



SOUTHEAST ALASKA POWER AGENCY

Regular Board Meeting AGENDA

Assembly Chambers | Petersburg, Alaska

September 26, 2019 (1 PM – 5 PM AKDT) | September 27, 2019 (9 AM to 12 NOON AKDT)

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

September 26, 2019

1. Call to Order
 - A. Roll Call
 - B. Communications/Lay on the Table Items
 - (i) Memo Re Information Technology Support Services Contract
 - C. Disclosure of Conflicts of Interest
2. Approval of the Agenda
 - A. Agenda for September 26-27, 2019 Board Meeting
3. Persons to be Heard
4. Review and Approve Minutes
 - A. June 19-20, 2019 Minutes of Regular Board Meeting
 - B. June 27, 2019 Minutes of Special Board Meeting
5. Financial Reports
 - A. CEO Financial Cover Memo
 - B. Controller's Memo
 - C. Disbursements
 - D. Financial Statements for July-August 2019
 - E. Financial Statements for FYE June 30, 2019
6. CEO Report
7. New Business
 - A. Consideration and Approval of Swan Lake and Tyee Lake Safety Program Support Services and Training Contract
 - B. Consideration and Approval of Award Re Information Technology Support Services Contract
 - C. Consideration and Approval of Administrative Employee FY2020 Administrative Employee Benefits
 - D. Consideration and Approval of New R&R Projects
 - E. Executive Session Re CEO Review and Hydrosite Investigations

September 27, 2019

8. Call to Order
 - A. Roll Call
9. Staff Reports
 - A. Director of Engineering & Technical Services Report (*Siedman*)
 - B. Operations Manager Report (*Hammer*)
 - C. Power System Specialist Report (*Schofield*)
10. Next Meeting Date(s):
December 12, 2019 (Thursday) in Ketchikan, Alaska
11. Director Comments
12. Adjourn



Minutes of Regular Meeting

June 19-20, 2019

Nolan Center
Wrangell, Alaska

(An audio recording of this meeting is available on SEAPA's website at www.seapahydro.org)

June 19, 2019

1) Call to Order

A. Roll Call

Chairman Sivertsen called the meeting to order at 10:30 a.m. AKDT on June 19, 2019. The following directors and alternates were present, thus establishing a quorum of the board:

Director	Alternate	Representing
Karl Amylon ¹	Andy Donato	Swan Lake Ketchikan
Robert Sivertsen		Swan Lake Ketchikan
Dick Coose	Cliff Skillings	Swan Lake Ketchikan
Bob Lynn	Robert Larson	Tyee Lake Petersburg
	Lisa Von Bargaen	Tyee Lake Wrangell

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

Trey Acteson, Chief Executive Officer	Clay Hammer, Operations Manager
Ed Schofield, Power System Specialist	Robert Siedman, Dir. of Eng & Tech Svc.
Kay Key, Controller	Sharon Thompson, Ex Asst/Cont Admin
Marcy Hornecker, Administrative Asst.	Joel Paisner, Ascent Law Partners, LLC

B. *Communications/Lay on the Table Item(s):* None.

C. *Disclosure of Conflicts of Interest:* None.

2) Approval of the Agenda

➤ Motion	M/S (Von Bargaen/Coose) to approve the agenda as presented. Motion approved unanimously by polled vote.	Action 19-739
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3) **Persons to be Heard:** None.

4) Review and Approve Minutes

➤ Motion	M/S (Lynn/Von Bargaen) to approve the minutes of the regular meeting of February 28, 2019, and special meetings of March 4, 2019, March 11, 2019, March 18, 2019, April 22, 2019, and May 29, 2019. Motion approved unanimously by polled vote.	Action 19-740
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¹ Mr. Amylon was present telephonically.

5(A-G) Financial Reports

➤ Motion	M/S (Prysunka/Amylon) to accept disbursements for February, March, April, and May 2019 totaling \$1,853,143.81 and financial statements for January through April 2019, as presented. Following a brief overview by Mr. Acteson of the Agency's financial position, revenue and expenses, renewal and replacement projects, Bond funding and grants, the motion was approved unanimously by polled vote.	Action 19-741
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6) CEO Report

Mr. Acteson provided an overview of external issues including the State budget, local Shipyard layoffs, major cuts to the ferry system, etc. that may impose cost shifting on to SEAPA's member communities and eventually trickle down to impact the Agency when trying to determine future load growth, timing of the load growth, and project development. He discussed HB151, a bill introduced on May 3rd, relating to regulation of electric utilities and electric reliability organizations and explained how it could impact the Agency's status as an unregulated entity and render authority for new energy projects to the RCA. The bill is a legislative initiative resulting from efforts to regulate power flows from all the utilities in the Railbelt area to maximize benefits to the ratepayers in that area. Mr. Acteson advised he will be proactive in efforts to oppose any impacts the bill may have on the Agency and may reach out to the member communities for letters of support if necessary. He provided updates on the Swan Lake Boundary Correction Act, efforts to work with the Alaska Department of Natural Resources to finalize the Swan-Tyee Intertie Right of Way, and the State Specific Roadless Rule.

Mr. Acteson reported that he met individually with Chris Luchtefeld, CEO of Cape Fox, Curtis Thayer, new Executive Director of the Alaska Energy Authority, and Mike Garrett, CEO of Alaska Power & Telephone to discuss general power issues. He provided updates on the Swan Lake Operations and Maintenance transition, Agency recruitment efforts resulting in the hiring of both John Stanley and Matthew Vodopich as Operator/Electricians, and Zachary Nelson, as a temporary Brushing Technician. He announced that he attended an awards ceremony at which SEAPA and McMillen Jacobs Associates received Honor Awards from the American Council of Engineering Companies for Excellence for the engineering design of the Swan Lake Reservoir Expansion Project.

Lee Ault, a Senior Right-of-Way Agent for the Department of Transportation & Public Facilities (DOT&PF) who had been listening to the meeting via telephone interrupted the meeting to inquire as to whether Item 8B on the Agenda had been discussed yet. Chairman Sivertsen requested a motion to move that Agenda Item forward accordingly to accommodate Ms. Ault's inquiry.

➤ Motion	M/S (Coose/Von Bargaen) to amend the Agenda to move New Business Item 8B under New Business (consideration and approval of Alaska Department of Transportation easement request) forward in the Agenda. The motion was approved unanimously by polled vote.	Action 19-742
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Chairman Sivertsen directed the board to a memo in the board packet on Agenda Item 8B explaining a request by the DOT&PF for a 329 sq. ft. easement on property recently acquired by the Agency. He requested a motion on the State's request.

➤ Motion	M/S (Von Bargaen/Lynn) to authorize the Southeast Alaska Power Agency's (SEAPA) CEO to accept the State of Alaska Department of Transportation & Public Facility's offer to acquire a 329 square foot easement interest in SEAPA's Lot 1, Bamville Industrial Park Subdivision of Lot 3, 4300 Tongass Avenue, in Ketchikan, Alaska for \$3,900 to construct a ditch, drainage, and any future maintenance, and further authorize SEAPA's CEO to sell, grant, and convey said easement interest, and execute any agreements and documents necessary to effect the transaction for the DOT&PF's Project SFHWY00085 - KTN: REVILLA.	Action 19-743
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Mr. Acteson explained that the DOT&PF is planning improvements to the uplands area where SEAPA's property is situated for ditch improvements, drainage, and future maintenance. Ms. Von Bargaen expressed concern over detail in the motion limiting other unforeseen improvements the State may request. Following much discussion on the impacts of the State's request, and Mr. Skillings' disclosure as a board member that he also owns property adjacent to the Agency's lot that may be impacted, it was determined a motion to table the motion to a future meeting would be appropriate until impacts to the Agency's property could be further assessed.

➤ Motion	M/S (Von Bargaen/Coose) to table the motion on the DOT&PF's easement request to a future SEAPA Board meeting. The motion was approved unanimously by polled vote.	Action 19-744
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The meeting recessed for lunch at 11:54 am and reconvened at 1:00 p.m.

Chairman Sivertsen announced that the meeting would resume under Agenda Item 7, Old Business.

7) Old Business

- A. *Consideration and Approval of Tabled Motion from 04.22.2019 Board Meeting Re: Payment to Wrangell and Petersburg for Reimbursement of Supplemental Diesel and Overtime.*

➤ Motion	M/S (Lynn/Coose) to adopt the tabled motion to approve payment to the municipalities of Petersburg and Wrangell for reimbursement of supplemental diesel fuel and overtime, less \$0.068 per kWh, in the amount of \$841,785.38, as presented in the Diesel & Overtime Reimbursement memo at SEAPA's April 22, 2019 special board meeting. Following brief comments, the motion was approved unanimously by polled vote.	Action 19-745
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- B. *Consideration and Approval of 2019 Revised Operations Plan*

➤ Motion	M/S (Lynn/Von Bargaen) to approve the 2019 Revised SEAPA Operations Plan as presented in the June 19-20, 2019 Board packet.	Action 19-746
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Mr. Acteson explained the fundamentals of the Revised Operations Plan. Mr. Siedman displayed a PowerPoint presentation explaining the process used in the algorithm to optimize water

resources, and provided updates on current lake levels, rainfall and 2019 inflows, inflow forecasts, load forecasts, scheduled maintenance at the plants, various math models, balancing the lakes, deviation of the Agency's emergency operations plan, and communications protocol. Mr. Siedman closed the presentation with an overall summary of the plan.

The meeting recessed at 3:02 pm and reconvened at 3:11 p.m.

A vote was taken on the motion to approve the 2019 Revised SEAPA Operations Plan. The motion was approved unanimously by polled vote.

8) New Business

- A. *Consideration and Approval of R&R 19311 Swan Lake Gangway & Pier Replacement Contract.*

➤ Motion	M/S (Lynn/Von Bargaen) to authorize staff to enter into a contract with Western Dock and Bridge, LLC for SEAPA's Swan Lake Gangway & Pier Replacement Project for the lump-sum bid amount of \$237,000, plus a 15% contingency of \$35,550 for a total of \$272,550 for the project. The motion was approved unanimously by polled vote.	Action 19-747
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- B. *Consideration and Approval of Alaska Department of Transportation Easement Request. [Discussed earlier in the meeting]*

- C. *Consideration and Approval of 457B Administration Change*

➤ Motion	M/S (Von Bargaen/Coose) to retain Spectrum Pension Consultants to administer SEAPA's 457(b) Deferred Compensation Plan. The motion was approved unanimously by polled vote.	Action 19-748
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- D. *Executive Session Re: (a) Flight Operations and Cyber Security, (b) Hydrosite Analysis, and (c) Winston Tann Presentation and Compensation Plan*

➤ Motion	M/S (Lynn/Coose) to recess into an Executive Session to be conducted pursuant to SEAPA's Bylaws consistent with Alaska Statute 44.62.310 for discussions on (a) Flights Operations and Cyber Security, (b) Hydrosite Analysis, and (c) Winston Tann Presentation and Compensation Plan, as they involve matters that (a) could have an adverse effect on the Agency's legal position, and legal counsel is present; (b) matters that have a clear impact on the Agency's finances; and (c) matters that could prejudice the reputation and character of individuals who work for the Agency. The motion was approved unanimously by polled vote.	Action 19-749
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The meeting recessed at 3:30 p.m. for the executive session. The meeting reconvened into regular session at 6:20 p.m.

Chairman Sivertsen announced the executive session is recessed and the CEO has been given direction. The regular session of the meeting recessed at 6:25 p.m.

9) Call to Order

A. Roll Call

Chairman Sivertsen called the meeting to order at 9:00 a.m. on June 20th. He announced the meeting is returning from a recess out of an executive session and requested a roll call. The same directors that were available on June 19 were present. He announced that hydrosite analysis still needed to be discussed in executive session and requested a motion.

➤ **Motion**

M/S (Coose/Lynn) to recess to an Executive Session to complete discussions on hydrosite analysis. The motion was approved unanimously by polled vote.

**Action
19-750**

The meeting recessed at 9:05 a.m. for the executive session. The meeting reconvened into regular session at 10:04 a.m.

Chairman Sivertsen announced the board is coming out of executive session and the regular session of the meeting would resume under New Business to discuss presentation and approval of the 6-month July to December 2019 budget.

8) New Business (continued)

E. Presentation, Consideration, and Approval of 6-Month July through December 2019 Budget

➤ **Motion**

M/S (Lynn/Coose) to approve the Southeast Alaska Power Agency July through December 2019 Operating Budget in the amount of \$3,499,030 and July through December 2019 non-operational costs totaling \$759,960.

**Action
19-751**

Mr. Acteson provided a high-level review of the proposed six-month budget noting it was one of the first times that the budget did not include SEAPA's levelized annual payment into the R&R fund. He recommended that the issue be revisited during the FY2020 budget discussions at the December 2019 board meeting and noted that rate stabilization funds could be applied toward the R&R fund. Mr. Acteson reviewed the budget summary sheet highlighting revenues and expenses and continued with line-by-line discussions of the proposed budget. During discussion of FERC Code No. 920000 for administrative expenses, Mr. Coose made the following motion:

➤ **Motion**

M/S (Coose/Von Barga) to increase FERC Code 920000 by the amount of \$27,609. The motion was approved unanimously by polled vote.

**Action
19-752**

Mr. Acteson continued with the budget review and during discussions of FERC Code 921 (office expenses) it was noted that this line item included an accounting software upgrade. Ms. Key compared Sage Intact cloud-based software with Quickbooks and inquired whether staff would need to seek board approval for purchase of the new software. The consensus was that staff could proceed with the purchase without board approval.

Ms. Von Barga requested a short interruption of the budget discussions to introduce Rod Rhoades, Wrangell's Electrical Superintendent, who had joined the meeting. Greetings were exchanged.

Prior to discussing R&R Projects in the budget, the Chair requested a vote on the pending motion for SEAPA's July -December 2019 operating budget and non-operational costs as presented and as amended for the increase of FERC Code 920000. The motion was approved unanimously by polled vote.

The Chair requested motions on the current R&R projects and new July-December 2019 R&R projects as presented in the draft budget.

➤ Motion	M/S (Lynn/Von Bargaen) to approve the Current R&R Projects' July-December 2019 budget in the amount of \$1,521,744.	Action 19-753
➤ Motion	M/S (Lynn/Von Bargaen) to approve new July-December 2019 R&R Projects as presented in the amount of \$328,500.	Action 19-754

Mr. Acteson discussed each of the current R&R projects and the new projects proposed for the July-December 2019 budget. During discussions on the current R&R project for the Swan Lake Tri-plex, the Chair suggested the tri-plex be designed to be built as a four-plex. Mr. Schofield elaborated on the concept of changing the design from a tri-plex to a four-plex. Mr. Acteson suggested the current cost estimate of \$459,575 for RR286-18 be increased to \$500,000. The Chair requested a motion for the suggested increase.

➤ Motion	M/S (Coose/Von Bargaen) to increase RR286-18 in the current R&R Projects' July-December 2019 budget from \$459,575 to \$500,000 for an increase of \$40,425 for Swan Lake housing. The motion was approved unanimously by polled vote.	Action 19-755
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Following discussion of the remaining R&R projects, the Chair requested a vote on the two pending motions for the current and new R&R projects July-December 2019 budget. The motions were approved unanimously by polled vote.

The meeting recessed for lunch at 12 noon. The meeting reconvened at 1 p.m.

Mr. Acteson provided an overview of a Fund Balance Forecast provided in the July-December draft budget. He noted the revenue checking fund balance in June 2018 was \$6,916,613 and by December 31, 2019 is projected to be under \$2,000,000. Chairman Sivertsen announced that budget discussions are complete and directed the board to the next item under New Business in the Agenda.

F. *Consideration and Approval of Hydropower Site Investigations Contract*

➤ Motion	M/S (Von Bargaen/Lynn) to authorize staff to enter into a contract with McMillen, LLC for SEAPA's Hydropower Site Investigations 2019 Project Completion Workplan for the not-to-exceed value of \$398,002. Following an explanation by Mr. Acteson that the contract would be covered by grant funds, a poll vote was taken, and the motion was approved unanimously.	Action 19-756
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G. *Consideration and Approval of Carroll Inlet Crossing Marker Ball Replacement Contract*

➤ Motion	M/S (Lynn/Coose) to enter into a sole source contract with Electric Power Constructors, Inc. for SEAPA's R&R Project for the Carroll Inlet Transmission Line Marker Ball Replacement Project for the lump-sum amount of \$93,665.03, plus a 10% contingency of \$9,366 for a total not-to-exceed value of \$103,031. The motion was approved unanimously by polled vote.	Action 19-757
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H. *Consideration and Approval of Wholesale Power Rate*

➤ Motion	M/S (Lynn/Coose) to approve setting SEAPA's wholesale power rate at 6.8 cents/kWh for the 6-month period of July through December 2019. The motion was approved unanimously by polled vote.	Action 19-758
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10) **Staff Reports**

A. *Power System Specialist Report (Schofield)*

Mr. Schofield announced that the Swan Lake Equipment Storage Building was complete and in service. He elaborated on the structure and capacity of the building, and logistics and construction tasks involved in constructing the project. He reported the Swan Lake Dam's Flashboard Gate Trigger Modifications and second phase of the Reservoir Access Ladders Projects were complete and provided an update on the Tri-Plex Housing Project. He advised that the Swan Lake Operations and Maintenance Manual originally written in 1983 is being rewritten and announced that three SEAPA staff positions which included an Operator/Electrician for each of the Plants and a Roving Operator/Electrician had been filled.

B. *Director of Engineering and Technical Services (Siedman)*

Mr. Siedman reported completion of the Swan Lake hydraulic validation model. He explained the testing process, and advised that Phase Two of the Swan Lake Hydraulic Analysis Project is currently being performed to determine isochronous operation at low lake levels which is anticipated to result in possible solutions to reduce or prevent oscillations that occur in the penstock at low lake levels due to local mode bifurcation. He provided updates on the Tyee and Swan Lake Governor Pressure Systems, Swan Lake Distribution Valve Controller and Manifold, Swan Lake Station Service Switchgear, Tyee and Swan Lake Snow Pillows, and announced that an X2nSat satellite dish had been installed at Tyee and is scheduled to go online in July 2019.

C. *Operations Manager Report (Hammer)*

Mr. Hammer announced that following a site review by R&M Engineering-Ketchikan, a shore side road option appears to be the most cost-effective solution to access the Agency's Tyee facility. The overall length of the road under this option would be 1.1 miles at an estimated cost of \$1.6 million. He advised the next step will be an actual site survey which will firm up the cost estimate for the overall project. He reported that the amendment authorizing use of an ATV for power line maintenance was finally signed the last week of May and that staff will develop an Operating Plan to define where the ATV will be used and document fish stream crossing mitigation, and also outline vegetation management. Mr. Hammer provided updates on the Eagle River and Carroll Inlet Crossing Marker Ball Projects, TSV Actuator Pistons, Sub Cable ROV Inspection, Cleveland

Peninsula Helipads, MET Tower Data collection, and wood pole testing. He reported that Matt Vodopich joined the Tyee Crew replacing Chris Barnett, who will be filling the Roving Electrician position and working between both plants.

11) Next Meeting Date(s)

A request was made for possible date changes to the September 26-27 board meeting. It was determined the change could not be accommodated resulting in no changes to the remaining 2019 meeting dates.

12) Director Comments

Directors provided brief comments.

13) Adjourn

➤ Motion	M/S (Coose/Donato) to adjourn the meeting. The motion was approved unanimously by polled vote.	Action 19-759
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The meeting adjourned at 2:03 p.m. AKDT.

Signed:

Attest:

Secretary/Treasurer

Chairman



SOUTHEAST ALASKA POWER AGENCY

Minutes of Special Meeting

June 27, 2019

Southeast Alaska Power Agency Offices
via Teleconference | Ketchikan, Alaska

(An audio recording of this meeting is available on SEAPA's website at www.seapahydro.org)

1) Call to Order

A. Roll Call.

Chairman Sivertsen called the meeting to order at 3:00 p.m. AKDT on June 27, 2019. The following directors and alternates were present, thus establishing a quorum of the board:

Directors	Present Telephonic (T) In Person (IP)	Alternates	Present Telephonic (T) In Person (IP)	Representing
Bob Sivertsen	IP	Andy Donato	IP	Swan Lake Ketchikan
Dick Coose	IP	Jack Davies	IP	Swan Lake Ketchikan
Bob Lynn	T	Robert Larson	T	Swan Lake Ketchikan
				Tyee Lake Petersburg
				Tyee Lake Wrangell

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

Staff	Present Telephonic (T) In Person (IP)	Staff/Counsel	Present Telephonic (T) In Person (IP)
Trey Acteson, CEO	IP	Sharon Thompson, Ex. Asst./CA	IP
Ed Schofield, Power System Specialist	IP	Joel Paisner, Counsel	T
Clay Hammer	T		

2) Approval of the Agenda

➤ Motion	M/S (Coose/Lynn) to approve the agenda, as presented. Motion approved unanimously by polled vote.	Action 19-760
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3) New Business:

A. Consideration and Approval of Resolution No. 019-074 Re Transition of Swan Lake Hydroelectric Project Operations and Maintenance

➤ Motion	M/S (Lynn/Coose) to adopt Resolution No. 2019-074 regarding the transition of operations and maintenance of the Swan Lake Hydroelectric Project effective as of July 1, 2019. Following both Mr. Acteson's and the Chair's expression of appreciation for the work involved between both KPU and SEAPA in developing the transition documents, the motion was approved unanimously by polled vote.	Action 19-761
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B. *Consideration and Approval of Swan Lake Powerhouse Station Service System Design Upgrade Contract*

➤ Motion	M/S (Coose/Donato) to authorize staff to enter into a contract with Electric Power Systems, Inc. for SEAPA's R&R Project 19314 for the Swan Lake Powerhouse Station Service System Design Upgrade Contract for the lump-sum bid amount of \$229,012, plus a 15% contingency of \$34,351.80 for a total not-to-exceed amount of \$263,363.80. Following a brief discussion, the motion was approved unanimously by polled vote.	Action 19-762
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4) **Adjourn**

➤ Motion	M/S (Coose/Donato) to adjourn the meeting. The motion was approved unanimously by polled vote.	Action 19-763
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Chairman Sivertsen adjourned the meeting at 3:20 p.m.

