, subject to the following: [Agency Bylaws §§ 3.5.2 and~~

~~4.9.2; PMC Resolution 86-10 § 1; PMC Resolution 86-8 § 1~~ Reasonable reimbursement is subject to the following:

- (1) Travel must be by the most direct route and will be reimbursed at no more than airline coach fare.
- (2) ~~Actual, itemized receipts are submitted to the SEAPA office within 30 days after the actual meeting days for each duly convened meeting to be reimbursed at cost. Per diem for allowable costs will not exceed \$150 per day for a maximum of two days' travel and actual meeting days for each duly convened meeting.~~
- (2) (3) Expenses for travel to and from a meeting of the Board or other meetings while officially representing the Agency are not submitted through the net billing process. [SEAPA Resolution 2009-027 Adopting a Policy for Board Member and Staff Travel Expenses]

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~~2.11.2.8~~ INDEMNIFICATION

~~There are currently two separate following is the indemnification policies for PMC and the Agency, as stated in the JAA Agreement: JAA members. In addition, Copper Valley and Kodiak Electric Associations are indemnified for certain potential tax issues.~~

- 2.11.1 ~~Agency.~~ A properly appointed Director/Representative, alternate, officer or employee of the Agency ~~is shall~~ not be individually liable for conduct performed within the scope of his or her duties for the Agency; ~~however, the protected person may be held individually liable for the conduct if the person did not reasonably believe the conduct to be in the best interests of the Agency. The Agency shall maintain a directors and officers insurance policy and such other insurance coverage as the Board of Directors shall determine to be appropriate and commercially reasonable for the protection of the Agency's Directors, alternates, officers and employees in the performance of their duties for and on behalf of the Agency. unless it is determined it was not reasonable for the person to believe the conduct in question was not contrary to the best interests of the Agency.~~ [JAA Agreement §-19(a)]

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The Agreement provides that the Agency, in certain instances, will indemnify a properly appointed Director, ~~A~~ alternate, officer or employee of the Agency ("protected person") who reasonably believes his/her conduct was not contrary to the best interests of the Agency. The Agency will indemnify a protected person who is or may be made a party to a contested matter or legal proceeding against expenses actually and reasonably incurred in connection with the contested matter. With respect to a criminal action or proceeding, the Agency shall indemnify the protected person unless the person had reasonable cause to believe that the conduct was unlawful. [JAA Agreement §-19(b)]

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~~2.11.2—The Agency shall purchase and maintain insurance on behalf of a protected person against liability asserted against the protected person and incurred in an official capacity or arising out of the person’s status, whether or not the Agency would have the power to indemnify the person against the liability under this section of the JAA Agreement. [JAA Agreement §19(c)]PMC.~~

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~~— The PMC shall indemnify and hold its PMC members and officers harmless against all claims and liabilities which they or any of them incur as a party defendant to any proceeding (other than a proceeding filed by or in the right of the PMC), based on any authorized action of any such person as a PMC member or as an officer of the PMC within the scope of the PMC member’s office. For purposes of this provision, “PMC member” means a PMC representative, an alternate PMC representative, an authorized agent of the PMC who is otherwise employed by the Agency, the purchasing utilities or the operators, or an authorized employee of the PMC. [PMC Resolution 86-12 § 2, modified by Resolution 88-21 § 11]~~

~~2.11.3—Kodiak Electric Association and Copper Valley Electric Association (2 separate Agreements). In 1991, the Internal Revenue Service determined that the trust created for purposes of holding and administering the funds in the R&R Fund (“R&R Trust”) was exempt from federal income taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended (the “Code”), as an organization described in Section 501(c)(4) of the Code. Accordingly, a Form 990 was required to be filed for the R&R Trust. During the due diligence conducted for the 2004 Bond issuance, it was discovered that amounts deposited in the Initial Project Revenue Fund and interest earnings thereon were inadvertently reported as revenues of the R&R Trust. The Agency has agreed to indemnify, defend and hold harmless the two cooperatives, Copper Valley Electric Association and Kodiak Electric Association, and their directors, officers and employees from all costs, expenses and liabilities they may incur in connection with any inadvertent filings of the Form 990s and in connection with any claims that payments made pursuant to the Long Term Power Sales Agreement should be treated as other than a payment for the purchase of power from the AEA, prior to divestiture, or the purchase of power from the Agency, after divestiture.~~

2.12.9 TAX AND REGULATORY STATUS

The Agency received a Private Letter Ruling from the Internal Revenue Service on October 26, 2001 finding that, beginning on January 28, 2002, the Agency is a political subdivision of the State of Alaska for purposes of Section 103 of the Internal Revenue Code and, more specifically, under Treasury Regulation § 1.103-1(b). Accordingly, the Agency is not required to file federal income tax returns or pay federal income tax on its income.