Signed:

Attest:

Secretary/Treasurer

Chairman



SOUTHEAST ALASKA POWER AGENCY CEO FINANCIAL COVER MEMO

DATE: September 19, 2019
TO: SEAPA Board of Directors
FROM: Trey Acteson, CEO

SEAPA's financial position remains stable. We have not had to tap into the Rate Stabilization Fund yet, which provides a little extra cushion if drought conditions persist for another year. It is important to note we did not make our typical levelized annual contribution into the Dedicated R&R Fund at the beginning of July, and we will want to resume those payments as soon as revenues can support it. As discussed in June, I will make a recommendation regarding the R&R contribution when we present the new full year calendar-based budget in December.

July and August were relatively dry as expected and sales continued to be well below average. NOAA's latest update included a bias toward warmer and wetter, which so far has held true. SEAPA reservoirs are showing signs of recovery, and we resumed additional dedicated sales out of Tyee to the south at the end of August. This is an important development and should bolster revenue in the coming months.

REVENUE & EXPENSES: Sales for July through the end of August were 19,163 MWh's. Converted to revenue, total power purchases through the end of August were \$1,303,068 actual vs. \$1,339,532 budget.

Total administrative and operating expenses for July through the end of August were \$847,797 actual vs. \$1,045,520 budget.

RENEWAL & REPLACEMENT PROJECTS: Total R&R expenditures for July through the end of August were \$166,745 actual vs. a total budget of \$1,850,244. Maintenance activities accelerated in September during the annual scheduled maintenance outages and will be reflected in subsequent reports. In the fiscal year ending June 30, 2019, approximately \$1.7M of assets were capitalized, representing completed R&R projects.

GRANTS: The Agency has one open grant, the FY13 DCCED, with a balance as of the end of the last quarter totaling \$475,823. The grant is scheduled to expire June of 2020 and current approved contracts should utilize the remaining funds with a little buffer for minor project closeout.

ACCOUNTING SOFTWARE UPGRADE: Staff is making good progress on software selection and execution of the migration plan. As expected, the overall process is requiring extensive hours to stay on schedule. There are a lot of moving parts associated with the upgrade and SEAPA's day to day financial related activities still must be completed. In the end, we will be rewarded with a more robust accounting system that is better aligned with the Agency's business needs.

INVESTMENT STRATEGY REVIEW: We regularly monitor performance and the mix of investments in our existing funds. As an additional due diligence, I reached out to Bill Lierman of Alaska Permanent Capital Management (our Self-Insured Risk Fund Account Manager), seeking an update on market conditions and potential options to generate additional revenue. In his attached report, Mr. Lierman provides a performance review and possible options for slightly increasing our returns. Some of these options would require a modification to our current Investment Policy Statement (IPS), which I'm not recommending at this time due to very marginal gains and higher risk.

With the most recent Federal Reserve changes and rate inversions in play, I recommend we continue to monitor the market and make small moves within the confines of our existing IPS. Although currently permissible under our IPS, we continue to steer clear of Mortgage Backed Securities.

FY19 earnings from the Self-Insured Fund of approximately \$285K were transferred to the Dedicated R&R Fund in August, in accordance with the 4R Plan.

September 12th, 2019

To: Trey Acteson, CEO

From: Bill Lierman, CIO Fixed Income

RE: SEAPA Investment Account

Thank you for taking the time to speak with me about the investment account. It was a pertinent conversation in light of what is happening with the global investment market and political uncertainties around Alaska. We have many clients that have reached out to APCM asking us to look at their investment policy and recommend potential changes based on their Investment Objectives or Risk Tolerance. The prime example are clients wanting to add securities/change allocations that may have been allowable by their existing Investment Policy Statement (IPS) to increase future income/return.

I have reviewed your policy and have developed several modified portfolios that could bring incremental returns moving forward.

For your review and consideration, this letter contains the following:

- An overview of the markets and SEAPA's portfolio
- Potential changes to the portfolio and/or Investment Policy

Overview of the Markets

The last 18 months have seen US GDP continue to expand, but at a decreasing rate. The Federal Reserve outlook has shifted significantly from raising rates amid concerns about an overheating economy to decreasing rates in an effort to preserve economic growth. Multiple inflection points due to US deficit spending, developing weakness in global growth, trade wars and government instability at home and abroad shroud the global business outlook in uncertainty. Volatility has spiked in the last 18 months, after a stretch of historically low volatility in 2016 and 2017. APCM expects this volatility to persist into 2020.

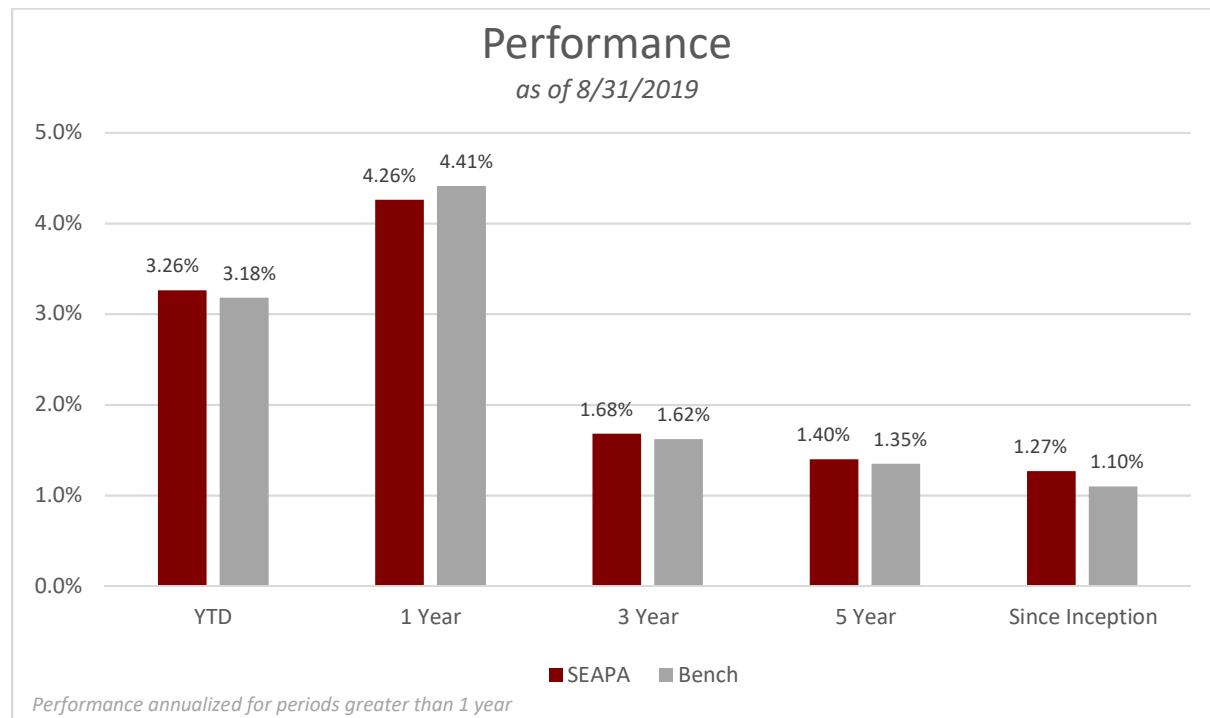
A two-year period of rising interest rates starting in mid-2016 came to an end in the 4th quarter of 2018. Since then, yields have moved significantly lower. The 3-year Treasury yield has fallen over 50% in the last 10 months. Specifically, it's gone from over 3.0% on Veteran's Day 2018 to under 1.4% on Labor Day 2019. For a portfolio such as SEAPA's, with a 1-3 year Government benchmark, this decline in yields will have a negative impact on future expected returns.

APCM anticipates that the Federal Reserve will reduce the Fed Funds rate two or three more times between now and mid-2020, ending at an upper-bound of 1.50% to 1.75%. A low rate environment could persist until both global and US GDP growth prospects turn positive.

As market conditions continue to change it is prudent to review SEAPA's portfolio to make sure it meets the investment objectives and risk tolerances.

Overview of the Portfolio

As seen below, the portfolio has outperformed the Bloomberg Barclays 1-3 Government benchmark (a benchmark that has no corporate exposure) annually by 17 basis points since inception. Portfolio outperformance relative to the bench is largely attributed to the corporate allocation. This allocation to corporates went against the portfolio in the 4th quarter of 2018, leading to underperformance over the past 12-months.



SEAPA's recent performance is a good illustration of how the portfolio's income will fluctuate with changes in interest rates. During periods of rising interest rates, the portfolio will adjust and reinvest at higher rates. Conversely, when interest rates decline the securities in the portfolio will rise in value, however the reinvestment of proceeds will occur at lower rates. For the most recent 1 Year period, the portfolio has had relatively high total return performance as a result of declining interest rates. Moving forward in a low yield environment, return expectations will be lower as securities offer lower yields.

Portfolio liquidity needs are low as the primary purpose of the account is to maintain a balance of \$8 million. Portfolio allocation provides ample liquidity, as roughly 90% of securities held are U.S. Treasuries. Cash withdrawals occur when the account is sufficiently over this \$8 million threshold. The most recent withdrawal, occurring in August 2019, swept \$285,000 out of the account bringing the account market value to \$8.1 million.

The table below outlines allowable holdings within the current IPS and a “Yield Enhanced IPS”. The current IPS allows for government securities which include mortgage backed securities. The portfolio can hold up to 25% corporate with a minimum ‘A’ rating.

	Current IPS	Yield Enhanced IPS
US Treasuries, Agencies	Yes	Yes
Corporates	Minimum ‘A’ rating Up to 25% of Portfolio	Minimum ‘BBB’ rating (no BBB-) Up to 50% of Portfolio
Mortgage Backed Securities	Yes	Yes
Asset Backed	No	Yes

Potential changes to portfolio and/or IPS

Within a fixed income reserve account such as SEAPA’s there are two main avenues to increasing income/return. Yield enhancements can be achieved by 1) adjusting the total duration of the operating portfolio upwards (interest rate risk) and/or 2) taking more corporate and asset backed exposure (credit risk). Depending on the amount of income (yield) that is desired a portfolio with different risk characteristics can be built. Below we explore four different possibilities:

- 1.) Adding mortgages (this is an allowable asset)
- 2.) Adding asset backed securities (would need to modify IPS)
- 3.) Increasing credit risk (would need to modify IPS)
- 4.) Increasing duration and credit risk (would need to modify IPS)

Currently we are in an environment where the 2-yr Treasury note is yielding less than the 90-day T-bill. At the end of August, this difference in rates was about -0.50%. Because of this inversion in rates, the yield pickup in moving to a longer duration portfolio is not as large as one would normally expect to see.

The table on the following page shows four sample portfolios compared to the current portfolio. Portfolio A shows that adding a 15% allocation to mortgage back securities should add an additional 9 bps to yield-to-maturity. Adding credit risk via an increase in corporates and AAA rated asset backed securities would increase the portfolio yield by 16bps over the existing portfolio (Port B). Lengthening the duration of the portfolio, increasing the corporate exposure and allowing triple B rated securities (Port C and D) would have a modest impact, increasing the yield by 13 to 23 basis points over the existing portfolio. Portfolio C and D durations increase to 2.66 and 3.86yrs, respectively, compared to the current duration of 1.89yrs. Duration is a measurement of interest rate sensitivity.

Note: If a portfolio has a duration of 3.86yrs and interest rates rise instantaneously by 1% the portfolio will lose a market value of 3.86%.

	Existing IPS		Modified IPS		
Portfolio allocations	Current	Port A	Port B	Port C	Port D
Government	88%	65%	58%	74%	69%
Corporate	12%	20%	34%	26%	31%
AA	4%	4%	6%	3%	3%
A	8%	16%	15%	11%	13%
BBB	-	-	13%	12%	15%
MBS	-	15%	-	-	-
ABS	-	-	8%	-	-
Statistics					
Yield	1.60%	1.69%	1.76%	1.73%	1.83%
Duration	1.89	1.90	1.92	2.66	3.86
Income (on \$8mm Portfolio)	128,000	135,200	140,800	138,400	146,400
<small>data as of 8/30/2019</small>					

As income is determined by the level of yields, interest rate shifts directly affect portfolio expected income. If interest rates rise, the expected income of the portfolio will increase over time. However, when interest rates decline, it is possible to make incremental changes which can increase income and allow the portfolio to weather low rates. Increasing credit exposure and/or duration can enhance income. The examples given above can achieve an additional \$7k to \$18k to the SEAPA's income. The overall income, without taking market value changes into account, is forecasted to be between \$128k to \$146k on a 12-month horizon.

Moving Forward

Given APCM's market outlook and understanding of the reserve portfolio we believe it would be advantageous to increase the credit risk by increasing the corporate allocation and allowing asset backed securities. Port B is an actual, live portfolio that we are currently managing for a different client. Over the last 3 and 5 years Port B provided returns in excess of the current portfolio by 25 and 16 basis points, respectively.

Modifications of the IPS, within SEAPA's defined risk tolerance, is a potential way APCM can add incremental yield during periods of prolonged low interest rates.

I look forward to discussing the options above. If there are any questions that we may be able to answer, please let me know.



SOUTHEAST ALASKA POWER AGENCY CONTROLLER MEMO

Date: September 19, 2019 From: Kay Key
To: Trey Acteson Subject: **FINANCIAL STATEMENTS**

SUGGESTED MOTION

I move to accept disbursements for June, July, and August 2019 totaling \$3,688,492.74 and financial statements for June through August 2019, as presented.

Financial Statements in this board packet include:

- **Disbursements for June through August 2019**

Finance Reports through August 2019 (Jul-Dec 2019 Budget Period):

- **kWh Graph** (Calendar-Year graph through August 2019)
- **Fund Allocation Graph** (August 2019)
- **Monthly Financial Statements for August 2019**
 - ✓ Financial Overview
 - ✓ Statement of Financial Position – Monthly prior year comparison
 - ✓ Statement of Activities – Monthly prior-year comparison, YTD prior-year comparison, YTD and annual budget
- **R&R Summary**

Finance Reports for fiscal year-end FY19 (Jul 2018-Jun 2019):

- **kWh Graph** (June 2019)
- **Fund Allocation Graph** (June 2019)
- **Grant Summary** (Quarterly, Apr-Jun 2019)
- **Financial Statements for June 2019**
 - ✓ Financial Overview
 - ✓ Statement of Financial Position – Monthly prior year comparison
 - ✓ Statement of Activities – Monthly prior-year comparison, YTD prior-year comparison, YTD and annual budget
 - ✓ Statement of Activities – YTD Detail
- **R&R Summary**



The table below summarizes the expenditures included in the disbursement reports that follow:

	Revenue Fund	R&R Fund	New Gen Fund
June 10, 2019	797,932.86	658.88	-
June 21, 2019	841,785.38	-	-
June 24, 2019	336,435.91	214,377.83	200.00
July 12, 2019	36,024.38	356,018.51	
July 26, 2019	546,958.03	122,485.67	4,050.00
August 27, 2019	336,783.54	94,781.75	
	2,895,920.10	788,322.64	4,250.00
TOTALS	\$3,688,492.74		

Revenue Fund - Operations and maintenance expenses, grant expenses.

R&R Fund - Expenditures for capital (R&R) projects.

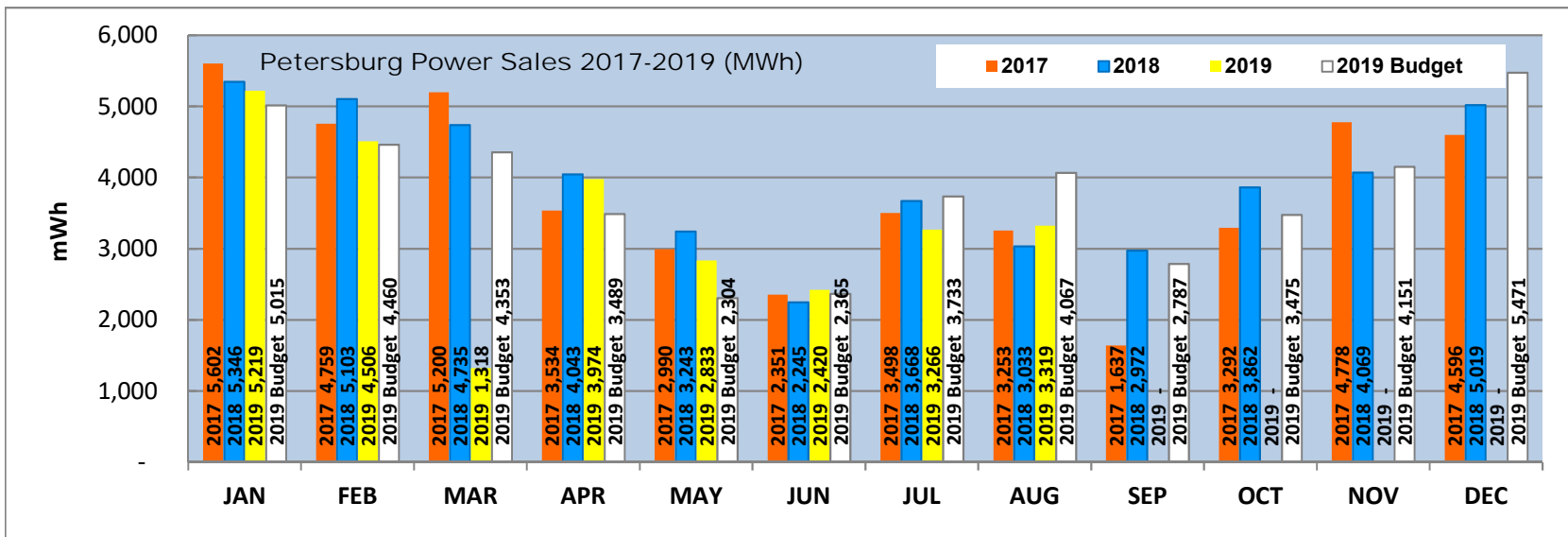
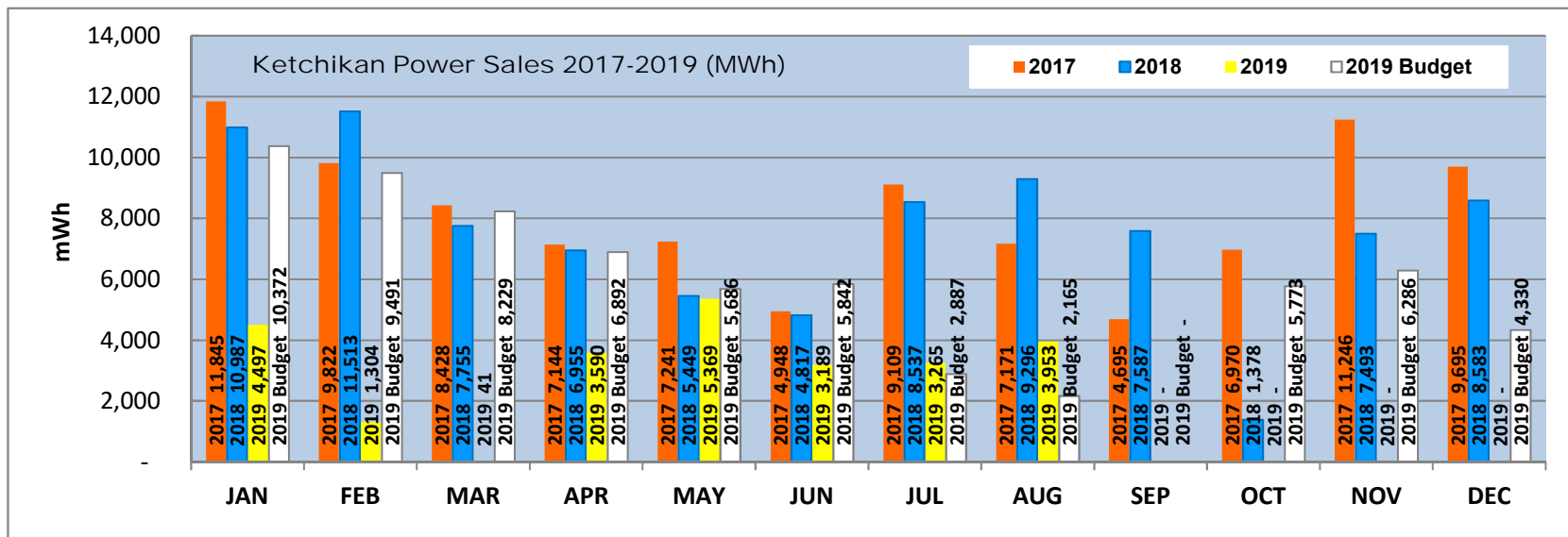
New Gen Fund - Costs directly associated with developing new generation.

VENDOR	G/L Code	Job / Class	Revenue Fund	Dedicated R&R Fund	New Gen Fund	Southeast Alaska Power Agency Month Disbursements
Alaska Airlines Cargo Total			-	412.53	-	
Alaska Broadcast Communications, Inc. Total			812.40	-	-	
Alaska Dispatch News Total			-	102.09	-	
Alaska Marine Lines Total			254.76	-	-	
Alaska Permanent Capital Inc Total			5,197.40	-	-	
Alaska Power Association Total			750.00	-	-	
All Seasons Argo & Equipment, LLC Total			1,056.70	-	-	
Alltek Network Solutions Inc Total			15.95	-	-	
Alpine Mini Mart Total			153.43	-	-	
Amazon.com Total			6,072.45	373.08	-	
Andritz Hydro Corp Total			-	321,600.00	-	RR259 Turbine Shutoff Valve Tyee
Angerman's Inc Total			544.75	-	-	
Anixter Inc Total			-	3,789.00	-	
Arrowhead LP Gas WRG Total			58.46	-	-	
Ascent Law Partners LLP Total			15,598.49	-	-	
BAM LLC Total			13,475.00	114,180.00	-	RR316 Storage Structure SWL RR317 Storage Structure TYL Swan Lake expense
Bank of America (July) Total			16,423.58	3,485.97	-	
Bank of America (June) Total			15,356.63	-	-	
Bank of America (May) Total			20,188.90	-	-	
Bay Company WRG Total			1,767.22	-	-	
BDO USA LLP Total			4,500.00	-	-	
Boyer Towing, Inc. Total			6,681.25	6,681.25	-	
Buness Bros. Inc. Total			108.65	-	-	
Buness Electric LLC Total			811.72	-	-	
Cambria Properties LLC Total			4,575.00	-	-	
Channel Electric Total			-	3,407.40	-	
City & Borough of Wrangell Total			358,554.74	-	-	Diesel reimbursement
City Market Total			2,439.05	302.48	-	
CM Enterprises Total			-	7,500.00	-	
CoastAlaska, Inc. Total			2,184.00	-	-	
Crowley Fuels LLC Total			148.73	-	-	
CUPS Drug Testing & Occupational Health Total			185.00	-	-	
Daily Journal of Commerce Total			93.60	93.60	-	
Dave's Welding and Repair, LLC Total			-	1,888.70	-	
Dell Total			2,099.98	-	-	
Electric Power Constructors Total			403,664.06	87,902.32	-	RR269 Guy Thimbles STI Overhead line maintenance
Esteem Wireless Modems Total			-	11,268.87	-	
Federal Energy Regulatory Commission Total			35,710.43	-	-	
FedEx Total			488.41	511.42	-	FERC Admin Fees
First American Title Ins Co Total			705.00	-	-	
First Bank Total			143.78	-	-	
First City Electric, Inc. Total			207.63	-	-	
Frontier Shipping & Copyworks Total			128.97	-	-	
Grainger Total			1,159.38	7,439.54	-	
Grizzly Industrial, Inc. Total			638.63	-	-	
H.E. Anderson Company Total			295.81	-	-	
Hammer & Wikan Total			125.96	-	-	
Harbor Way Parts - NAPA Total			99.56	-	-	
HDR Alaska, Inc. Total			4,243.48	-	-	
HECO Pacific Manufacturing Inc Total			146.36	-	-	
Helicopter Air Alaska LLC Total			5,820.19	-	-	
Hydrological Services America LLC Total			-	21,400.00	-	
I Even Do Windows Total			1,200.00	-	-	
Intandem, LLC Total			3,850.00	-	-	
ITB Subsea Ltd. Total			522,991.00	-	-	Submarine cable ROV inspect-analysis
Jaco Analytical Laboratory, Inc Total			58.00	-	-	
Juneau Alaska Communications Total			1,624.80	-	-	
Ketchikan Daily News Total			589.81	93.45	-	
Ketchikan Gateway Borough Total			14,852.64	-	-	
Ketchikan Mechanical, Inc. Total			1,135.68	-	-	
Ketchikan Ready Mix & Quarry, Inc Total			-	13,000.00	-	
Kuenz America Inc Total			-	5,658.34	-	
Kutak Rock LLP Total			2,500.00	-	-	
Landing Hotel & Restaurant Total			202.99	198.41	200.00	
Legacy Building Solutions Inc Total			-	31,882.92	-	
Legacy Health Clinic, LLC Total			1,053.80	-	-	
Litostroj Hydro Inc Total			-	21,869.15	-	
LNM Services Total			538.93	-	-	
Madison Lumber & Hardware Inc Total			239.21	365.30	-	
Marble Construction Total			1,228.00	200.00	-	

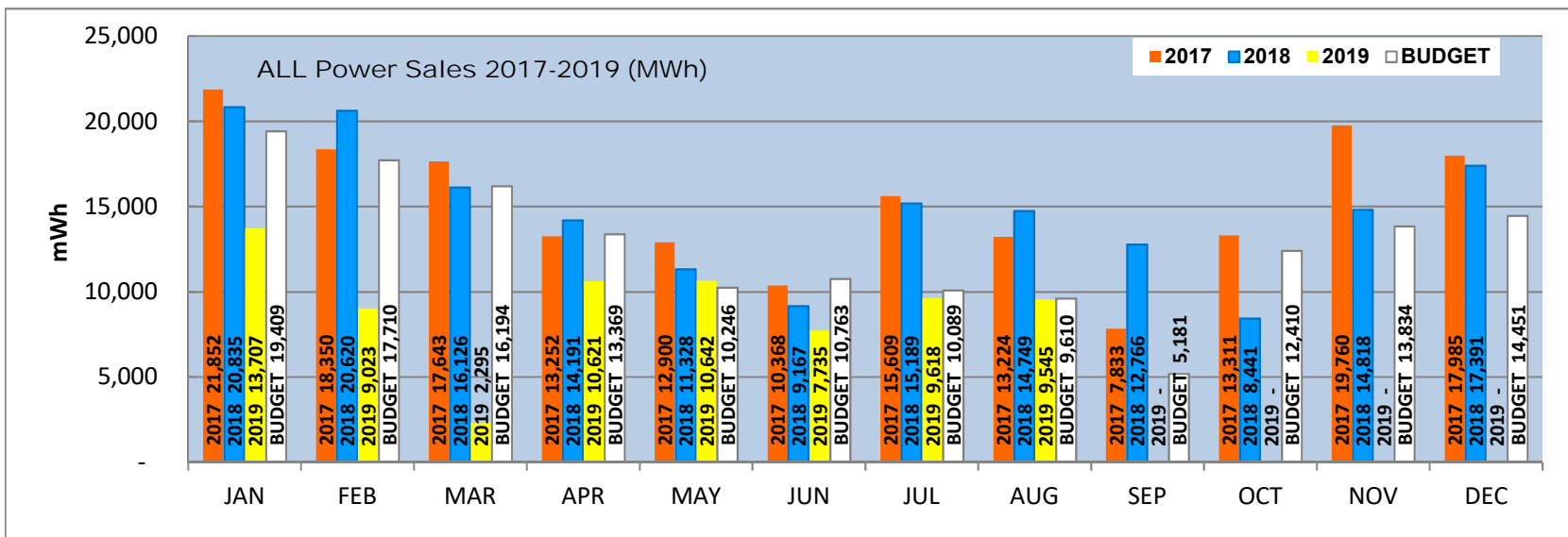
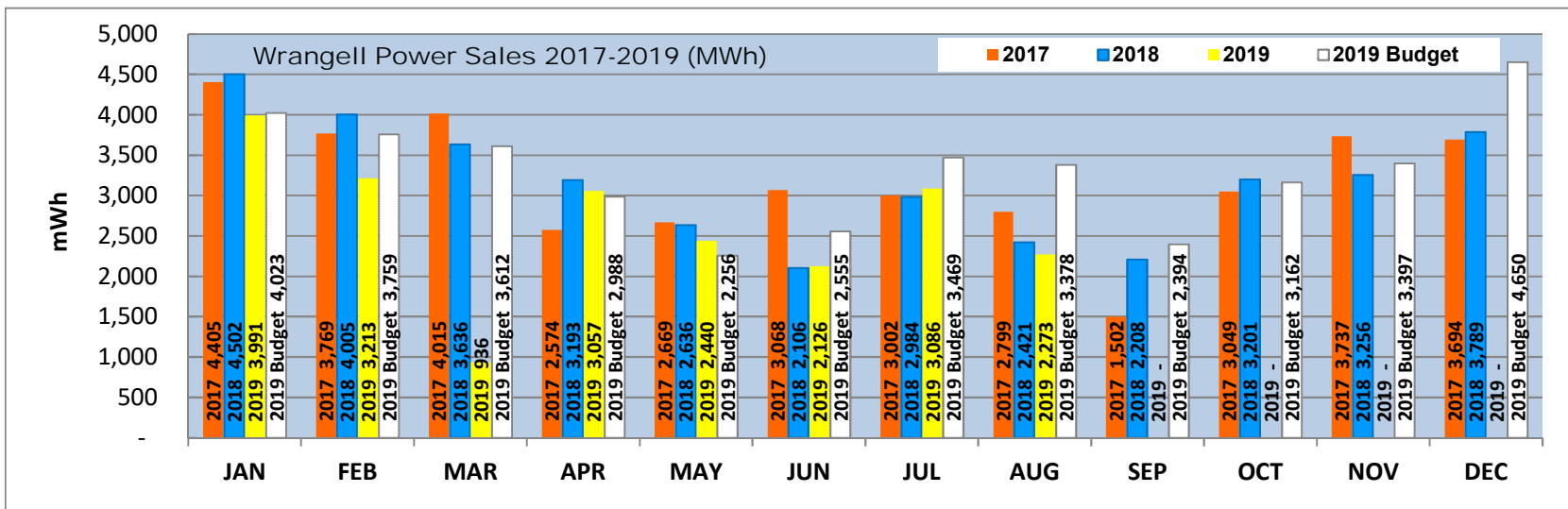
VENDOR	G/L Code	Job / Class	Revenue Fund	Dedicated R&R Fund	New Gen Fund	Southeast Alaska Power Agency Month Disbursements
Marsh USA Inc. Total			476.00	-	-	
McMillen Jacobs Associates Total			20,736.70	-	-	
Meridian Environmental Total			1,980.00	-	-	
Minco Products, Inc. Total			3,134.57	-	-	
My Place Hotel - Ketchikan Total			1,890.00	-	-	
NK Electric, Inc. Total			61.78	-	-	
Nolan Center Total			1,583.60	-	-	
NRECA 207434 Deferred Total			1,000.00	-	-	
NRECA Group Ins Total			71,732.80	-	-	Employee benefits
NRECA Group Ins Admin Total			6,394.24	-	-	
NRECA RSP Admin Total			3,189.12	-	-	
NRECA RSP Trust Contrib Total			116,365.02	-	-	Employee benefits
NRG Systems Inc Total			140.00	-	-	
Omni Packing and Seal Company Total			1,005.04	-	-	
Ottesen's Inc Total			1,887.20	337.52	-	
Pacific Airways Inc Total			4,280.00	-	-	
Pacific Wings Inc. Total			3,437.00	-	-	
Petersburg Bottled Gas Total			468.00	-	-	
Petersburg Municipal Power Total			483,230.64	-	-	Diesel reimbursement
Petro Marine Services-KTN Total			1,063.03	1,428.84	-	
Petro Marine Services-WRG Total			7,157.49	359.35	-	
Pilot Publishing, Inc. Total			1,113.50	90.00	-	
Puget Sound Pipe & Supply Co. Total			1,992.10	-	-	
R&M Engineering-Ketchikan Total			800.00	-	4,050.00	
Ray Matiasowski & Associates Total			12,000.00	-	-	
Reliant Consulting Total			4,375.00	-	-	
Salmon Bay Sand & Gravel Co Total			354.48	-	-	
Samson Tug & Barge Total			2,365.61	2,937.35	-	
Satellite & Sound Inc Total			5,308.24	-	-	
Schmolck Mechanical KTN Total			285.30	-	-	
Schnabel Engineering LLC Total			3,910.11	-	-	
SE Business Machines Total			420.00	-	-	
Segrity LLC Total			34,955.00	66,436.00	-	RR19303 Gov. Pressure System SYL RR19304 Gov. Pressure System TYL RR19319 Valve Cntrlr-Manifold SWL
Sentry Hardware & Marine Total			1,599.39	213.81	-	
Service Auto Parts Total			689.64	-	-	
Sign Pro Total			493.74	-	-	
Slatercom-WCD Total			15,691.80	-	-	
Sockeye Business Solutions Inc Total			17,072.00	12,500.00	-	
Southeast Auto & Marine Parts, Inc Total			1,566.59	241.64	-	
Southeast Conference Total			700.00	-	-	
Southeast Extinguisher Service Inc Total			839.00	-	-	
Stikine Inn Total			2,996.28	352.00	-	
Sunrise Aviation Inc Total			20,821.25	3,175.00	-	
Superior Marine Services Total			-	2,180.00	-	
Svendsen Marine Total			233.90	-	-	
Tamico Inc Total			68.00	-	-	
Temasco Helicopters, Inc. Total			37,208.34	-	-	
TexRus Total			12,012.90	26,399.60	-	
Timber & Marine Supply Inc Total			150.15	-	-	
Tongass Business Center Total			558.84	-	-	
TSS, Inc. Total			6,293.98	-	-	
Tyler Industrial Supply Total			305.73	95.11	-	
Tyler Rental, Inc. Total			40.94	5,898.60	-	
US Geological Survey Total			17,000.00	-	-	
Wells Fargo 2015 Interest Total			81,281.26	-	-	Bond P&I Payments
Wells Fargo 2019 Interest Total			52,854.00	-	-	Bond P&I Payments
Wells Fargo 2019 Principal Total			192,500.01	-	-	Bond P&I Payments
Wells Fargo Bank-Corporate Trust Total			122,425.30	-	-	Bond P&I Payments
Wrangell Chamber of Commerce Total			1,000.00	-	-	
Wrangell City & Borough Total			19,927.72	-	-	
Wrangell Extended Stay LLC Total			477.00	-	-	
Wrangell Sentinel Total			204.00	72.00	-	
X2nSat Total			4,066.42	-	-	
Grand Total			2,895,920.10	788,322.64	4,250.00	
			\$3,688,492.74			

Bank of America credit card charges include commercial travel, most telecom and some utility expenses (ACS, AT&T Mobility, AP&T, GCI GCI, KPU, PSG Borough, Roadpost, Wrangell City & Boro). These recurring telecom & utility charges are approximately \$12K/mo.

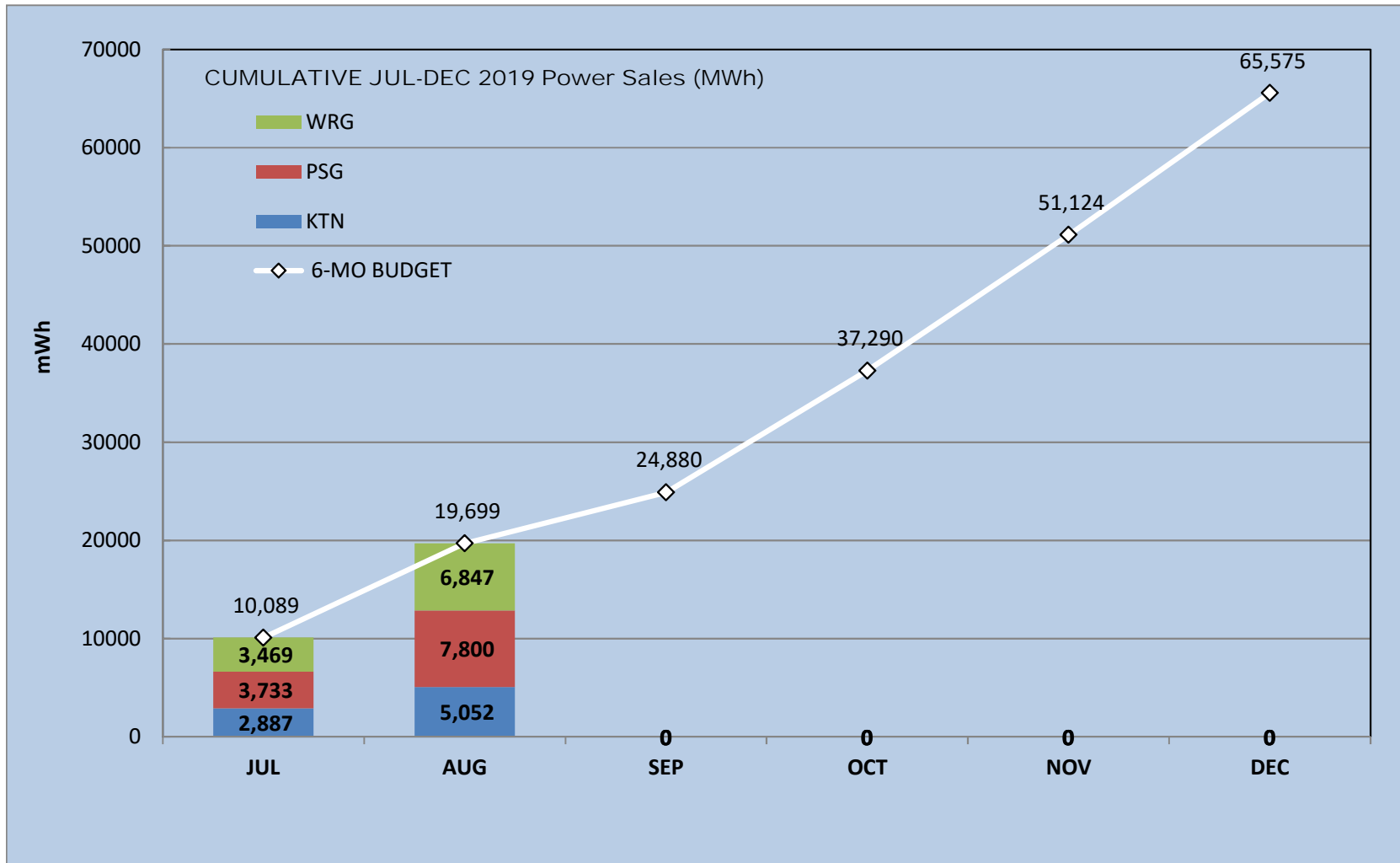
AUG 2019	2019 kWh HYDROPOWER SALES	CURRENT MONTH		YTD (Jul-Dec 2019)	
		Actual	Budget	Actual	Budget
	Ketchikan Power Purchases	3,953,152	2,165,000	7,218,552	5,052,000
	Petersburg Power Purchases	3,319,175	4,067,000	6,585,578	7,800,000
	Wrangell Power Purchases	2,272,540	3,378,000	5,358,630	6,847,000
	Total Power Purchases	9,544,867	9,610,000	19,162,760	19,699,000



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AUGUST 2019

Operations, Capital and Insurance Funds

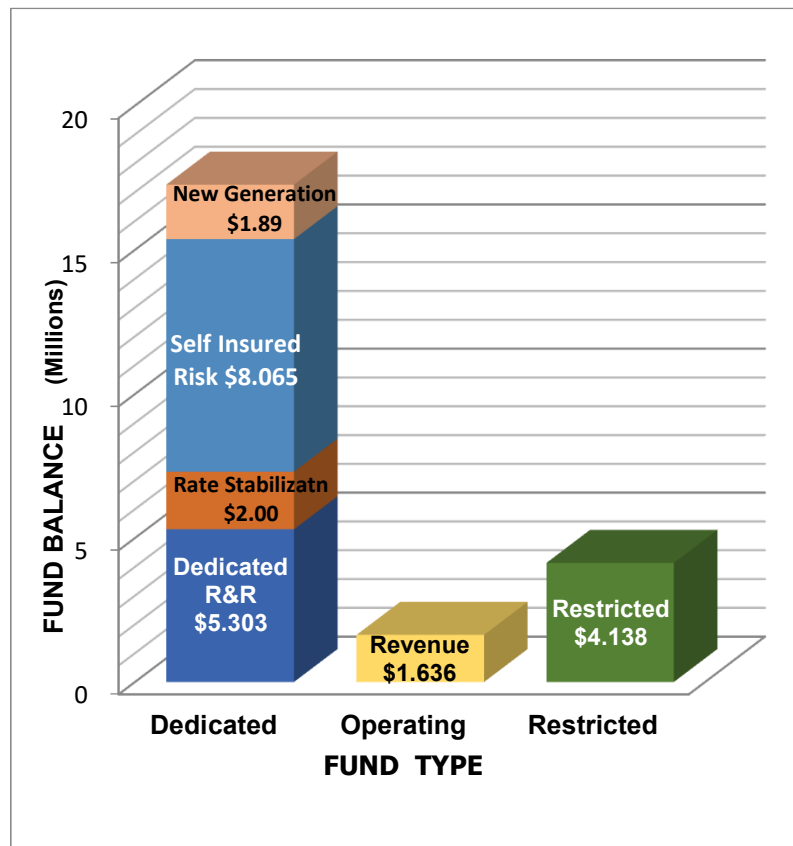
Revenue Fund	\$ 1,528,079
Required R&R Fund	1,000,104
Dedicated R&R Projects Fund	5,303,244
Commercial	108,279
New Generation Fund	1,889,419
Rate Stabilization Fund	2,001,328
* Self Insured Risk Fund	8,065,020
Total Operations, Capital and Insurance Funds	19,895,473

Trustee Funds

2015 Series Bond Interest	\$ 136,941
2015 Series Bond Reserve	204,648
2019 Series Bond Interest	82,249
2019 Series Bond Principal	257,006
2019 Series Bond Reserve	1,254,064
Total Trustee Funds	1,934,909

Other Restricted Funds

STI - USFS CD	\$ 21,634
DNR Reclamation Fund	1,181,715
Total Other Restricted Funds	1,203,349
Total Agency Funds	\$ 23,033,731



* This account was not reconciled in time for the preparation of August financial statements. The account balance shown above is correct, but does not match the financial statements attached.

Dedicated Funds

New Generation = Project feasibility funding (hydro, wind, geothermal)

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

Rate Stabilization Fund = Reserve to ensure stability of Member Utility rates.

Dedicated R&R = Funds Replacement & Repair projects approved by the SEAPA Board in the budget.

Operating Funds

Revenue Fund & Commercial Checking: All SEAPA income is deposited to the Revenue Fund as required by Bond Indentures and transferred to checking as needed to cover expenditures.

Restricted Funds (Legally or contractually restricted)

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



AUGUST 2019 FINANCIAL OVERVIEW

These tables provide a snapshot of SEAPA's revenues and expenses for AUGUST 2019.