The Agency enabling legislation specifically provides that “the real and personal property of the agency, and the assets, income and receipts of the agency are exempt from all taxes and special assessments of the state of a political subdivision of the state, except that electricity sold at retail by an agency is subject to the electric cooperative tax.” AS 42.45.310(f). The Agency enabling legislation also provides that all income and interest from bonds and other obligations issued by the agency are exempt from taxation. Id.

The Agency enabling legislation exempts the Agency ~~and the Initial Project~~ from regulation by the RCA under AS 42.05, including the requirement to obtain a certificate of public convenience and necessity under AS 42.45.221. For purposes of this legislation the Agency is a public utility operated by a political subdivision of the state (the Member Utilities). Such a public utility is only subject to regulation by the RCA, if it voluntarily chooses to be regulated. AS 42.05.711(b); .711(b)(1). Neither SEAPA nor its Member Utilities have chosen to be regulated. SEAPA meets all other terms of this exemption from RCA regulation. This exemption from RCA regulation is limited in duration, however, and continues only while the long-term indebtedness incurred by the Agency to pay the purchase price for the Initial Project is outstanding. AS 42.05.431(c).

2.132.10 **DISSOLUTION**

The Agency may dissolve by a unanimous vote of all members of the Agency Board pursuant to the terms of a dissolution plan approved by the unanimous vote of all members of the Board, after consultation between the Board and the Member Utilities. The dissolution plan must, among other things, ensure that the dissolution does not adversely affect the tax-exempt status of the ~~Power~~ Agency. [JAA Agreement §18(a)] The Agency may not dissolve, ~~however,~~ if: [Agreement § 18]

- (1) if the Agency has any Bonds or other indebtedness or obligations, including, without limitation, any obligations payable to a third party providing credit enhancement or liquidity support for such Bonds, outstanding and the dissolution plan does not provide for the immediate redemption or defeasance of such Bonds, indebtedness or obligations or payment in full of any obligations payable to a third party providing credit enhancement or liquidity support for such Bonds; or
- (2) if payment of all Agency debts, liabilities and other obligations, including, without limitation, any obligations payable to a third party providing credit enhancement or liquidity support for such Bonds, is not properly provided for and completed prior to dissolution or through the dissolution plan, including written notice of dissolution to all known Agency creditors and claimants against the Agency, and publication once a week for two successive weeks of a notice of dissolution in all newspapers of general circulation in each municipality, borough or cooperative region where the Agency operates; or
- (3) if the Projects and other assets of the Agency are not either (i) completely transferred and conveyed to a successor entity to the Agency or (ii) completely and equitably distributed to Member Utilities served by the Agency prior to the dissolution or through the dissolution plan, and the dissolution plan does not provide for the immediate redemption or defeasance or payment in full of all Agency Bonds, indebtedness and other obligations, including, without limitation, any obligations payable to a third party providing credit enhancement or liquidity support for such Bonds; or

- (4) if the winding up of the operations of the Agency is not properly provided for in the dissolution plan, including collection of sums owing to the Agency, and the dissolution plan does not provide for the immediate redemption or defeasance or payment in full of all Agency Bonds, indebtedness and other obligations, including, without limitation, any obligations payable to a third party providing credit enhancement or liquidity support for such Bonds.

(c) A dissolution plan approved by the Board of Directors pursuant to this Section shall include provisions providing for if the Projects and all other assets of the Agency to be~~are not~~ either (i) completely transferred and conveyed to a successor entity to the Agency that is a state or local governmental unit within the meaning of Treas. Reg. § 1.103-1(b) or (ii) completely and equitably distributed to the Member Utilities that are State or local governmental units within the meaning of Treas. Reg. § 1.103-1(b) and, in the event any Member Utility is not a State or local governmental unit within the meaning of Treas. Reg. § 1.103-1(b), then to the municipality or municipalities served by such Member Utility.

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(d) Upon either (i) compliance with paragraphs (1a), (2b) and (c) ; (3), (4)§ of this Section, or (ii) automatic dissolution of the JAA pursuant to paragraph (d6d) of this Section, the Chairperson shall designate~~d~~ by signed resolution that the Agency is dissolved and shall file such resolution in the office of the Commissioner of the Alaska Department of Commerce, Community and Economic Development, Division of Corporations.

~~(5)~~ [JAA Agreement §18(b)-(d)]

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Southeast Alaska Power Agency

DATE: February 21, 2014
TO: SEAPA Board of Directors
FROM: Trey Acteson, CEO
RE Board Member Travel Policy

Wrangell's Mayor appointed Christie Jamieson to serve on SEAPA's board as a voting member during calendar year 2014. Ms. Jamieson currently works for Senator Stedman in Juneau until the latter part of April, after which she will relocate to Wrangell. SEAPA has not had a director on the board that was not located in one of the three member communities in the past. Staff did not have the authority to set precedence by paying travel expenses from a venue outside of the member communities for the board member to travel to the next board meeting and solicited the Chairman's direction. The Chairman directed that the matter be brought before the board at the next meeting and suggested Ms. Jamieson seek reimbursement from the Wrangell Assembly for the difference in the travel expenses from Juneau to Wrangell pending further action by SEAPA's board.

Attached is an email exchange between Ms. Jamieson to the Wrangell Assembly requesting reimbursement, and staff's clarification to the Assembly regarding the matter. Neither SEAPA's Bylaws nor its travel policy address these circumstances. The Wrangell Assembly denied Ms. Jamieson's request for reimbursement as it did not want to set a precedence.

Staff seeks discussion and direction on whether SEAPA should incur additional travel expenses for any director that may be appointed to serve on the board outside of the three member communities. SEAPA's travel policy is attached. If the board is in favor of an amendment to the policy, staff can prepare one for presentation at the April 2014 board meeting.

Attachments:

02/03/2014 Emails:
Jamieson to Assembly & SEAPA to Jamieson
Resolution 2009-027 w/SEAPA Travel Policy attached

Sharon Thompson

From: Bruce Jamieson <bcjamieson@gci.net>
Sent: Monday, February 03, 2014 12:52 PM
To: Kim Lane
Cc: Sharon Thompson; Jack David
Subject: Request for travel expenses

Good afternoon Kim- Sharon Thompson, Executive Administrative, SEAPA, is now making travel arrangements for the upcoming meetings to be held in Petersburg March 3 and 4. There is a problem however. SEAPA will only pay for travel arrangements from the community a board member represents. They cannot pay for the full airfare, hotel accommodations and per diem for when a board member that works in a different community, travels to the meeting location, per their bylaws.

This is awkward to request for the difference of the expenses but if I do not attend, I would either have to pay out of my own pocket or attend telephonically, to which I would not prefer.

Airfare from Wrangell to Petersburg is \$215.00, round trip Airfare from Juneau to Petersburg is \$277.00, round trip The difference is \$62.00 for airfare.

The hotel is the Scandia House to which is \$110.00 per night and I would be spending two nights in Petersburg. SEAPA will only cover one night.

SEAPA will only pay for one day per diem. I guesstimated \$50.00 a day.

So the total expenses requested are as follows:

Airfare \$62.00
Hotel \$110.00
Per diem \$50.00
Total \$222.00

If you have any questions, I've copied Sharon, and also Mayor Jack as well.

Please contact me at your earliest convenience of the status of my request.

Thank you kindly Kim, Christie

Sent from my iPad

Sharon Thompson

From: Sharon Thompson
Sent: Monday, February 03, 2014 1:38 PM
To: 'Bruce Jamieson'
Cc: Kim Flores (clerk@wrangell.com); David Jack (djack80@hotmail.com)
Subject: RE: Request for travel expenses

Hi Christie,

I thought I should provide some additional clarification since you indicate below that SEAPA cannot pay 'per the bylaws'. The concern is that because neither the bylaws nor the travel policy adopted by SEAPA's Board on June 25, 2009, specifically address travel/lodging/per diem reimbursement for a Board member that is working outside of one of the three member communities, our Chairman directed that we need to bring the matter before the Board to seek their direction. Paying for it would set precedence that staff does not have the authority to do. The Board may elect to amend the travel policy to specifically address these circumstances as they may very well come up in the future as well. By copy of this to Mayor Jack and Kim Lane, I ask that they consider this clarification in any communications to the Assembly. Thank you, and please don't hesitate to let me know if you have any further questions.

Sharon E. Thompson, Executive Assistant

Southeast Alaska Power Agency
1900 First Avenue, Suite 318 | Ketchikan, AK 99901
P: 907.228.2281 | F: 907.225.2287 | C: 907.617.8420
sthompson@seapahydro.org | www.seapahydro.org



-----Original Message-----

From: Bruce Jamieson [<mailto:bcjamieson@gci.net>]
Sent: Monday, February 03, 2014 12:52 PM
To: Kim Lane
Cc: Sharon Thompson; Jack David
Subject: Request for travel expenses

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RESOLUTION 2009-027

**Resolution of the Southeast Alaska Power Agency
Adopting a Policy for Board Member and Staff Travel Expenses**

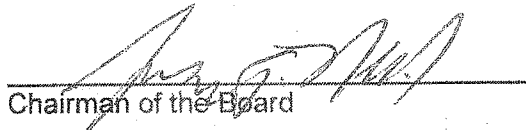
WHEREAS, the Bylaws of the Southeast Alaska Power Agency (Agency) allows for board members to be reimbursed for travel expenses to attend board meetings and other approved meetings or events, and

WHEREAS, the staff members of the Agency travel to attend board meetings and other travel as is required, and

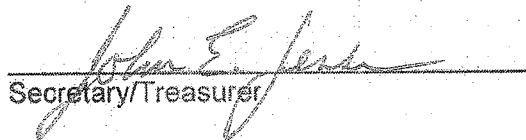
WHEREAS, it is in the best interest of the Agency to adopt a Travel Policy defining the conditions under which board members or staff are to be reimbursed for travel.