Revenues from kWh sales were under budget for the month and lower than last year:

FIRM kWh SALES	AUG Sales	AUG Budget	Prior Year Sales
Ketchikan	\$268,814	\$147,220	\$632,102
Petersburg	225,704	276,556	206,230
Wrangell	154,533	229,704	164,602
Total Revenue	\$649,051	\$653,480	\$1,002,934

Fiscal year-to-date revenues from kWh sales were under budget and lower than last year:

FIRM kWh SALES	YTD Sales	YTD Budget	Prior YTD Sales
Ketchikan	\$490,862	\$343,536	\$1,212,620
Petersburg	447,819	530,400	455,653
Wrangell	364,387	465,596	367,482
Total Revenue	\$1,303,068	\$1,339,532	\$2,035,755

FIRM kWh SALES (Year-Over-Year)	FISCAL YEAR	AUG kWh	YTD JUL-AUG kWh
	FY2019	9,544,867	19,162,760
	FY2018	14,749,024	29,937,573
	FY2017	13,223,821	28,833,292

Administrative and operating expenses were under budget:

Administrative & Operating Expenses	AUG Actual	AUG Budget	Prior Yr Expense
	\$437,692	\$568,436	\$419,899
	YTD Actual	YTD Budget	Prior YTD Expense
	\$847,797	\$1,045,520	\$831,794

AUGUST 2019

	Aug-19	Aug-18
ASSETS		
Current Assets		
Agency Funds		
111000 · Ops/Capital/Insurance Funds		
111100 · Revenue Fund FB	1,528,079	1,877,023
111200 · Required R&R Fund FB	1,000,104	1,000,104
111210 · Dedicated R&R Projects Fund FB	5,303,244	7,168,156
111300 · Commercial FB	108,279	203,827
111401 · New Generation Fund	1,889,419	1,899,413
111402 · Rate Stabilization Fund	2,001,328	2,000,108
* 111500 · Self Insured Risk Fund FNBA	7,988,067	8,033,044
Total 111000 · Ops/Capital/Insurance Funds	19,818,519	22,181,675
112000 · Trustee Funds		
112100 · WF Trust 2009 Bond Interest	-	68,217
112200 · WF Trust 2009 Bond Principal	-	210,866
112300 · WF Trust 2009 Bond Reserve	-	1,425,960
112501 · WF Trust 2015 Bond Interest	136,941	121,996
112503 · WF Trust 2015 Bond Reserve	204,648	215,190
112508 · 2019 Series Bond COI Fund	-	-
112509 · 2019 Series Bond Interest Fund	82,249	-
112510 · 2019 Series Bond Principal Fund	257,006	-
112511 · 2019 Series Bond Reserve Fund	1,254,064	-
Total 112000 · Trustee Funds	1,934,909	2,042,230
113000 · Other Restricted Funds		
113100 · STI - USFS CD WF	21,634	21,627
113500 · DNR Reclamation Fund WF	1,181,715	1,086,941
Total 113000 · Other Restricted Funds	1,203,349	1,108,568
Total Agency Funds	22,956,777	25,332,473
Accounts Receivable		
110000 · Accounts Receivable	902,903	1,702,794
Total Accounts Receivable	902,903	1,702,794
Other Current Assets		
120200 · Other Receivables	5,800	5,800
120300 · Accrued Interest Receivable	40,226	20,563
120500 · Prepaid Fees		
120510 · Prepaid FERC Fees	7,721	9,809
120520 · Prepaid Insurance	74,405	75,113
120530 · Prepaid Operating Expense	1,531	19,383
120540 · Prepaid USDA FS Land Use Fees	34,873	33,763
120550 · Prepaid Admin Benefits	98,743	91,563
Total 120500 · Prepaid Fees	217,273	229,631
120700 · Inventory Assets		
1207001 · Inventory Spares-Stores	216,804	167,250
1207003 · Inventory - SWL Winding Replace	890,405	890,405
1207006 · Inventory - Flashboard-Kickers	439,456	-
Total 120700 · Inventory Assets	1,546,665	1,057,655
Total Other Current Assets	1,809,963	1,313,648
Total Current Assets	25,669,644	28,348,915

AUGUST 2019

	Aug-19	Aug-18
Fixed Assets		
130100 · Capital Assets	180,654,871	178,710,458
132200 · R&R Projects WIP Capital Improv	388,849	824,643
132900 · Accumulated Depreciation	(50,686,721)	(45,862,357)
Total Fixed Assets	130,356,999	133,672,745
Other Assets		
183000 · Deferred Assets		
183003 · 2009 Bond - Refunded Discount	-	107,394
183004 · Tyee Marine Access	6,975	-
183006 · New Gen Integration	4,104	-
183007 · 2019 Bond Gain on 2009 Refund	107,826	-
Total 183000 · Deferred Assets	118,905	107,394
Total Other Assets	118,905	107,394
TOTAL ASSETS	156,145,547	162,129,054
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
210100 · Accounts Payable General	125,021	363,861
Total Accounts Payable	125,021	363,861
Other Current Liabilities		
210150 · Other Current Liabilities	-	-
210151 · Member Utility Rebate Payable	-	800,000
210152 · DNR Fund - CVEA KEA Portion	-	543,471
210300 · Reserve Interest Payable	189,661	189,109
210400 · Wages Payable	93,323	60,690
210401 · PTO Payable	186,935	151,919
210500 · Payroll Liabilities	50,607	22,080
Total Other Current Liabilities	520,527	1,767,269
Total Current Liabilities	645,548	2,131,130
Long Term Liabilities		
220100 · Series B Bonds 2009	-	5,590,000
220120 · 2009 Bond Issuance Discount	-	(23,132)
220121 · PERS Unfunded Liability WRG	876,384	938,140
220122 · DNR Fund CVEA KEA Liability	590,858	-
220130 · Series 2015 Bonds	10,295,000	10,295,000
220131 · 2015 Bond Issuance Premium	757,052	812,110
220132 · 2019 Series Bonds	4,240,000	-
220133 · 2019 Bond Issuance Premium	413,898	-
Total Long Term Liabilities	17,173,191	17,612,118
Total Liabilities	17,818,740	19,743,248
Net Position		
310000 · Net Position	138,815,271	142,091,471
Net Income	(489,925)	294,335
Total Net Position	138,325,346	142,385,805
TOTAL LIABILITIES & NET POSITION	156,144,086	162,129,054

*Self-Insured Risk Fund *not* reconciled in August. Delay in delivery of reformatted statement

AUGUST 2019	AUGUST 2019	FISCAL YEAR-TO-DATE - JUL-AUG 2019			6-Month BUDGET	% Annual Budget
		YTD FY18	YTD Jul-Aug	Jul-Aug Budget		
Operating Income/Expense						
Operating Income						
410000 · Hydro Facility Revenues						
410100 · Ketchikan Power Purchases	\$ 268,814	\$ 1,212,620	\$ 490,862	\$ 343,536	\$ 1,457,988	
410200 · Petersburg Power Purchases	225,704	455,653	447,819	530,400	1,610,512	
410300 · Wrangell Power Purchases	154,533	367,482	364,387	465,596	1,390,600	
Total 410000 · Hydro Facility Revenues	\$ 649,051	\$ 2,035,755	\$ 1,303,068	\$ 1,339,532	\$ 4,459,100	29%
454000 · Rent from Electric Property	\$ -	\$ -	\$ 2,448	\$ 1,000	\$ 3,000	
Total Operating Income	\$ 649,051	\$ 2,035,755	\$ 1,305,515	\$ 1,340,532	\$ 4,462,100	29%
Operating Expense						
535000 · Hydro Ops-Suprvsn & Engineering	\$ 2,950	\$ 1,816	\$ 3,095	\$ 1,800	\$ 104,500	3%
537000 · Hydraulic Expenses	-	11	-	-	-	0%
538000 · Electric Expenses	3,929	3,305	5,590	41,300	101,000	6%
539000 · Misc Power Generation Expense	19,979	71,918	38,796	116,550	337,870	11%
540000 · Rents	13,463	26,177	26,927	26,932	102,500	26%
541000 · Hydro Power Station Maintenance	1,899	9,980	3,863	10,000	32,000	12%
543000 · Dams, Reservoirs & Waterways	13,255	32,219	13,255	8,000	23,500	56%
544000 · Maintenance of Electric Plant						
544100 · SWL Plant Wages & Benefits	44,620	113,000	114,852	152,172	456,000	25%
544200 · TYL Plant Wages & Benefits	60,357	96,445	133,950	141,200	423,000	32%
545000 · Plant Miscellaneous Maintenance	2,525	6,978	6,666	6,800	24,500	27%
561000 · Control System Maintenance	7,939	3,908	9,280	17,000	51,000	18%
562000 · Trans/Operations Station Exp	1,837	2,974	4,354	7,000	27,750	16%
564000 · Trans/Submarine Cable Expense	-	8,337	-	350	1,000	0%
571000 · Trans/Maint Overhead Lines(OHL)						
* 571000 · Brushing Wages & Benefits	14,978	29,391	32,518	22,850	54,500	60%
571000 · XMSN OHL Maintenance	9,043	25,834	16,249	22,100	300,020	5%
920000 · Admin Wages & Benefits	123,745	224,908	253,312	256,600	769,607	33%
921000 · Office Expenses	23,240	16,670	32,623	46,000	147,910	22%
923000 · Contract Services						
923091 · Audit Services	-	-	-	-	33,000	0%
923092 · Bank Fees-Financial Services	1,714	3,952	3,834	4,010	12,050	32%
923093 · Legal Services	1,163	10,400	1,643	13,500	40,500	4%
923094 · Legislative Services	4,000	8,017	4,000	8,000	24,000	17%
923095 · Other Professional Services	85	1,761	521	6,000	20,000	3%
924000 · Insurance	37,203	75,113	74,405	74,406	240,000	31%
928000 · Regulatory Commission Expense	27,240	14,748	30,216	25,750	86,650	35%
930000 · General Expenses	14,958	28,782	22,583	21,400	64,950	35%
931000 · Admin Rent	7,571	15,148	15,267	15,800	48,830	31%
Total Operating Expense	\$ 437,692	\$ 831,794	\$ 847,797	\$ 1,045,520	\$ 3,526,637	24%
Net Operating Income	\$ 211,359	\$ 1,203,961	\$ 457,718	\$ 295,012	\$ 935,463	

AUGUST 2019	AUGUST 2019	FISCAL YEAR-TO-DATE - JUL-AUG 2019		
		YTD FY18	YTD Jul-Aug	Jul-Aug Budget
Nonoperating Income/Expense				
Nonoperating Income				
941000 · Grant Income	\$ -	\$ (15,719)	\$ -	
942000 · Interest Income	3,379	25,068	10,670	
944000 · Realized Gain/(Loss)	-	(4,178)	(330)	
945000 · Unrealized Gain/(Loss)	-	16,136	(23,457)	
946000 · Misc Nonoperating Income	-	1,500	-	
Total Nonoperating Income	\$ 3,379	\$ 22,808	\$ (13,117)	
Nonoperating Expense				
950001 · Misc Nonoperating Expense	\$ -	\$ (6,708)	\$ -	
950005 · Special Item-DNR Reclamtn Liab	-	-	-	
951002 · Issuance Cost 2019 Bonds	-	-	-	
952000 · Bond Interest 2009 Series	-	48,679	-	
952001 · Bond Interest 2015 Series	36,052	71,879	72,105	
952002 · Bond Interest 2019 Series	26,185	-	52,371	
953000 · Depreciation Expense	404,872	810,859	809,744	
954000 · Grant Expenses	-	7,189	-	
955000 · Interest Expense	-	-	-	
960001 · Meteorological Tower	166	536	306	
Total Nonoperating Expense	\$ 467,276	\$ 932,434	\$ 934,526	
Net Nonoperating Income	\$ (463,896)	\$ (909,626)	\$ (947,643)	
Net Income	\$ (252,537)	\$ 294,335	\$ (489,925)	

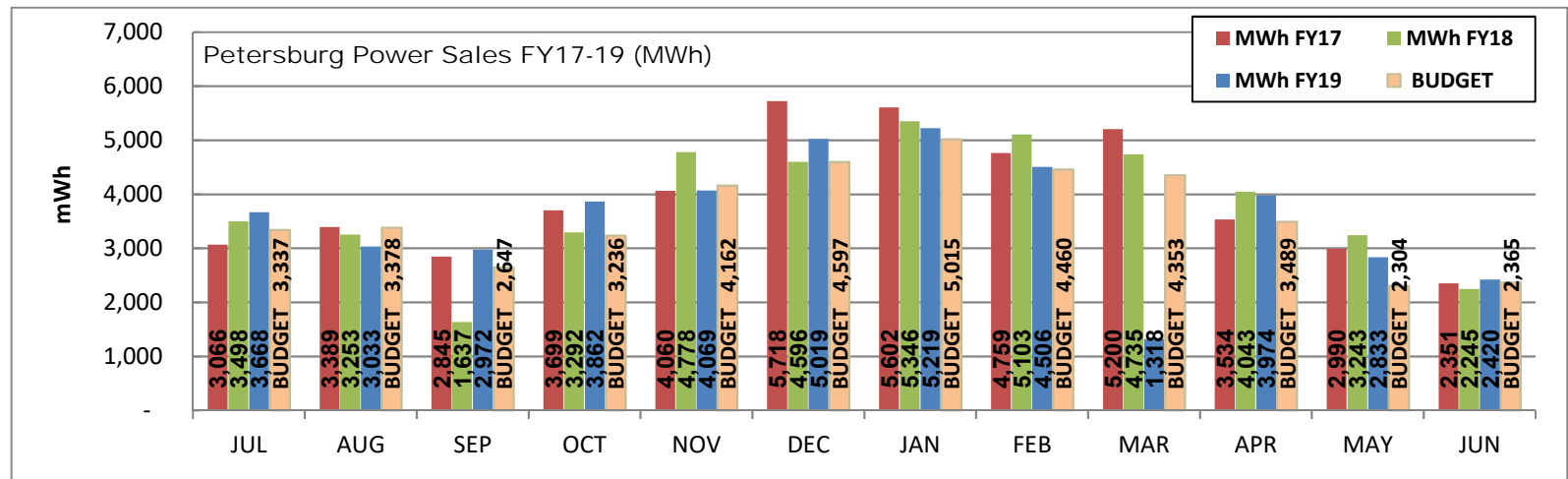
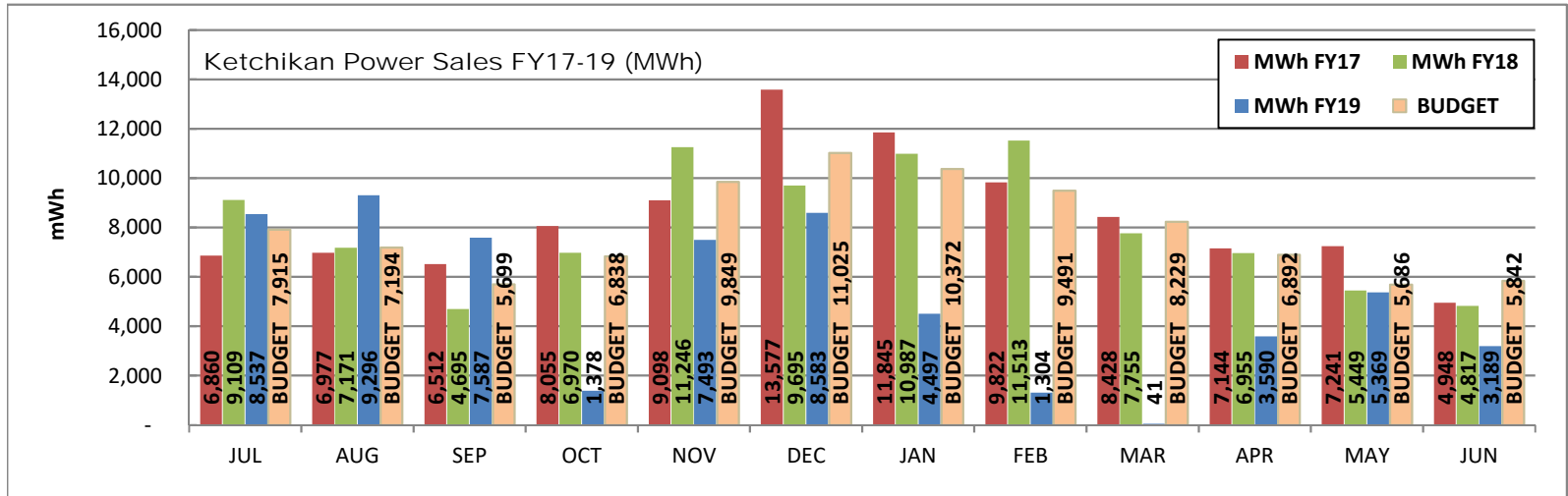
* 571 · Brushing Wages & Benefits were under-budgeted by half.

SEAPA R&R (Capital) Projects as of 08/31/2019		Prior Years' Expenditures	FY2019 6-Mo Budget		TOTAL Expenditr.	Overall BUDGET
			Budget	Expenditures		
270-16 Dampeners OHL TYL	Sep 2019 completion	41,201	\$ 27,000	-	\$ 41,201	68,201
286-18 Housing SWL	Design phase	9,325	\$ 200,000	-	\$ 9,325	500,000
19301 Disconnect Swtch-Bush SWL	Equipment ordered	1,022	\$ 73,778	16,569	\$ 17,591	74,800
19303 Gov Pressure System SWL	Sep 2019	15,400	\$ 20,220	15,253	\$ 30,653	45,620
19304 Gov Pressure System TYL	Sep 2019	15,400	\$ 19,420	9,941	\$ 25,341	45,620
19305 Governor PLC TYL	PLC Modernization (FY20)	-	\$ -	-	\$ -	93,302
19306 Gravel WRG Switch-Sub	Sep 2019 completion	-	\$ 34,500	-	\$ -	34,500
19307 Helipads Clevelnd-Gatehs	Eval.-engineering underway	-	\$ 10,860	7,766	\$ 7,766	130,000
19308 Hydraulic Power Unit TYL	Relocate HPU at gatehouse	-	\$ 170,840	-	\$ -	175,000
19309 Marker Balls TYL	Replacement	164	\$ 151,171	-	\$ 164	185,000
19311 Pier-Ramp SWL	Sep 2019	30,373	\$ 272,975	-	\$ 30,373	303,000
19313 Snow Markers-Gauges	Equipment being tested	39,217	\$ 40,317	2,286	\$ 41,503	85,000
19314 Station Switchgear SWL	480V switchgear	13,303	\$ 300,000	-	\$ 13,303	1,300,000
19318 Site-Glass Swtch UGB SWL	Sep 2019	-	\$ 41,720	22,755	\$ 22,755	41,720
19319 Valve Controller-Manifold SWL	Sep 2019	46,136	\$ 39,236	-	\$ 46,136	49,736
19321 FB Gate Trigger Assy SWL	Flashbrd gate trigger assy	41,701	\$ 28,007	117	\$ 41,818	64,050
19324 Stuffing Box SWL	Aug 2019 completion	511	\$ 91,700	60,843	\$ 61,355	91,700
19326 Don Finney Ln - Design Phase	Design initiated	-	\$ 25,000	-	\$ -	25,000
19327 Fire Protect Upgrade TYL	Contract issued	-	\$ 54,500	-	\$ -	54,500
19328 Marker Balls Carroll Inlet	Marker balls in inventory	-	\$ 111,200	-	\$ -	111,200
19329 Security Upgrades	Underway	-	\$ 45,000	4,877	\$ 4,877	45,000
19330 Servers	Underway	-	\$ 32,800	26,338	\$ 26,338	32,800
19331 STCS-HMI-Historian	Planning	-	\$ 60,000	-	\$ -	450,000
Total WIP R&R Capital Projects		\$253,753	\$1,850,244	\$166,745	\$420,498	\$4,005,749

*Design work for RR19319 Valve Controller-Manifold SWL was budgeted for this six-month period, but was completed in Jun 2019.

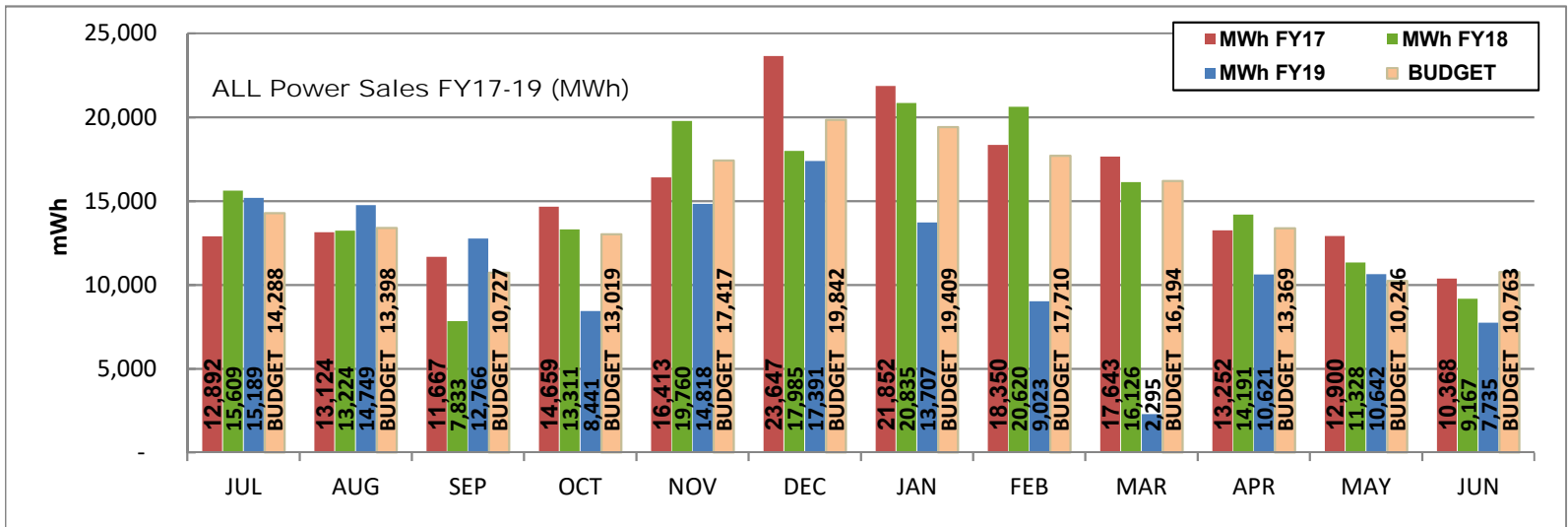
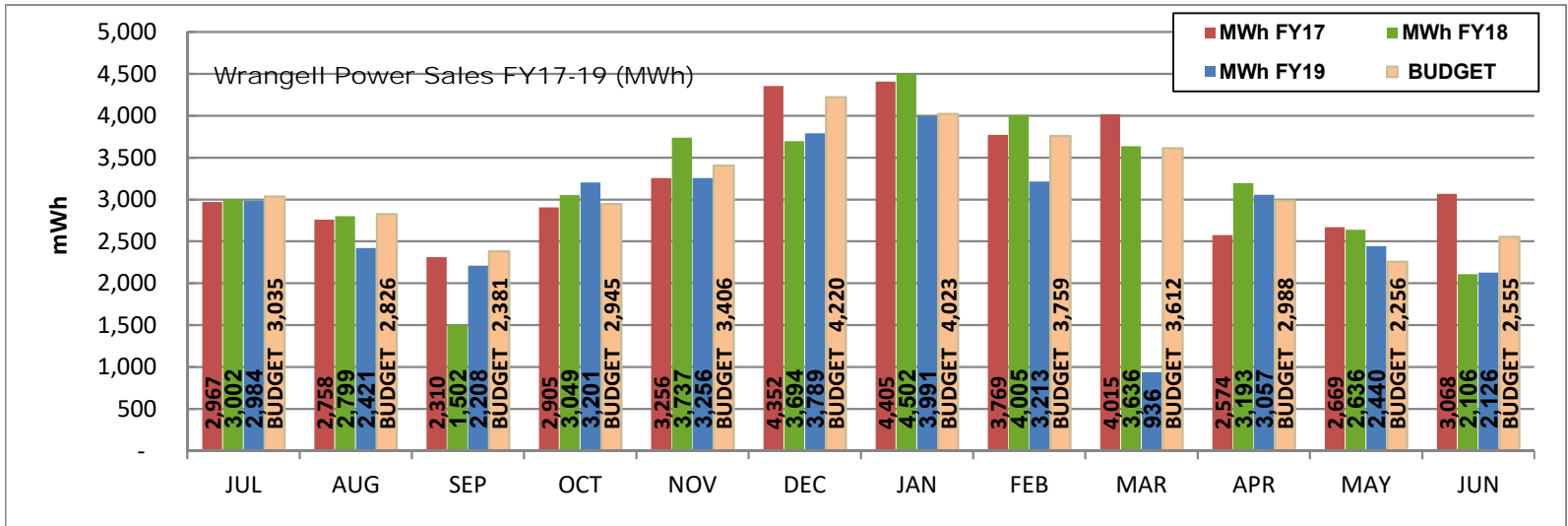
SOUTHEAST ALASKA POWER AGENCY
FIRM POWER SALES (kWh / MWh)

JUN 2019	FY19 kWh HYDROPOWER SALES	CURRENT MONTH		YEAR-TO-DATE	
		Actual	Budget	Actual	Budget
	Ketchikan Power Purchases	3,188,736	5,842,350	60,861,905	95,031,804
	Petersburg Power Purchases	2,420,321	2,364,791	42,894,699	43,343,158
	Wrangell Power Purchases	2,126,370	2,555,407	33,621,290	38,006,103
	Total Power Purchases	7,735,427	10,762,548	137,377,894	176,381,065



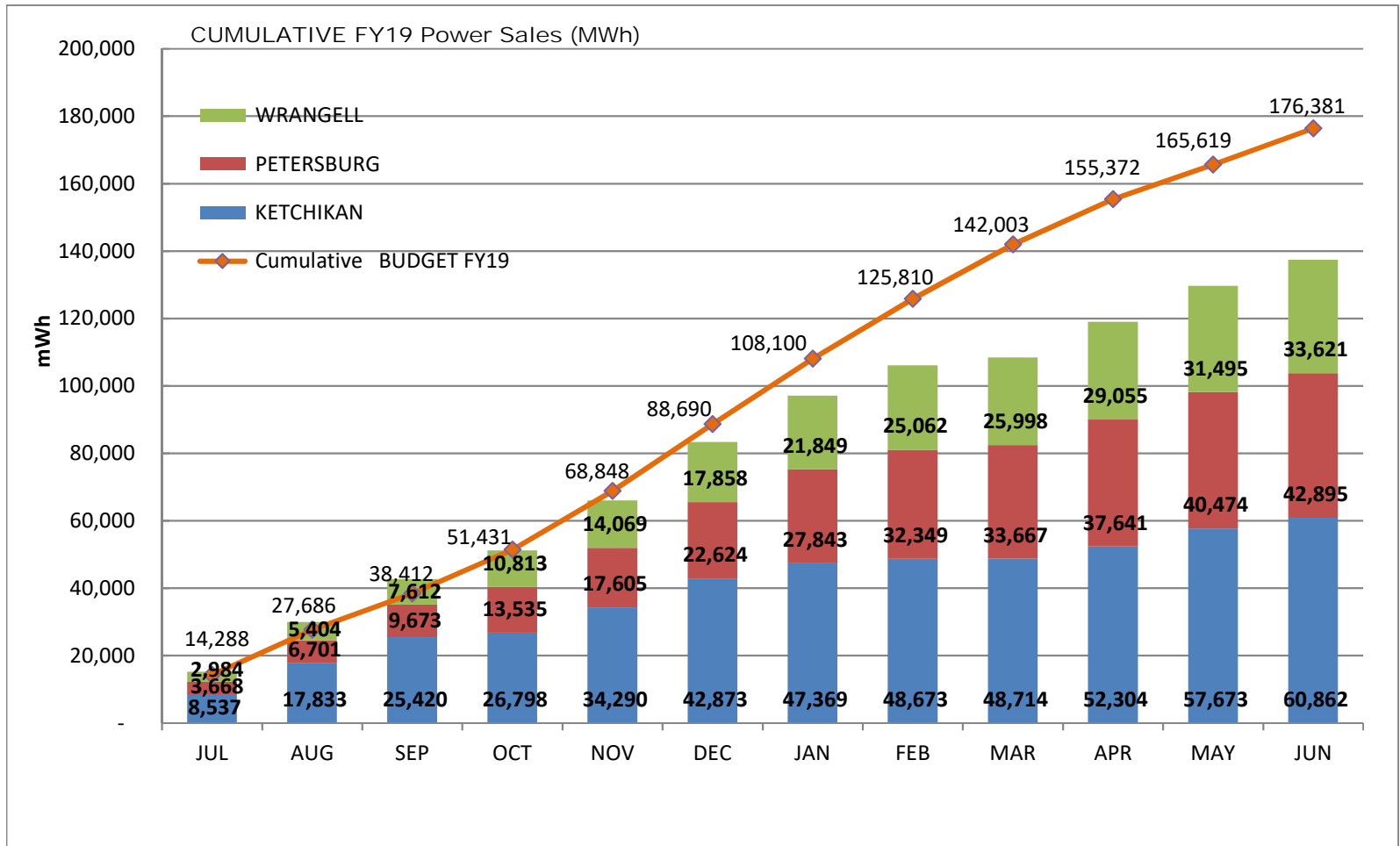
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**SOUTHEAST ALASKA POWER AGENCY
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JUNE 2019

Operations, Capital and Insurance Funds

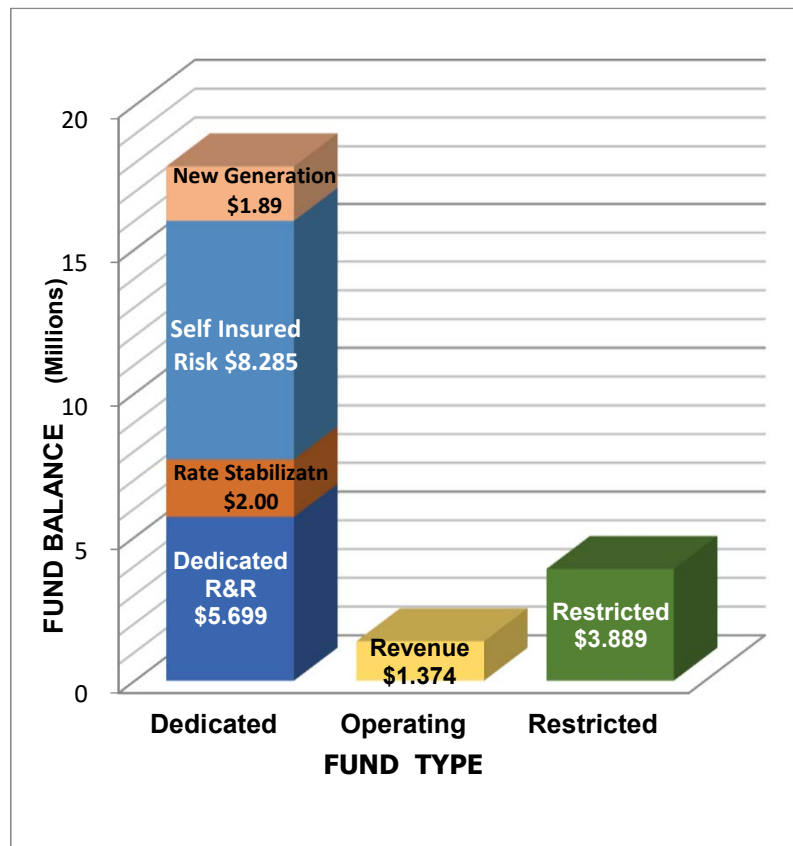
Revenue Fund	\$ 1,372,744
Required R&R Fund	1,000,610
Dedicated R&R Projects Fund	5,698,762
Commercial	1,000
New Generation Fund	1,893,273
Rate Stabilization Fund	2,001,121
Self Insured Risk Fund	8,285,313
Total Operations, Capital and Insurance Funds	20,252,824

Trustee Funds

2015 Series Bond Interest	\$ 55,482
2015 Series Bond Reserve	203,981
2019 Series Cost of Issuance	5,669
2019 Series Bond Interest	41,214
2019 Series Bond Principal	128,333
2019 Series Bond Reserve	1,250,019
Total Trustee Funds	1,684,699

Other Restricted Funds

STI - USFS CD	\$ 21,634
DNR Reclamation Fund	1,181,715
Total Other Restricted Funds	1,203,349
Total Agency Funds	\$ 23,140,872

Dedicated Funds

New Generation = Project feasibility funding (hydro, wind, geothermal)

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

Rate Stabilization Fund = Reserve to ensure stability of Member Utility rates.

Dedicated R&R = Funds Replacement & Repair projects approved by the SEAPA Board in the budget.

Operating Funds

Revenue Fund & Commercial Checking: All SEAPA income is deposited to the Revenue Fund as required by Bond Indentures and transferred to checking as needed to cover expenditures.

Restricted Funds (Legally or contractually restricted)

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
GRANT SUMMARY
JUNE 2019

AK DCCED GRANT 13-DC-553

FY19 Grant Billing	Grant Budget	Billing thru FY19	Open Balance
1 - Hydro Storage	578,000	578,000	0
2 - G&T Site Evaluation	1,705,000	1,633,269	71,731
3 - Stability / Interconnectiv	146,000	0	146,000
4 - Load Balance Model	112,000	9,181	102,819
5 - Project Mgmt	309,000	255,712	53,288
6 - Business Analysis / PSA	150,000	48,015	101,985
Total FY13 AK DCCED	3,000,000	2,524,177	475,823

QUARTERLY BILLING

Sep-18	Dec-18	Mar-19	Jun-19	FY19
-	-	-	-	-
22,908	28,795	26,630	-	78,333
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
22,908	28,795	26,630	-	78,333

TERM: JUL 2013 - JUN 2020

The grant term has been formally extended to June 2020. Values assigned to grant budget categories may be adjusted to align with the remaining scope of work pending Board approval of the proposed 2019 Hydrosite Analysis Project Completion work plan.



JUNE 2019 FINANCIAL OVERVIEW

These tables provide a snapshot of SEAPA's revenues and expenses for JUNE 2019.

Revenues from kWh sales were under budget for the month and lower than last year:

FIRM kWh SALES	JUN Sales	JUN Budget	Prior Year Sales
Ketchikan	\$216,834	\$397,280	\$327,527
Petersburg	164,582	160,806	152,676
Wrangell	144,593	173,768	143,183
Total Revenue	\$526,009	\$731,854	\$623,386

Fiscal year-to-date revenues from kWh sales were under budget and lower than last year:

FIRM kWh SALES	YTD Sales	YTD Budget	Prior YTD Sales
Ketchikan	\$4,138,610	\$6,462,162	\$6,552,581
Petersburg	2,916,840	2,947,334	3,112,292
Wrangell	2,286,289	2,584,416	2,574,494
Total Revenue	\$9,341,738	\$11,993,912	\$12,239,368

FIRM kWh SALES (Year-Over-Year)	FISCAL YEAR	JUN kWh	YTD JUL-JUN kWh
	FY2019	7,735,427	137,377,894
	FY2018	9,167,439	179,990,700
	FY2017	10,367,741	186,767,975

Administrative and operating expenses were under budget:

Administrative & Operating Expenses	JUN Actual	JUN Budget	Prior Yr Expense
	\$853,900	\$1,525,142	\$1,003,090
	YTD Actual	YTD Budget	Prior YTD Expense
	\$6,535,296	\$8,025,119	\$6,378,096

JUNE 2019		
	Jun-19	Jun-18
ASSETS		
Current Assets		
Agency Funds		
111000 · Ops/Capital/Insurance Funds		
111100 · Revenue Fund FB	1,372,744	6,915,524
111200 · Required R&R Fund FB	1,000,610	1,000,610
111210 · Dedicated R&R Projects Fund FB	5,698,762	4,890,354
111300 · Commercial FB	1,000	1,089
111401 · New Generation Fund	1,893,273	1,899,216
111402 · Rate Stabilization Fund	2,001,121	-
111500 · Self Insured Risk Fund FNBA	8,285,313	7,991,364
Total 111000 · Ops/Capital/Insurance Funds	20,252,824	22,698,157
112000 · Trustee Funds		
112100 · WF Trust 2009 Bond Interest	-	23,279
112200 · WF Trust 2009 Bond Principal	-	73,116
112300 · WF Trust 2009 Bond Reserve	-	1,422,552
112501 · WF Trust 2015 Bond Interest	55,482	40,867
112503 · WF Trust 2015 Bond Reserve	203,981	214,676
112508 · 2019 Series Bond COI Fund	5,669	-
112509 · 2019 Series Bond Interest Fund	41,214	-
112510 · 2019 Series Bond Principal Fund	128,333	-
112511 · 2019 Series Bond Reserve Fund	1,250,019	-
Total 112000 · Trustee Funds	1,684,699	1,774,489
113000 · Other Restricted Funds		
113100 · STI - USFS CD WF	21,634	21,627
113500 · DNR Reclamation Fund WF	1,181,715	1,086,941
Total 113000 · Other Restricted Funds	1,203,349	1,108,568
Total Agency Funds	23,140,872	25,581,215
Accounts Receivable		
110000 · Accounts Receivable	1,118,129	828,156
Total Accounts Receivable	1,118,129	888,749
Other Current Assets		
120200 · Other Receivables	5,800	5,800
120300 · Accrued Interest Receivable	48,219	31,327
120500 · Prepaid Fees		
120510 · Prepaid FERC Fees	23,163	29,428
120520 · Prepaid Insurance	148,810	150,226
120530 · Prepaid Operating Expense	4,404	12,866
120540 · Prepaid USDA FS Land Use Fees	52,310	50,644
120550 · Prepaid Admin Benefits	71,650	69,441
Total 120500 · Prepaid Fees	300,337	312,606
120700 · Inventory Assets		
1207001 · Inventory Spares-Stores	216,804	167,250
1207003 · Inventory - SWL Winding Replace	890,405	890,405
1207006 · Inventory - Flashboard-Kickers	439,456	-
Total 120700 · Inventory Assets	1,546,665	1,057,655
Total Other Current Assets	1,901,020	1,407,388
Total Current Assets	26,160,022	27,877,351

JUNE 2019		
	Jun-19	Jun-18
Fixed Assets		
130100 · Capital Assets	180,654,809	178,710,458
132200 · R&R Projects WIP Capital Improv	220,446	419,760
132900 · Accumulated Depreciation	(49,876,977)	(45,051,498)
Total Fixed Assets	130,998,278	134,078,719
Other Assets		
183000 · Deferred Assets		
183003 · 2009 Bond - Refunded Discount	-	110,507
183004 · Tyee Marine Access	6,975	-
183006 · New Gen Integration	4,104	-
183007 · 2019 Bond Gain on 2009 Refund	111,609	-
Total 183000 · Deferred Assets	122,688	110,507
Total Other Assets	122,688	110,507
TOTAL ASSETS	157,280,988	162,066,577
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
210100 · Accounts Payable General	920,719	681,179
Total Accounts Payable	920,719	681,179
Other Current Liabilities		
210150 · Other Current Liabilities	-	-
210151 · Member Utility Rebate Payable	-	800,000
210152 · DNR Fund - CVEA KEA Portion	-	543,471
210300 · Reserve Interest Payable	73,144	63,158
210400 · Wages Payable	78,496	68,335
210401 · PTO Payable	182,773	159,079
210500 · Payroll Liabilities	41,568	26,910
Total Other Current Liabilities	375,981	1,660,952
Total Current Liabilities	1,296,700	2,342,131
Long Term Liabilities		
220100 · Series B Bonds 2009	-	5,590,000
220120 · 2009 Bond Issuance Discount	-	(23,802)
220121 · PERS Unfunded Liability WRG	876,384	950,492
220122 · DNR Fund CVEA KEA Liability	590,858	-
220130 · Series 2015 Bonds	10,295,000	10,295,000
220131 · 2015 Bond Issuance Premium	766,228	821,286
220132 · 2019 Series Bonds	4,240,000	-
220133 · 2019 Bond Issuance Premium	400,547	-
Total Long Term Liabilities	17,169,016	17,632,976
Total Liabilities	18,465,717	19,975,107
Net Position		
310000 · Net Position	142,091,471	142,591,882
Net Income	(3,276,199)	(500,411)
Total Net Position	138,815,271	142,091,471
TOTAL LIABILITIES & NET POSITION	157,280,988	162,066,577

JUNE 2019	JUNE 2019	FISCAL YEAR-TO-DATE - JUNE 2019			ANNUAL BUDGET	% Annual Budget
		YTD FY18	YTD FY19	YTD BUDGET		
Operating Income/Expense						
Operating Income						
410000 · Hydro Facility Revenues						
410100 · Ketchikan Power Purchases	\$ 216,834	\$ 6,552,581	\$ 4,138,610	\$ 6,462,162	\$ 6,462,162	
410200 · Petersburg Power Purchases	164,582	3,112,292	2,916,840	2,947,334	2,947,334	
410300 · Wrangell Power Purchases	144,593	2,574,494	2,286,289	2,584,416	2,584,416	
Total 410000 · Hydro Facility Revenues	\$ 526,009	\$ 12,239,368	\$ 9,341,738	\$ 11,993,912	\$ 11,993,912	78%
411000 · Rebate						
411100 · Ketchikan Rebate	\$ -	\$ (425,075)	\$ -	\$ -	\$ -	
411200 · Petersburg Rebate	-	(202,911)	-	-	-	
411300 · Wrangell Rebate	-	(172,014)	-	-	-	
Total 411000 · Rebate	\$ -	\$ (800,000)	\$ -	\$ -	\$ -	
417100 · Member Diesel						
4171002 · Petersburg Diesel	\$ -	\$ -	\$ (483,231)	\$ -	\$ -	
4171003 · Wrangell Diesel	-	-	(358,555)	-	-	
Total 417100 · Member Diesel	\$ -	\$ -	\$ (841,785)	\$ -	\$ -	
Total Operating Income	\$ 526,009	\$ 11,439,368	\$ 8,499,952	\$ 11,993,912	\$ 11,993,912	71%
Operating Expense						
535000 · Hydro Ops-Suprvsn & Engineering	\$ 672	\$ 102,095	\$ 42,553	\$ 322,480	\$ 322,480	13%
537000 · Hydraulic Expenses	4,438	7,905	11,990	10,000	10,000	120%
538000 · Electric Expenses	299	31,264	27,570	97,500	97,500	28%
539000 · Misc Power Generation Expense	19,336	323,536	370,349	359,545	359,545	103%
540000 · Rents	13,463	155,732	159,604	180,500	180,500	88%
541000 · Hydro Power Station Maintenance	2,568	59,618	69,406	75,500	75,500	92%
543000 · Dams, Reservoirs & Waterways	32,291	68,642	329,524	386,705	386,705	85%
544000 · Maintenance of Electric Plant	156,503	1,269,387	1,424,836	1,297,463	1,297,463	110%
545000 · Plant Miscellaneous Maintenance	2,001	108,034	64,961	57,500	57,500	113%
561000 · Control System Maintenance	10,319	100,092	47,073	126,000	126,000	37%
562000 · Trans/Operations Station Exp	2,050	36,707	27,600	65,700	65,700	42%
564000 · Trans/Submarine Cable Expense	26	1,156	549,104	548,500	548,500	100%
571000 · Trans/Maint Overhead Lines(OHL)	425,490	1,202,962	829,894	1,627,626	1,627,626	51%
920000 · Admin Wages & Benefits	125,635	1,506,177	1,447,190	1,418,000	1,418,000	102%
921000 · Office Expenses	7,947	103,894	116,454	144,500	144,500	81%
922000 · Legislative Affairs	8,000	48,000	48,043	53,000	53,000	91%
923000 · Contract Services	26,719	241,559	223,398	320,250	320,250	70%
924000 · Insurance	2,294	453,443	412,677	478,000	478,000	86%
928000 · Regulatory Commission Expense	(6,064)	312,768	88,583	174,500	174,500	51%
930000 · General Expenses	12,273	153,934	147,093	186,450	186,450	79%
931000 · Admin Rent	7,639	91,192	97,393	95,400	95,400	102%
Total Operating Expense	\$ 853,900	\$ 6,378,096	\$ 6,535,296	\$ 8,025,119	\$ 8,025,119	81%