NOW THEREFORE BE IT RESOLVED, the Board of Directors of the Southeast Alaska Power Agency hereby adopts the attached Travel Policy for board member and Agency staff travel.

Approved this 25th day of June, 2009


Chairman of the Board

Attest:


Secretary/Treasurer



1301 Huffman Road, Suite 201 • Anchorage, Alaska 99515
PO Box 110987 • Anchorage, Alaska 99511-0987
Ph: (907) 258-2281 • Fax: (907) 258-2287
www.seapahydro.org

SEAPA Travel Policy

The Agency Bylaws state the following:

5.1 Compensation.

5.1.1. Directors and alternates to the Board, Directors and alternates serving as executive and special committee members and Directors and alternates serving as officers to the Board, may not receive salaries for such services, and except in emergencies, may not receive salaries for services provided to the Agency in any other capacity without the approval of a majority of the Board, excluding the vote of the Director or alternate to be compensated.

Directors and alternates to the Board may receive reasonable reimbursement for expenses, including but not limited to travel, hotel and a per diem for meals for any necessary travel required as a Director and alternate, including service as an executive and special committee member and officer. The Board from time to time may establish a policy governing such reimbursements for necessary travel to and from a meeting of the Board or other meetings while officially representing the Agency.

Reasonable reimbursement is subject to the following:

- 1) Travel must be by the most direct route and will be reimbursed at no more than airline coach fare.
- 2) Actual, itemized receipts are submitted to the SEAPA office within 30 days after the actual meeting days for each duly convened meeting to be reimbursed at cost.
- 3) Expenses for travel to and from a meeting of the Board or other meetings while officially representing the Agency are not submitted through the net billing process.



1900 1st Avenue, Suite 318
 Ketchikan, Alaska 99901
 Ph: (907) 228-2281 | Fax: (907) 225-2287
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BOARD MEETING DATES

| 2014 Dates | Location | Comments |
|---------------------------|-----------------|--|
| April 24 (Thurs) | Ketchikan | 9 am-5 pm |
| June 25-26 (Wed/Thurs) | Wrangell | Propose split meeting from 11 am-5 pm Wednesday and 9 am-12 noon on Thursday |
| August 28 (Thurs) | Ketchikan | 9 am-5 pm |
| October 22-23 (Wed/Thurs) | Petersburg | Propose split meeting from 1 pm-5 pm Wednesday and 9 am-1 pm on Thursday |
| December 11 (Thurs) | Ketchikan | 9 am-5pm |

**MEMORANDUM
ATTORNEY-CLIENT COMMUNICATIONS**

TO: Bob Sivertsen, Chair
Southeast Alaska Power Agency

FROM: Joel R. Paisner, Ascent Law Partners, LLP

DATE: February 21, 2014

RE: Suggested Motion for Executive Session Re Agency's Tyee Lake Facility and
Possible Update of Agency's Request for Offers of Power and Energy

To the extent that the Board of Directors seeks to discuss future operations of the Agency's Tyee Lake Facility in Executive Session and that staff may provide an update of the Agency's Request for Offers of Power and Energy , I recommend the following motion be made:

I move to recess into Executive Session for discussions relating to future operations of the Agency's Tyee Lake facility and to provide staff an opportunity to update the Board on the Agency's Request for Offers of Power and Energy. The Executive Session will be conducted pursuant to SEAPA's Bylaws and Alaska State Law as the discussions may include matters the immediate knowledge of which would clearly have an adverse effect upon the finances of the Agency, the Projects, or any of the Member Utilities represented on the Board.

Southeast Alaska Power Agency

DATE: February 24, 2014
TO: SEAPA Board of Directors
FROM: Trey Acteson, CEO
RE Retention of Labor Law Attorney

In the event the communities of Wrangell and Petersburg elect to submit a proposal to engage SEAPA in negotiations for the transition of Tyee operations and maintenance to SEAPA and the Board elects to proceed, we will need to retain a labor law attorney for the negotiations and any follow-up work. I have prepared a suggested form of motion for your consideration.

| SUGGESTED MOTION |
|--|
| I move to authorize staff to retain a labor law attorney for counsel during the transition of Tyee operations and maintenance to SEAPA. |