Net Operating Income	\$ (327,891)	\$ 5,061,272	\$ 1,964,657	\$ 3,968,793	\$ 3,968,793	
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JUNE 2019	JUNE 2019	FISCAL YEAR-TO-DATE - JUNE 2019		
		YTD FY18	YTD FY19	YTD BUDGET
Nonoperating Income/Expense				
Nonoperating Income				
941000 · Grant Income	\$ -	\$ 282,099	\$ 62,614	
942000 · Interest Income	9,806	139,418	197,329	
944000 · Realized Gain/(Loss)	620	(13,851)	(20,261)	
945000 · Unrealized Gain/(Loss)	29,404	(75,328)	193,325	
946000 · Misc Nonoperating Income	-	22,934	6,506	
Total Nonoperating Income	\$ 39,829	\$ 355,272	\$ 439,512	
Nonoperating Expense				
950001 · Misc Nonoperating Expense	\$ 260	\$ (32,001)	\$ (38,401)	
950005 · Special Item-DNR Reclamtn Liab	-	166,793	-	
951002 · Issuance Cost 2019 Bonds	50	-	69,665	
952000 · Bond Interest 2009 Series	-	291,923	267,736	
952001 · Bond Interest 2015 Series	36,052	432,629	430,658	
952002 · Bond Interest 2019 Series	26,185	-	37,128	
953000 · Depreciation Expense	319,898	4,775,039	4,825,478	
954000 · Grant Expenses	20,737	282,099	83,351	
955000 · Interest Expense	-	473	-	
960001 · Meteorological Tower	-	-	4,754	
Total Nonoperating Expense	\$ 403,182	\$ 5,916,955	\$ 5,680,368	
Net Nonoperating Income	\$ (363,353)	\$ (5,561,683)	\$ (5,240,856)	
Net Income	\$ (691,243)	\$ (500,411)	\$ (3,276,199)	

JULY 2018 - JUNE 2019	Jul'18 - Jun'19	% Budget	Annual Budget
Operating Income/Expense			
Operating Income			
410000 · Hydro Facility Revenues			
410100 · Ketchikan Power Purchases	4,138,610	64%	6,462,162
410200 · Petersburg Power Purchases	2,916,840	99%	2,947,334
410300 · Wrangell Power Purchases	2,286,289	88%	2,584,416
Total 410000 · Hydro Facility Revenues	9,341,738	77%	11,993,912
417100 · Member Diesel			
4171002 · Petersburg Diesel	(483,231)		
4171003 · Wrangell Diesel	(358,555)		
Total 410000 · Hydro Facility Revenues	(841,785)		
Total Operating Income	8,499,952	71%	11,993,912
Operating Expense			
535000 · Hydro Ops-Suprvsn & Engineering			
535100 · Hyd/Ops Sup & Eng - Swan Lake	6,455	35%	18,480
535150 · Hyd/Ops Sup & Eng - SWL SEAPA	30,760	21%	147,500
535250 · Hyd/Ops Sup & Eng -TYL SEAPA	5,338	6%	86,500
535400 · Hyd/Op Sup & Eng - Proj Drawing	-	0%	70,000
Total 535000 · Hydro Ops-Suprvsn & Engineering	42,553	13%	322,480
537000 · Hydraulic Expenses			
537150 · Hydraulic Expense - SWL SEAPA	6,745	135%	5,000
537250 · Hydraulic Expense - TYL SEAPA	5,245	105%	5,000
Total 537000 · Hydraulic Expenses	11,990	120%	10,000
538000 · Electric Expenses			
538100 · Electric Expense - Swan Lake	8,114	48%	17,000
538150 · Electric Expense - SWL SEAPA	3,557	10%	35,000
538200 · Electric Expense - Tyee Lake	15,853	77%	20,500
538250 · Electric Expense - TYL SEAPA	46	0%	25,000
Total 538000 · Electric Expenses	27,570	28%	97,500
539000 · Misc Power Generation Expense			
539100 · Misc Exp - Swan Lake	85,965	83%	104,195
539150 · Misc Expense - SWL SEAPA	12,060	110%	11,000
539151 · Misc Expense - SWL Communicatn	33,094	216%	15,300
539200 · Misc Expense - Tyee Lake	98,969	110%	90,000
539250 · Misc Expense - TYL SEAPA	29,487	52%	56,250
539251 · Misc Expense - TYL Communicatn	110,773	134%	82,800
Total 539000 · Misc Power Generation Expense	370,349	103%	359,545
540000 · Rents			
540300 · FERC Land Use Fee - Swan Lake	12,172	94%	13,000
540400 · FERC Land Use Fee - Tyee Lake	44,477	99%	45,000
540500 · USDA Land Use Fee - USFS ROW	25,321	101%	25,000
540600 · USDA Land Use Fee - STI	75,724	100%	75,500
540601 · AK DNR Land Use Fee - STI	-	0%	20,000
540700 · USDA Tyee Passive Reflector	1,343	96%	1,400
540710 · USDA Etolin Burnett Radio	566	94%	600
Total 540000 · Rents	159,604	88%	180,500
541000 · Hydro Power Station Maintenance			
541100 · Maintenance - Swan Lake	29,427	123%	24,000
541150 · Maintenance - SWL SEAPA	9,617	77%	12,500
541200 · Maintenance - Tyee Lake	21,227	99%	21,500
541250 · Maintenance - TYL SEAPA	9,136	52%	17,500
Total 541000 · Hydro Power Station Maintenance	69,406	92%	75,500

JULY 2018 - JUNE 2019	Jul'18 - Jun'19	% Budget	Annual Budget
543000 · Dams, Reservoirs & Waterways			
543100 · Dams Res & Waterwys - Swan Lake	2,363	47%	5,000
543150 · Dams Res & Waterwys - SWL SEAPA	51,725	104%	49,500
543200 · Dams Res & Waterwys - Tyee Lake	242,927	82%	297,205
543250 · Dams Res & Waterwys - TYL SEAPA	32,509	93%	35,000
Total 543000 · Dams, Reservoirs & Waterways	329,524	85%	386,705
544000 · Maintenance of Electric Plant			
544100 · SWL Plant Wages & Benefits			
5441911 · SWL Plant Wages/PTO	458,100	135%	340,463
5441912 · SWL Plant Wages OT	79,833	95%	84,000
5441920 · SWL Plant Benefit - Taxes	40,483	90%	45,000
5441930 · SWL Plant Benefits - Insurance	120,619	127%	95,000
5441940 · SWL Plant Benefits - Retirement	60,319	128%	47,000
5441992 · SWL Plant Grant-Capital Payroll	(47,691)		
Total 544100 · SWL Plant Wages & Benefits	711,663	116%	611,463
5442900 · TYL Plant Wages & Benefits			
5442911 · TYL Plant Wages/PTO	450,211	105%	427,000
5442912 · TYL Plant Wages OT	91,223	240%	38,000
5442920 · TYL Plant Benefit - Taxes	41,980	64%	65,200
5442930 · TYL Plant Benefits - Insurance	89,716	76%	117,300
5442940 · TYL Plant Benefits - Retirement	64,002	166%	38,500
5442992 · TYL Plant Grant-Capital Payroll	(23,959)		-
Total 5442900 · TYL Plant Wages & Benefits	713,174	104%	686,000
Total 544000 · Maintenance of Electric Plant	1,424,836	105%	1,297,463
545000 · Plant Miscellaneous Maintenance			
545100 · Plant Misc Maint - Swan Lake	7,184	25%	29,000
545150 · Plant Misc Maint - SWL SEAPA	29,492	655%	4,500
545200 · Plant Misc Maint - Tyee Lake	22,935	102%	22,500
545251 · Plant Misc Maint - WRG Warehous	5,351	357%	1,500
Total 545000 · Plant Miscellaneous Maintenance	64,961	113%	57,500
561000 · Control System Maintenance			
561150 · Control System Maint. - SWL	35,152	56%	63,000
561250 · Control System Maint. - TYL	11,921	19%	63,000
Total 561000 · Control System Maintenance	47,073	37%	126,000
562000 · Trans/Operations Station Exp			
562100 · Trans/Ops Station - Swan Lake	-	0%	15,000
562150 · Trans/Ops Station - SWL SEAPA	-	0%	21,500
562200 · Trans/Ops Station - Tyee Lake	10,037	82%	12,200
562250 · Trans/Ops Station-TYL SEAPA	17,564	103%	17,000
Total 562000 · Trans/Operations Station Exp	27,600	42%	65,700
564000 · Trans/Submarine Cable Expense			
564200 · Trans/Sub Cable Exp - Tyee Lake	549,104	100%	548,500
Total 564000 · Trans/Submarine Cable Expense	549,104	100%	548,500

JULY 2018 - JUNE 2019	Jul'18 - Jun'19	% Budget	Annual Budget
571000 · Trans/Maint Overhead Lines(OHL)			
571100 · Trans/Maint OHL - Swan Lake	6,627	28%	24,000
571150 · Trans/Maint OHL - SWL SEAPA	184,479	71%	261,365
571151 · Trans/Maint OHL - SWL ROW Clear	15,710	6%	260,000
571200 · Trans/Maint OHL - Tyee Lake	61,075	180%	34,000
571250 · Trans/Maint OHL - TYL SEAPA	22,418	9%	260,742
571251 · Trans/Maint OHL - TYL ROW Clear	-	0%	235,000
5712900 · Brushing Wages & Benefits			
5712911 · Brushing Wages/PTO	121,192	153%	79,000
5712912 · Brushing Wages OT	4,189	42%	10,000
5712920 · Brushing Benefit - Taxes	9,200	117%	7,880
5712930 · Brushing Benefit- Insurance	21,497	92%	23,450
5712940 · Brushing Benefit- Retirement	13,676	178%	7,670
5712992 · Brushing Grant-Capital Payroll	-	0%	-
Total 5712900 · Brushing Wages & Benefits	169,755	133%	128,000
571300 · Trans/Maint OHL STI Maintenance	259,434	79%	329,519
571500 · Trans/Maint OHL STI Thermal Scan	26,939	49%	-
571700 · Trans/Maint OH STI Clearing	83,456	209%	55,000
571800 · Trans/Maint OHL System Events	-	0%	40,000
Total 571000 · Trans/Maint Overhead Lines(OHL)	829,894	51%	1,627,626
920000 · Admin Wages & Benefits			
9201911 · Admin Wages/PTO	868,855	102%	851,000
9201912 · Admin Wages - Overtime	449	22%	2,000
9201920 · Admin Benefit - Taxes	64,352	105%	61,000
9201930 · Admin Benefit - H&W Insurance	207,770	100%	208,000
9201940 · Admin Benefit - Retirement	305,764	103%	296,000
Total 920000 · Admin Wages & Benefits	1,447,190	102%	1,418,000
921000 · Office Expenses			
921100 · Office Supplies	11,734	78%	15,000
921200 · Office Equipment	4,354	31%	14,000
921300 · Phone, Courier, Internet	22,656	129%	17,500
921400 · System Network / IT Support	75,690	81%	93,500
921600 · Vehicle Expenses	2,018	45%	4,500
Total 921000 · Office Expenses	116,454	81%	144,500
922000 · Legislative Affairs	48,043	91%	53,000
923000 · Contract Services			
923200 · Annual Financial Audit	30,730	88%	35,000
923300 · Bank & Trustee Fees	17,722	109%	16,250
923400 · Insurance Consultant	4,621	46%	10,000
923500 · Investment Consultant	18,650	85%	22,000
923600 · Legal Fees	115,109	68%	170,000
923700 · Recruitment	13,763	53%	26,000
923800 · Other Professional Services	22,803	56%	41,000
Total 923000 · Contract Services	223,398	70%	320,250
924000 · Insurance	412,677	86%	478,000
928000 · Regulatory Commission Expense			
928001 · Other Regulatory Expense	11,437	39%	29,700
928150 · FERC SWL Admin Fees	22,115	92%	24,000
928151 · FERC SWL Other Expenses	34,878	37%	94,500
928250 · FERC TYL Admin Fees	20,152	84%	24,000
928251 · FERC TYL Other Expenses	-	0%	2,300
Total 928000 · Regulatory Commission Expense	88,583	51%	174,500

JULY 2018 - JUNE 2019	Jul'18 - Jun'19	% Budget	Annual Budget
930000 · General Expenses			
930100 · Advertising Expense	3,384	135%	2,500
930110 · Public Relations	26,430	71%	37,000
930300 · Association Dues Expense	34,146	101%	33,900
930310 · Professional Assn Dues	209	42%	500
930400 · Board Meeting Expenses	21,541	62%	35,000
930500 · Training Expense	26,929	70%	38,550
930600 · Travel Expense	32,943	94%	35,000
930700 · Non-Travel Incidental	1,512	38%	4,000
Total 930000 · General Expenses	147,093	79%	186,450
931000 · Admin Rent			
931010 · Office Rent	73,012	100%	73,100
931100 · Apartment Rent - Ketchikan	24,382	109%	22,300
Total 931000 · Admin Rent	97,393	102%	95,400
Total Operating Expense	6,535,296	81%	8,025,119
Net Operating Income	1,964,657	50%	3,968,793
Nonoperating Income/Expense			
Nonoperating Income			
941000 · Grant Income	62,614		
942000 · Interest Income			
942100 · Misc Interest Income	66,606		
942101 · Misc Interest DNR Liability	(9,887)		
942200 · Investment Interest Income	140,611		
Total 942000 · Interest Income	197,329		
944000 · Realized Gain/(Loss)	(20,261)		
945000 · Unrealized Gain/(Loss)	193,325		
946000 · Misc Nonoperating Income	6,506		
Total Nonoperating Income	439,512		
Nonoperating Expense			
950001 · Misc Nonoperating Expense	(38,401)		
951002 · Issuance Cost 2019 Bonds	69,665		
952000 · Bond Interest 2009 Series	267,736		
952001 · Bond Interest 2015 Series	430,658		
952002 · Bond Interest 2019 Series	37,128		
953000 · Depreciation Expense	4,825,478		
954000 · Grant Expenses	83,351		
955000 · Interest Expense	-		
960001 · Meteorological Tower	4,754		
Total Nonoperating Expense	5,680,368		
Net Nonoperating Income	(5,240,856)		
Net Income	(3,276,199)		3,968,793

YTD SUMMARY	Jul'18 - Jun'19	% Budget	Annual Budget
Operating Income	8,499,952	71%	11,993,912
Operating & Maintenance Expense	3,954,464	77%	5,155,019
General & Administrative Expense	2,580,831	90%	2,870,100
Net Operating Income	1,964,657	50%	3,968,793
Net Nonoperating Income & Expense, including Depreciation	(5,240,856)		
Net Income	(3,276,199)		

Southeast Alaska Power Agency R&R CAPITAL PROJECTS	FY2019		WIP CAPITAL PROJECTS June 30, 2019	FY13 - FY16	FY17	FY18	FY19	TOTAL Expenditr.	Overall BUDGET
	Budget	Expenditures							
*184-10 Svendsen Landing Craft TYL	\$ -	4,883	COMPLETE-Swim Step Extnsn				4,883	\$ 4,883	-
241-13 Stream Gauge TYL	\$ 10,000	4,883	COMPLETE AUG 2018	729,761	75,368	(139)	9,299	\$ 814,289	815,000
259-15 Turbine Shutoff Valves TYL	\$ 365,700	379,605	COMPLETE JUN 2019	255,631	-	4,127	379,605	\$ 639,362	290,630
269-16 Guy Thimbles STI	\$ 80,100	89,433	COMPLETE JUN 2019	-	44,781	62,571	89,433	\$ 196,785	270,000
270-16 Dampeners OHL TYL	\$ 70,700	7,895	Sep 2019	8,696	(8,696)	33,307	7,895	\$ 41,201	99,900
278-17 Flashboard Kickers SWL	\$ 178,278	186,769	COMPLETE DEC 2018		-	252,686	186,769	\$ 439,456	544,819
281-18 Bulkhead Repair SWL	\$ 200,153	148,341	COMPLETE JUL 2018			23,552	148,341	\$ 171,892	223,000
282-18 Control Rm Touchscrn SWL	\$ 25,536	25,592	COMPLETE AUG 2018			10,537	25,592	\$ 36,128	36,000
286-18 Duplex Housing SWL	\$ 7,500	7,160	Design phase			2,165	7,160	\$ 9,325	393,000
289-18 Governor Moderniztn SWL	\$ 46,560	37,059	COMPLETE JUL 2018			58,338	37,059	\$ 95,397	92,000
290-18 Helipad Ramps STI	\$ 42,000	27,528	COMPLETE AUG 2018			-	27,528	\$ 27,528	76,000
298-18 Unit Control PLC-RTD SWL	\$ 8,271	13,810	COMPLETE AUG 2018			53,518	13,810	\$ 67,328	60,000
19300 Access Ladder Ext SWL	\$ 75,000	59,241	COMPLETE APR 2019			-	59,241	\$ 59,241	75,000
19301 Disconnect Swtch-Bush SWL	\$ 102,800	-	Equipment ordered			1,022	-	\$ 1,022	147,000
19302 Drone - Infrared Utility	\$ 30,500	28,771	COMPLETE AUG 2018				28,771	\$ 28,771	30,500
19303 Gov Pressure System SWL	\$ 33,400	15,400	Sep 2019				15,400	\$ 15,400	45,620
19304 Gov Pressure System TYL	\$ 33,400	15,400	Sep 2019				15,400	\$ 15,400	45,620
19305 Governor PLC TYL	\$ 75,682	-	PLC Modernization (FY20)				-	\$ -	93,302
19306 Gravel WRG Switch-Sub	\$ 34,500	-	Sep 2019				-	\$ -	34,500
19307 Helipads Clevelnd-Gatehs	\$ 130,000	-	Eval.-engineering underway				-	\$ -	130,000
19308 Hydraulic Power Unit TYL	\$ 175,000	-	Relocate HPU at gatehouse				-	\$ -	175,000
19309 Marker Balls TYL	\$ 220,000	164	Replacement				164	\$ 164	220,000
19310 Penstock Flow Monitor SWL	\$ 45,300	19,724	EXPENSED OCT 2018				19,724	\$ 19,724	45,300
19311 Pier-Ramp SWL	\$ 193,500	30,373	Sep 2019				30,373	\$ 30,373	193,500
19312 Rock Anchors SWL	\$ 55,000	-	Abandoned-not required				-	\$ -	55,000
19313 Snow Markers-Gauges	\$ 40,000	39,217	Equipment being tested				39,217	\$ 39,217	85,000
19314 Station Switchgear SWL	\$ 300,000	6,456	480V switchgear			6,847	6,456	\$ 13,303	1,300,000
19315 STCS Modernization	\$ 43,500	-	Replaced in 6-Mo. Budget				-	\$ -	64,720

Southeast Alaska Power Agency R&R CAPITAL PROJECTS	FY2019		WIP CAPITAL PROJECTS June 30, 2019	FY13 - FY16	FY17	FY18	FY19	TOTAL Expenditr.	Overall BUDGET
	Budget	Expenditures							
19316 Storage Structure SWL	\$ 89,950	156,383	COMPLETE JUN 2019				156,383	\$ 156,383	184,000
19317 Storage Structure TYL	\$ 55,000	142,005	COMPLETE JUN 2019				142,005	\$ 142,005	110,000
19318 Site-Glass Swtch UGB SWL	\$ 27,700	-	Sep 2019				-	\$ -	41,720
19319 Valve Cntrl-Manifold SWL	\$ 46,136	46,136	Sep 2019				46,136	\$ 46,136	49,736
19320 Wastewater Upgrades SWL	\$ 125,000	134,433	COMPLETE APR 2019				134,433	\$ 134,433	125,000
19321 FB Gate Trigger Assy SWL	\$ 61,000	41,701	Flashbrd gate trigger assy				41,701	\$ 41,701	61,000
**19322 Intake Gate TYL Phase I	\$ -	31,443	COMPLETE DEC 2018				31,443	\$ 31,443	-
19323 Tunnel Lighting TYL	\$ 27,000	-	COMPLETE JUN 2019				24,901	\$ 24,901	27,000
19324 Stuffing Box SWL	\$ 87,400	-	Aug 2019				511	\$ 511	87,400
19325 Bamville Lots KTN	\$ 450,000	474,952	COMPLETE JUN 2019				474,952	\$ 474,952	450,000
Total WIP R&R Capital Projects	\$3,591,566	\$2,174,755		\$994,088	\$111,454	\$508,530	\$2,204,584	\$3,818,655	\$6,776,267

R&R Projects totaling \$1.9M have been completed this fiscal year-to-date.

*RR184-10, the landing craft swim-step extension was capitalized since it was an improvement to an existing asset.

**RR19322 was recorded as an expense at the time of execution, but reclassified as R&R when the total cost exceeded \$25K



SOUTHEAST ALASKA POWER AGENCY CEO REPORT

DATE: September 19, 2019
TO: SEAPA Board of Directors
FROM: Trey Acteson, CEO
SUBJECT: CEO Report

GOVERNMENTAL AFFAIRS:

Recent developments in the Governor's office may be a positive development for SEAPA. Governor Dunleavy recently replaced his Chief of Staff and appointed Ben Stevens, who I view as pragmatic in his approach and well respected. He also terminated his Manager of OMB which could indicate a shift in a rigid stance on deep cuts. A more gradual approach may reduce the current uncertainty and have a stabilizing effect on the Dunleavy administration. If efforts to recall Governor Dunleavy are successful, Lt. Governor Kevin Meyer will assume the role. SEAPA has already established a good working relationship with the Lt. Governor who is familiar with our unique issues in Southeast. Regardless of the outcome, I am hopeful that the State's economy will find a soft landing. Continued economic uncertainty and its potential long-term negative impact on industrial growth, population outmigration, the Alaska Marine Highway System, and subsequently the Ketchikan Shipyard, all increase SEAPA's risk of building a stranded asset. A lack of State funded capital projects and the shifting of costs to local municipalities will also add to that risk and introduce additional volatility to our load forecast modeling.

As reported earlier to the Board, HB151 (and sister SB123) "An Act relating to the regulation of electric utilities and electric reliability organizations; and providing for an effective date." was introduced on May 3rd near the end of the regular session in Juneau. This bill is very alarming as it threatens the Agency's status as an unregulated entity and surrenders authority for selection of new energy projects to the RCA. This bill is still very much alive, and I have been actively engaging stakeholders and legislators to formulate a committee substitute (CS). So far, those close to the issue have acknowledged the legislation was specifically intended only for the Railbelt and expressed a willingness to work with me to make necessary changes. I have meetings penciled in for October with legislators to formally address our concerns. There are other issues in play that will affect the schedule of this legislation including the timing of the Chugach/ML&P merger, an RCA report due to the Legislature this fall, and the possibility of a Special Session. Our goal is to incorporate changes as soon as possible in the process.

The State-specific Roadless Rule Environmental Impact Statement (EIS) process has stalled in Washington D.C. Release of the Draft EIS was anticipated mid-summer and we have been unable to obtain a new anticipated release date. Unfortunately, the debate regarding a "full" Tongass exemption has been elevated on the national stage and is now intertwined with the Amazon forest fire carbon capture issue.

On September 12, 2019, the United States Army Corps of Engineers and the Environmental Protection Agency announced a final rule (the “Repeal Rule”) that rescinds the definition of “Waters of the United States” under the Clean Water Act adopted by the Obama administration in 2015. As many may recall, this was a significant federal overreach, expanding federal control over tributaries, adjacent waters, wetlands, and other water bodies. Fortunately, Alaska was granted a “temporary” waiver but was faced with an untenable rule change that would have stalled development across the state. I have provided a detailed write-up by Van Ness Feldman LLC for those interested in the details behind the latest action (Attachment 1).

This morning, the Federal Energy Regulatory Commission (FERC) proposed to modernize its regulations governing small power producers and co-generators under the Public Utility Regulatory Policies Act of 1978 (PURPA) to better address consumer concerns and market changes in the energy landscape in recent decades. I am reviewing the Notice of Proposed Rulemaking (NOPR) and potential impacts to the Agency and will determine if formal comments are necessary. I have provided a fact sheet outlining proposed regulatory revisions (Attachment 2). As a reminder, the Agency previously experienced legal challenges based on the 1978 PURPA law so we will want to thoroughly vet any proposed changes and their potential impacts.

INDUSTRY ADVOCACY:

I attended the joint Alaska Power Association (APA) Annual Meeting and National Hydropower Association (NHA) Regional Conferences in Juneau the week of August 19th. I spoke on various panels for both groups and participated in the APA Board of Directors Meeting and the APA Managers Forum. Major topics of discussion included drought impacts across the state and subsequent forest fires impacting power deliveries in the Railbelt. Utility managers provided updates on recent hydro development challenges and achievements. A federal legislative update was also provided. Anchorage Municipal Light & Power and Chugach Electric have rejoined APA after a brief hiatus. This strengthens the voice of the organization and provides a broader dues base.

SWAN LAKE O&M TRANSITION:

The formal hand-off of Swan Lake O&M responsibilities from KPU to SEAPA occurred seamlessly on July 1st. There are still some loose ends regarding data exchanges between the parties, but operationally things are on track. Staff has been working diligently to refine processes and procedures at Swan to help assure safe reliable operation. Tyee’s work schedule was modified to an 8/6 to match Swan’s, which will allow more efficient use of personnel across multiple locations. Safety and technical training are also being standardized throughout SEAPA’s facilities as part of the transition.

INSURANCE:

We have consolidated Marsh/Wortham insurance brokerage services with the Texas office. They were previously split between two locations due to the merger. Insurance risk assessments were conducted at Swan and Tyee. Risk exposures were reviewed on all lines of coverage and we have reviewed our renewal strategy with SEAPA’s insurance consultant. We plan to exercise our renewal option for existing property coverages, which as you may recall, was a major improvement when we shifted to Wortham’s program. Other lines are currently being negotiated and some increases are expected due to overall “uplift” in market conditions. Over the past seven years we have been very successful at reducing premiums and retentions, while simultaneously

extending coverages (e.g. Submarine Cables). I have included a detailed summary of our 2019-2020 Commercial Insurance Program Renewal Strategy (Attachment 3).

SEAPA OFFICE:

We have completed the purchase of two adjoining lots across from the Ketchikan airport ferry terminal parking lot to construct a SEAPA office and warehouse. This is a great location with excellent public exposure. The total area is approximately 150'x150', which should serve its intended purpose.

Owning our own building has many benefits including consolidation of administration, engineering, warehousing, and precision test equipment in a common location. It will also provide a secure staging area for shipping and receiving and a laydown area for spare poles and larger items. We have hired local architects Welsh/Whiteley to draft conceptual preliminary designs for Board consideration at our next regular meeting in December.

As a follow-up to the Alaska Department of Transportation and Public Facilities' (DOT&PF) request for an easement on SEAPA's Lot 1, we have had discussions with several different DOT&PF representatives; however, there is no substantive action to report at this time.

BEST PRACTICES AND PROCESS IMPROVEMENTS:

The Agency operates under a philosophy of perpetual improvement. As you read through staff reports in your packets, you will see a diverse spectrum of best practices and process improvements being deployed system wide. Whether it's comprehensive relay testing, updating O&M procedures, technical training for employees, or finding more accurate and reliable applications of technology, you can be confident that the SEAPA team is laser focused in this effort.

Over the next few months we will be migrating to a new accounting software system that will provide greater capability and lead to additional process improvements in the future. The "go live" date is tentatively set for December 1st.

We have initiated development of a formal Vegetation Management Plan for our transmission system. It is important that the Agency's Plan conforms to FEMA standards to maintain eligibility for reimbursement in the event of a natural disaster such as a forest fire. Vegetation along the entire transmission system was recently video recorded and encroaching hazards have subsequently been addressed. Historical clearing records will be merged with this new reconnaissance data and our clearing schedule will be further refined.

We have initiated a mandatory requirement for all employees and contractors to wear PFD's for small aircraft (rotary and fixed wing) and boat travel. We have also initiated a training requirement for watercraft operation. These are important best practice improvements that illustrate our ongoing commitment to safety as SEAPA's #1 priority.

PERSONNEL:

All regular positions are filled at this time. We have assembled an exceptional team of highly qualified staff and field employees. Their outstanding contributions are to be commended.

Attachments:

1	2019 0917 Van Ness Feldman LLC Report: Federal Agencies Repeal Obama-Era Clean Water Rule
2	2019 0919 FERC Notice of Proposed Rulemaking: Qualifying Facility Rates and Requirements
3	2019 0911 SEAPA 2019-2020 Commercial Insurance Program

Federal Agencies Repeal Obama-Era Clean Water Rule

SEPTEMBER 17, 2019

[Brent Carson](#), [Duncan Greene](#), [Joseph Nelson](#), and [Sophia Amberson](#)



On September 12, 2019, the United States Army Corps of Engineers (the “Corps”) and the Environmental Protection Agency (collectively, the “Agencies”) announced a final rule (the “Repeal Rule”) that rescinds the definition of “Waters of the United States” under the Clean Water Act (“CWA”) adopted by the Obama administration in 2015 (the “WOTUS Rule”). As explained in previous Van Ness Feldman alerts, the 2015 WOTUS Rule expanded federal control over tributaries, adjacent waters, wetlands, and other water bodies.

The Agencies describe the Repeal Rule as reestablishing “national consistency across the country by returning all jurisdictions to the longstanding regulatory framework that existed prior to the WOTUS Rule, which is more familiar to the agencies, States, Tribes, local governments, regulated entities, and the public while the agencies engage in a second rulemaking to revise the definition of ‘Waters of the United States.’” As a practical matter, the Repeal Rule returns the definition of the “Waters of the United States” to the pre-2015 regulatory text and allows for implementation under the Agencies’ guidance issued after the Supreme Court’s decision in *Rapanos v. United States*. The Repeal Rule becomes effective sixty days from its date of publication in the Federal Register.

Background

Since its enactment under the Obama Administration, the WOTUS Rule has been the subject of numerous legal challenges. After a change in administration, the Agencies reversed course and took a series of actions to repeal and replace the WOTUS Rule. Pursuant to Executive Order 13778, titled “Restoring the Rule of Law, Federalism, and Economic Growth by reviewing the ‘Waters of the United States’ Rule,” the Agencies developed a two-step process, which would (1) repeal the WOTUS Rule; and (2) replace the WOTUS Rule with a new, more streamlined, rule. In June 2017, the Agencies issued notice of a proposed rule that would repeal the WOTUS Rule and recodify the pre-2015 regulations. In July 2018, the Agencies issued a supplemental notice of proposed rulemaking, which clarified the original notice and sought additional public comment.

In a separate but related proceeding, the Agencies issued a proposed rule in early 2018 (the “Applicability Rule”) that attempted to delay for two years (until 2020) the implementation of the WOTUS Rule. The Applicability Rule did not survive judicial scrutiny due to deficiencies under the Administrative Procedure Act and, as [previously reported](#), was enjoined in *South Carolina Coastal Conservation League v. Pruitt* and later vacated nationwide in *Puget Soundkeeper Alliance v. Wheeler*.

After the vacatur of the Applicability Rule, the WOTUS Rule continued to be litigated in numerous federal district courts. This litigation resulted in a patchwork of injunctions in which the WOTUS Rule has been [effective](#) in 22 states and the District of Columbia but enjoined in 27 states. In December 2018, the Agencies released a proposed rule to redefine the meaning of “waters of the United States” (the “Replacement Rule”), thus commencing “step two” of their two-step process. It is anticipated that the Replacement Rule will be acted [upon](#) later in 2019 or early 2020.

The Repeal of the WOTUS Rule

The Agencies released the Repeal Rule on September 12, 2019. The Agencies have articulated four reasons why the repeal is warranted, which largely mirror a recent district court [ruling](#). First, the Agencies stated that the WOTUS Rule went beyond its authority under the Clean Water Act as determined by Justice Kennedy’s significant nexus test in *Rapanos*. Second, the Agencies stated that the WOTUS Rule gave insufficient weight to the policy articulated in section 101(B) of the CWA, which recognizes that the states should play a significant role in protecting and preserving the Nation’s waters. Third, the Agencies expressed concerns about potentially exercising their authority under the CWA and the Constitution in a way that might encroach on traditional State land-use planning authority. Finally,

the Agencies found the WOTUS Rule to be procedurally defective and lacking adequate record support regarding distance-based limitations.

Practical Implications

The Replacement Rule has the potential to change the outcome of site-specific determinations made by the Agencies regarding whether or not they have jurisdiction over particular water bodies under the CWA, which are called "Jurisdictional Determinations" ("JDs"). The Replacement Rule could have implications not only for JDs requested in the future, but also for existing JDs issued under the WOTUS Rule as well as currently-pending JD requests.

- **Future JD requests:** Until any final action on the Replacement Rule, the pre-2015 regulatory text and existing *Rapanos* guidance will be the controlling framework for jurisdictional determinations ("JDs") issued in the near future, as long as the Repeal Rule is effective. As explained below, however, litigation over the Repeal Rule could result in an injunction that prevents the Agencies from implementing it.
- **Previously-issued JDs:** In the case of existing JDs that were issued under the WOTUS Rule, however, the Repeal Rule does not automatically change such previously-issued JDs. JDs are generally valid for a period of five years from the date of issuance unless there are new circumstances that warrant revision. While the Repeal Rule does not automatically trigger review or repeal of a previously-issued JD, a party who received a JD under the WOTUS Rule has the option to request that the Corps revisit its determination prior to the five-year expiration date and apply the now governing regulatory text. An applicant might ask the Corps to revisit a JD where the JD was based on an element the WOTUS Rule that has been expressly eliminated under the Repeal Rule. For example, a JD that was based on the WOTUS Rule would have asserted jurisdiction over an ephemeral stream regardless of whether the stream passed Justice Kennedy's significant nexus test. Were the Corps to reassess that JD based on the Repeal Rule, the Corps could conclude that the ephemeral stream had no significant nexus, and therefore the Corps did not have jurisdiction under the Repeal Rule.
- **Pending JD requests:** The other notable practical effect of the Repeal Rule is that applicants who still have a JD application pending will have that determination made under the pre-2015 regulatory text and *Rapanos* guidance.

While the Repeal Rule removes the patchwork of regulations across the United States, it is likely to be the subject of legal challenges. Environmental groups and certain states, such as California and New York, are expected to challenge the decision and may seek a preliminary injunction of the Repeal Rule before it becomes effective. Depending on the scope of any successful injunction, the WOTUS Rule could continue to be effective in those 22 states and the District of Columbia, where the 2015 WOTUS Rule has not been enjoined. Further, in all scenarios, continued litigation is a near certainty, and the Repeal Rule could be vacated, remanded, or upheld. Thus, the regulated community will face continued uncertainty regarding the geographic scope of the CWA in the near-term.

FOR MORE INFORMATION

Van Ness Feldman closely monitors and counsels clients on water, air, and other environmental regulatory developments. If you would like more information about the implementation of the Clean Water Act, please contact [Duncan Greene](#), [Joseph Nelson](#), [Brent Carson](#), or any member of the firm's Environmental Practice in Washington, D.C. at (202) 298-1800 or in Seattle, WA at (206) 623-9372.

Follow us on Twitter [@VanNessFeldman](#)

September 19, 2019
FERC Actions Regarding
RM19-15-000

Notice of Proposed Rulemaking: Qualifying Facility Rates and Requirements

This NOPR proposes reforms to modernize the Commission's regulations implementing the Public Utility Regulatory Policies Act of 1978 (PURPA) to better sync its regulations with the modern energy landscape, while continuing to encourage development of qualifying facilities (QFs).

The Commission's proposed revisions to these regulations would, among other things:

Rates

- Grant states the flexibility to require that energy rates (but not capacity rates) in QF power sales contracts and other legally enforceable obligations vary in accordance with changes in the purchasing utility's avoided costs at the time the energy is delivered.
- Grant states additional flexibility to allow QFs to retain their rights to fixed energy rates, but to base them on projections of what energy prices will be at the time of delivery during the term of a QF's contract.
- Grant states the flexibility to set "as available" QF energy rates for:
 - QFs selling to electric utilities located in organized wholesale power markets at the locational marginal price in those markets, or
 - QFs selling to electric utilities outside of the organized wholesale power markets at competitive prices from liquid market hubs or calculated from a formula based on natural gas price indices and heat rates.
- Allow states to set energy and capacity rates based on competitive solicitations (such as requests for proposals) conducted in a transparent and non-discriminatory manner.

One-Mile Rule

- Modify the "one-mile rule" for determining whether affiliated QFs should be considered part of a single facility for purposes of determining whether it is a qualifying small power production facility.
 - There would continue to be an irrebuttable presumption that facilities one mile apart or less constitute a single facility.
 - Parties could show that facilities that are located more than one mile apart, but less than 10 miles apart, constitute a single facility.
 - There would be an irrebuttable presumption that facilities 10 miles apart or more are separate facilities.

Obligation to Purchase

- Revise the regulations that provide for termination of a utility's obligation to purchase from a QF with nondiscriminatory access to certain markets.
 - The rebuttable presumption that QFs with a net capacity at or below 20 megawatts do not have nondiscriminatory access to those markets would be reduced to 1 MW for small power production facilities (but would remain unchanged for cogeneration facilities).

(over)

Legally Enforceable Obligation

- Require states to establish objective and reasonable criteria to determine a QF's commercial viability and financial commitment to construction before a QF is entitled to a contract or legally enforceable obligation.

Self-Certification

- Allow an entity to protest a QF self-certification or self-recertification without having to file, and pay for, a declaratory order.



RENEWAL STRATEGY MEETING, 11 SEPTEMBER 2019

Southeast Alaska Power Agency

2019-2020 COMMERCIAL INSURANCE PROGRAM RENEWAL STRATEGY MEETING

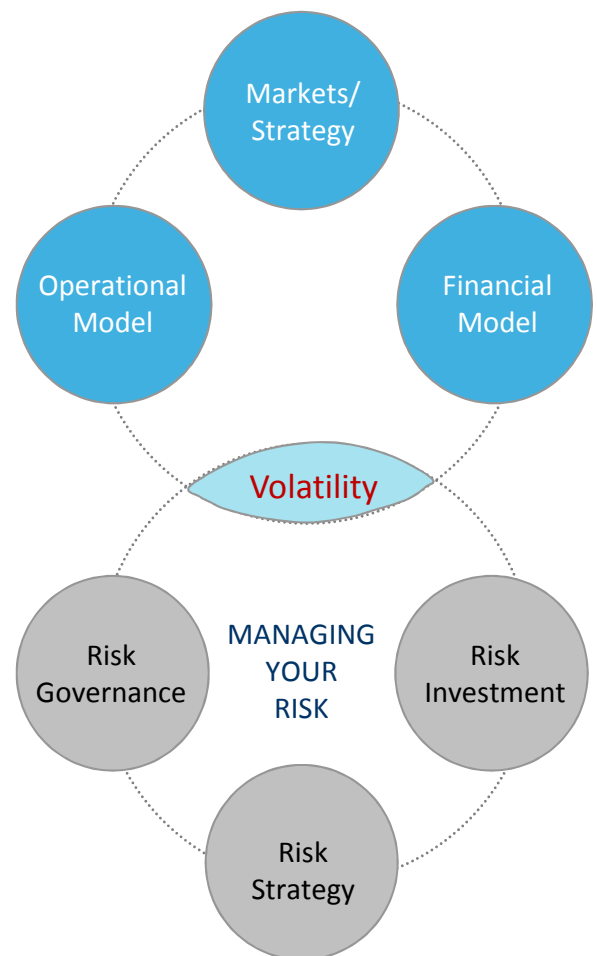


ATTENDEES

CLIENT	MARSH
<ul style="list-style-type: none"> ▶ Trey Acetson ▶ Sharon Thompson ▶ Gary Griffin 	<ul style="list-style-type: none"> ▶ David Weed ▶ Aly Green ▶ Greg Miller ▶ Diane Zinsli

AGENDA

- ▶ Review and verify SEAPA's Specific Data
- ▶ Discuss market conditions
- ▶ Review historical and current exposures and solutions
- ▶ Confirm marketing objectives and strategy



RISK DISCUSSION & INDUSTRY VIEWS

- ▶ Risk identification & Strategic Planning
- ▶ Core Strategic Priorities
- ▶ Risk Management Objectives
- ▶ Exposure Changes
- ▶ New investments, industry developments, expansion plans, etc.

Industry Trends: Power & Utility

Seismic Shifts

▶ Introduction:

Today, the vast physical infrastructure of the energy grid has adapted to allow more robust competition. In the past, the rigid and simple distribution lines did not permit the introduction of competition because the barriers to entry were simply too high. Today, the modern day grid has the capability to seamlessly integrate power sourced from any underlying commodity. Shifts in the cost structure, the competitive players, and the legal and social implications of climate change are moving the traditional vertically-integrated utility model to a multi-sector, customer-centric model.

▶ Physical and cyber security are paramount considerations for today's utility leader.

Cyber terrorism is becoming a more imminent threat to the power and utility industry as external forces ranging from nuisance hackers to nation states take aim at this critical element of U.S. infrastructure. Grid safety and the providing of uninterrupted service lead the way among utility cybersecurity initiatives. As solar and wind capacity expand and distributed energy is embraced by regulators, it is a priority to insure there is a smooth collaboration between the new and traditional power sources. Electric utilities find themselves tied to the "Internet of Things" as consumers are now able to control their utility use directly from their personal devices. This proliferation of external control system interfaces has forced utility companies to consider cyber security issues related to hacking outside of their monitored infrastructure. In addition to cyber threats, utilities have increased their focus on physical security in light of recent high profile attacks on distribution assets.

▶ Distributed energy policy is changing the cost structure and operating model for regulated utilities.

Today's utility business model recovers the high costs of operation through consumers' electricity bills. However, distributed generation is on the rise causing alarm for regulated utilities. Due to changing state regulations, companies will need to find a way to mitigate their fixed costs that are increasing due to the entrants of renewable energy sources. State regulators are requiring utility companies to support the installation of distributed energy technologies on residential properties or the formation of community aggregation groups. Carbon based generating facilities are under assault by regulators, the EPA, environmentalists and by the relatively high cost of coal versus that of natural gas. Utilities are being forced by state mandated renewable energy standards and other forces to rapidly develop alternative generating sources, while shuttering existing facilities well before their intended end of life.

RISK DISCUSSION & INDUSTRY VIEWS

► Alternative sources of power and increased consumer choice are generating rate design challenges.

“The traditional utility revenue model assumes that the electricity load will continue to grow indefinitely as the economy expands.” (pg. 79) However, the change in infrastructure, as well as grid distribution sources, is forcing the need to restructure the rate design to cover the increasing fixed costs. As pockets of customers opt to purchase power from alternate sources, regulated utilities must spread their fixed overhead and generating costs over a shrinking pool of consumers. Programs such as community choice aggregation and solar sharing allow consumers to band together in community groups to purchase power from non-traditional sources. Regulators are requiring utility companies to purchase excess power produced by consumer technologies at artificially high rates; as well as supply backup power and maintain distribution infrastructure. This results in fixed costs of regulated utilities being spread across fewer traditional consumers.

► Grid modification is a necessity.

Transitioning the traditional utility model to become more flexible and sustainable has been mandated by the public, scientific research and government policy. This push has allowed alternative energy providers to build out their grid and create a low cost option for customers. Physical power infrastructure is capable to deal with two-way power flows influenced by the expansion of distributed energy resources. Additionally, the expansion of battery systems is creating load defection for regulated utility companies. The traditional grid is being increasingly challenged as it becomes more economical for consumers to utilize alternate sources of power.

► Reliable integration of renewables and DERs

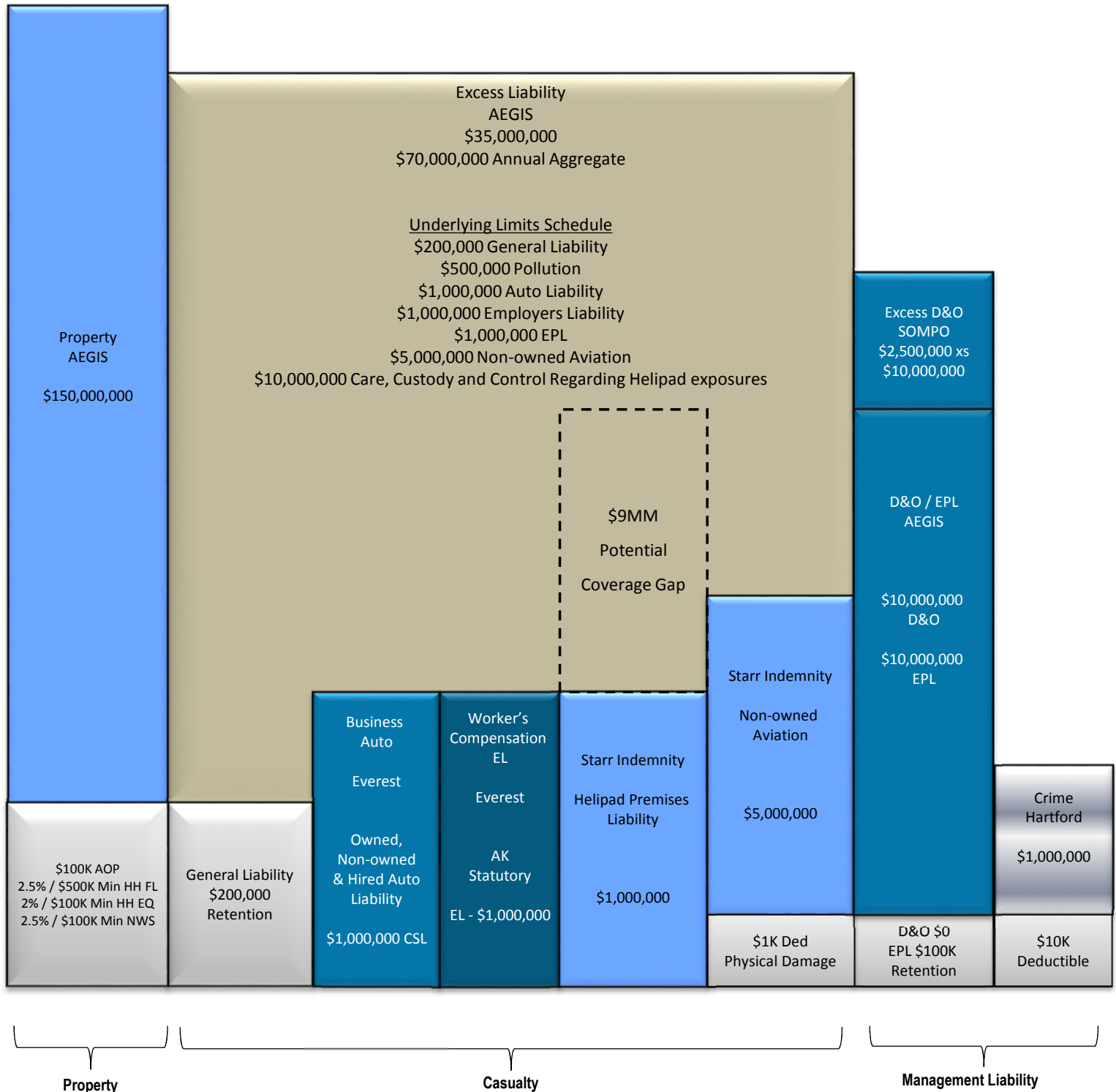
As renewable energy alternatives for individuals and communities become more economical, utility companies are discovering that transitioning to a carbon free power systems represents an opportunity for expansion. Utilities must continue to innovate and find environmental friendly solutions to distribute uninterrupted power at competitive prices to prevent consumers from choosing alternatives to their traditional providers. Distributed energy resources (DER) are providing consumers with the ability to reduce their environmental footprint and save on power bills, but also challenging traditional utilities with how best to recover the costs of their significant investments in infrastructure. The installation of rooftop solar and other distributed generation sources adds a layer of additional risk to the provision of electric power. The potential for fire, damage to roofing structures, high voltage danger to first responders and others, and the ultimate responsibility of environmentally disposable at end of panel life are just a few of the risks which must be managed during this transition to a more distributed energy supply.

► Closing

“The growing complexities of the power sector and the rapid influx of emerging technologies are combining to create new concerns for electric utilities, while long-standing issues remain unresolved.” With this as backdrop, risk management has likely never been as critical for regulated utilities as it is today.

EXPIRING PROGRAM STRUCTURE

EFFECTIVE DATES NOVEMBER 1, 2018 TO NOVEMBER 1, 2019



(Graphic not to scale)

2018 PREMIUM SUMMARY

POLICY TYPE	INSURANCE CO. & Policy Number	INCEPTION PREMIUM
EXCESS LIABILITY	Associated Electric & Gas Insurance Services Limited (AEGIS) XL 5328606P	\$153,969
WORKERS' COMPENSATION & EMPLOYERS' LIABILITY	Everest National Insurance Company EN4WC00026-181	\$50,554
AUTOMOBILE LIABILITY	Everest Premier Insurance Company EN4CA00274-181	\$8,469
DIRECTORS & OFFICERS LIABILITY WITH EMPLOYMENT PRACTICES LIABILITY (NON-ENTITY)	Associated Electric & Gas Insurance Services Limited (AEGIS) DP5022216P	\$99,342
SIDE A – EXCESS D&O	Endurance American Ins. Co. ADX10004121605	\$15,000
CRIME/FIDELITY	Hartford Fire Insurance Company FA 0229489 18	\$2,975
NON-OWNED AIRCRAFT LIABILITY	Starr Indemnity & Liability Company 1000224545-03	\$15,000
NON-OWNED AIRCRAFT PREMISES LIABILITY	Starr Indemnity & Liability Company 1000319075-02	\$9,250
PROPERTY	Associated Electric & Gas Insurance Services Limited (AEGIS) PO5728002P	\$118,080
TOTAL PREMIUM (not including credits)		\$358,287

EXPIRING PROGRAM OVERVIEW

EFFECTIVE DATES NOVEMBER 1, 2018 TO NOVEMBER 1, 2019

Coverage		2017-2018	2018-2019
BUSINESS AUTO			
Paper		Alaska National Insurance Company	Everest National Ins Co
Auditable		No	No
Number of Power Units		11	11
Average Rate		\$768	\$770
Premium & Minimum Earned		\$8,451	\$8,469
	SYMBOL		
Liability	1	\$1,000,000	\$1,000,000
Medical Payments Per Person	2	\$5,000	\$5,000
Uninsured Motorists and Underinsured Motorists	2	\$1,000,000	\$1,000,000
Liability Deductible	1	\$0	\$0
Comprehensive Deductible	7	\$1,000	\$1,000
Collision Deductible	7	\$1,000	\$1,000
Hired Auto PD Comprehensive	8	\$100	\$100
Hired Auto PD Collision	8	\$500	\$500
WORKERS COMPENSATION			
Carrier		Everest National Ins Co	Everest National Ins Co
Auditable		Yes	Yes
Rating Basis - Payroll Electric		\$1,098,559	\$1,098,559
Rating Basis - Payroll Clerical		\$476,430	\$476,430
Rating – Electric		5.78	5.6
Change in Rating YOY		-0.17%	-3.11%
Rating – Clerical		\$0.52	\$0.46
Change in Rating YOY		1.92%	-11.54%
Taxes / Assessments		\$1,054	\$1,006
Total - based on exposures & rates		\$54,104	\$51,560
Commission		15%	15%
Workers' Compensation		Statutory	Statutory
Employer's Liability – BI By Accident – Each Accident		\$1,000,000	\$1,000,000
Employer's Liability – BI By Disease – Policy Limit		\$1,000,000	\$1,000,000
Employer's Liability – BI By Disease – Each Employee		\$1,000,000	\$1,000,000

EXPIRING PROGRAM OVERVIEW

EFFECTIVE DATES NOVEMBER 1, 2018 TO NOVEMBER 1, 2019

Coverage	2017-2018	2018-2019
EXCESS LIABILITY		
Premium	\$130,633	\$153,969
Terrorism	\$2,595 (Not Purchased)	\$2,595
Commission	\$23,053	\$23,511
Continuity Credit	-\$723	-\$723
Each Occurrence	\$35,000,000*	\$35,000,000*
General Aggregate	\$70,000,000	\$70,000,000
Combined Products Liability and Completed Operations Liability Aggregate	\$35,000,000*	\$35,000,000*
Failure to Supply Liability Aggregate	\$35,000,000*	\$35,000,000*
Pollution Liability Aggregate	\$35,000,000	\$35,000,000
Medical Malpractice Injury - Each Occurrence	\$35,000,000*	\$35,000,000*
Wild Fire Liability Aggregate	\$35,000,000*	\$35,000,000*
*Subject to the \$70,000,000 General Aggregate of the Policy		
Total	\$152,963	\$153,969
DIRECTORS & OMISSIONS		
Insurer	AEGIS	AEGIS
Aggregate Limit of Liability	\$10,000,000	\$10,000,000
All Other Indemnifiable Retention	\$100,000	\$100,000
Non Indemnifiable Loss	\$0	\$0
Premium	\$89,408	\$89,408
Commission	\$9,934	\$9,934
Continuity Credit	-26,472	-27,215
Total	\$72,780	\$72,127
EXCESS D&O – SIDE A		
Insurer	Endurance	Endurance
Blended Coverage	D&O	D&O
Excess Limit	\$2,500,000	\$2,500,000
Layer Type	Side A DIC	Side A DIC
Premium	\$15,000	\$15,000
EMPLOYMENT PRACTICES LIABILITY		
Insurer	AEGIS	AEGIS
Limit of Liability	\$10,000,000	\$10,000,000
Third Party Liability (Limit is part of total EPL limit)	\$10,000,000	\$10,000,000
EPLI Retention	\$100,000	\$100,000
Third Party Retention	\$100,000	\$100,000
Premium	Included	Included

EXPIRING PROGRAM OVERVIEW

EFFECTIVE DATES NOVEMBER 1, 2018 TO NOVEMBER 1, 2019

Coverage	2017-2018	2018-2019
CRIME		
Insurer	Hartford	Hartford
Employee Theft Coverage Limit	\$1,000,000	\$1,000,000
Employee Theft Coverage Retention	\$10,000	\$10,000
Computer Fraud Coverage & Funds Transfer Fraud	\$10,000	\$10,000
Premium	\$2,928	\$2,975
Total FINPRO Premium	\$117,270	\$117,317
Less Continuity Credit	-\$26,472	-\$27,215
Total FINPRO Premium	\$90,798	\$90,102
NON-OWNED AVIATION GENERAL LIABILITY		
Bodily Injury & Property Damage	\$5,000,000	\$5,000,000
Personal Injury	\$5,000,000	\$5,000,000
War Liability	\$5,000,000	\$5,000,000
TRIA Limit	\$5,000,000	\$5,000,000
Non-owned Physical Damage (\$1,000 Deductible)	\$100,000	\$100,000
Medical Expense (per person)	\$25,000	\$25,000
Premium	\$15,000	\$15,000
HELI-PAD PREMISES LIABILITY		
Aviation Premises	\$1,000,000	\$1,000,000
Personal Injury	\$1,000,000	\$1,000,000
War Liability	\$1,000,000	\$1,000,000
TRIA Limit	\$1,000,000	\$1,000,000
Medical Expense (per person)	\$25,000	\$25,000
Premium	\$9,250	\$9,250
ALL RISK PROPERTY		
Total Insured Values	\$184,889,773	\$189,678,418
Limit of Liability	\$150,000,000	\$150,000,000
Earthquake	\$150,000,000	\$150,000,000
Earthquake – High Hazard	\$50,000,000	\$50,000,000
Flood	\$150,000,000	\$150,000,000
Flood Zone A or V	\$15,000,000	\$15,000,000
Deductibles, Per Occurrence		
Property Damage	\$100,000	\$100,000
Flood – High Hazard	2.5% / \$500K Min / \$5M Max	2.5% / \$500K Min / \$5M Max
Named Windstorm	2.5% / \$100K Min	2.5% / \$100K Min
Earthquake – High Hazard	2% / \$100K Min	2% / \$100K Min
Service Interruption	72 Hours	72 Hours
Underwater Cable	\$250,000	\$250,000
Premium	\$115,100	\$118,080

CASUALTY STRATEGY AND GOALS

GOALS

- RENEWAL
 - Maintain expanded coverages and minimize rate increases.
 - Continue long term relationship with AEGIS & the partner market Everest.
- LIMIT & RETENTION DISCUSSION
 - Increase Limits
 - EIM
 - XL – Bermuda
 - Self Insured General Liability
 - Separate Policy?

EXECUTION STRATEGY

- RENEWAL STRATEGY
 - Secure renewal terms early at flat to a small increase.
 - Everest Indicated flat on the Primary Lines – although Auto's seen significant increases in the market
 - AEGIS
 - Indication Forthcoming

CONSIDERATIONS & INFORMATION REQUIREMENTS

- CONSIDERATIONS
 - Wild Fire
 - Drones
 - Claims Handling
 - Reduced Experience Modification Factor – 0.82
- INFORMATION REQUIRED
 - Updated Exposures
 - Updated Applications if necessary

CASUALTY MARKET CONDITIONS

- ▶ The property/casualty market place has seen significant catastrophic losses through the end of 2018. Although these cat losses are predominantly first party claims, the casualty lines have seen significant losses from risks such as Wildfire, Auto Liability, Electric Contact Cases, and Gas Explosions.
- ▶ There continues to be more available capacity than most insureds purchase, allowing replacement of incumbent carriers whose renewal terms are judged to be unreasonable. However, in the 4th Quarter 2018 and continuing into thought the 2nd Quarter of 2019, a number of insurers have begun reducing the total limit that they will offer to power and utility risks unless they can achieve rate uplift. While this is impacting all clients in the power and utility industry segment, clients with difficult risk profiles or poor loss experience are the most significantly impacted.
- AEGIS
 - Goal of 4% increase across its book of excess liability.
 - Offering up to \$50M limit. Approximately 10% of AEGIS insureds took up increased limits from AEGIS. These AEGIS insureds are either insureds that purchase in the area of \$50M total excess liability limit, or insureds who seek maximum total market capacity at renewal. [Ability to offer more than \$50M/\$100M on account specific basis.]
 - Removed the Member Shared Terrorism Aggregate Limit.
 - Significant increase to \$17 Million Continuity Credit in 2019 (vs \$12.5 Million in 2018)
- EIM
 - Continues to quote flat renewal premiums for clients with consistent exposures vs expiring, who do not evidence a problematic loss history.
 - Ability to attach as low as \$25M. Ability to offer additional capacity [See NEIL comments below].
 - Will not agree to reduce their layer premium for those insureds who choose to increase their underlying AEGIS limits.
 - Generally willing to provide 3 year premium commitments on renewal with premiums. Premiums held flat during the term, subject to certain caveats. As capacity and pricing pressures emerge in the marketplace, it may be prudent to explore a 3 year premium arrangement with EIM..
- NEIL
 - NEIL members can utilize NEIL capacity as reinsurance of EIM. This provide potential to maintain EIM broad terms and conditions, and additional limits whose premiums are consistent with EIM pricing. Alternatively, NEIL *may* consider providing capacity as reinsurance of a client's captive. This is an option to commercial market capacity.

CASUALTY MARKET CONDITIONS

Market Segment	Rate Changes 2019	Rate Changes 2018	Rate Changes 2017
AEGIS – Electric and/or Gas	<p>Overall goal of 4% across its book</p> <p>Normal 3% increase to 5% increase</p> <p>Loss Distressed 10% increase to 70% increase</p>	<p>Overall goal of 4% across its book</p> <p>Normal 2% increase to 7% increase</p> <p>Loss Distressed 10% increase to 70% increase</p>	<p>3% increase to 7% increase</p>
AEGIS - Excess WC	<p>5% to 10% rate uplift</p>	<p>11% rate uplift across book.</p>	<p>3% increase to 5% increase</p>
EIM	<p>Continued Flat Rates. Premium dependent on changes in exposure or loss activity (if any)</p>	<p>Flat rates. Premium dependent on changes in exposure or loss activity (if any)</p>	<p>Flat to 4% increase</p>
Stockholder Owned Insurers	<p>5% to 15% or higher increases are being pushed by markets in Bermuda. US markets thus far have been less aggressive</p>	<p>Flat to 5% Increase</p>	<p>5% Decrease to Flat</p>

CASUALTY MARKET CONDITIONS

► Lead Markets non-AEGIS Alternatives

→ Chubb (US)	\$25M Capacity
→ Berkshire Hathaway	\$25M Capacity
→ Lexington	\$25M Capacity

Potential lead markets if Primary Casualty also placed with same carrier:

→ CV Starr	\$15M typical capacity
→ Everest	\$15M typical capacity
→ Liberty Mutual	\$15M typical capacity
→ Zurich	\$25M capacity (May be available based on supporting business other than primary casualty)

► Excess Capacity (Can offer FF AEGIS Coverage, unless noted otherwise):

→ Everest Re	\$25M Max Excess Capacity
→ CV Starr	\$50M Max Excess Capacity, typically offer \$25M
→ Chubb (US)	\$25M Max Excess Capacity. [Will utilize Chubb Bermuda follow form AEGIS policy wording ("AE03)]
→ Lexington	\$25M Max Excess Capacity
→ SCOR Re	\$15M Max Excess Capacity (Reinsurance capacity to mutual insurers limits SCOR direct capacity)
→ Allianz	\$25M Max Capacity (Internal processes are time consuming. Start early with these folks)

- Wholesale Markets Capacity varies based on price and exposures. \$75M potential from such markets as AXIS US, Westchester Fire, RSUI, etc.
- Capacity has been stable in recent years, however a number of insurers intend to offer less limit on a case-by-case basis at renewal in 2019. Liberty Mutual's decision to non-renew their existing utility books, coupled with Liberty International (UK) decision to consider only renewal of existing utility accounts, and Swiss Re's decision to non-renew utility accounts (electric, gas, cable, water, etc.) are the most recent examples.
- Total available capacity will depend upon loss history, market perception of risk profile and adequacy of premium
- We were successful renewing programs with flat rates through end of year 2018. In 2019, markets are pressing for premium uplift and that may be the path to retaining or obtaining full market capacity.
- Premium reductions may be available depending upon program structure and attachment points and/or changes in exposure vs the expiring details.
- Clients for whom the markets perceive increased exposures and/or those who exhibit adverse loss history may encounter market pressure for more substantial increases. Clients whose operations are conducted in known wildfire zones, for example, will face increased underwriting scrutiny and substantially higher renewal premiums with respect to those exposed operations.

OTHER COVERAGES

Non-owned Hired Aviation

2018 Results:

Starr Aviation's Premium has been flat for 5 years.

Market Conditions : estimate 10-15% increase

After more than a decade of eroding rates, the General Aviation market is showing signs of evolving to the point where we may now see a counterbalance to the decline. The premium surge after 9/11 enabled the markets to hold reserves which were gradually released to fund losses in their overall book. Two other factors driving this impact in the overall insurance marketplace is the changing interest-rate environment and the potential deployment of capacity into other lines of insurance.

The General Aviation market is becoming much more segmented based on the account type and market. In general: commercial accounts, both fixed and rotor-wing, will be underwritten based on losses; commercial/industrial aid accounts, which include non-owned aircraft and helipad liability, are expected to see potential increases based on loss activity and increased exposures as well as current market hardening conditions. As the market continues to evolve, we anticipate less capacity in the marketplace for accounts which includes, rate increases, more stringent underwriting guidelines, scaling back of coverages and limits, and market retraction. In regards to Unmanned Aerial Systems (UAS) owned and non-owned accounts, we anticipate potential rate increases, as well as more strict underwriting guidelines. In addition to UAS placements, there is an increase in hull rates due to physical damage losses throughout the UAS market. We will do our best endeavors to mitigate as much increase as possible and maintain existing terms and conditions for each type of placement.

Goals & Strategy

With a changing market, we suggest looking marketing for competition

Cyber Liability Discussion Points

Cyber Liability –

- Market Conditions
- Potential Markets
- Considerations
 - Uptake in the Power & Utility Accounts of your size, including municipals is about 45%

MANAGEMENT LIABILITY STRATEGY AND GOALS

GOALS

RENEWAL

- D&O
 - Manage increases to less than 5% base premium
- Employment Practices
 - Any claims or incidents to report?
- Crime
 - Employee count change
 - Social engineering coverage
- LIMIT & RETENTION DISCUSSION
 - Limits
 - Deductible

EXECUTION STRATEGY

- RENEWAL
 - Secure renewal terms early with AEGIS & Hartford – with an expectation of less than 5% increase
 - Versus Marketing

CONSIDERATIONS & INFORMATION REQUIREMENTS

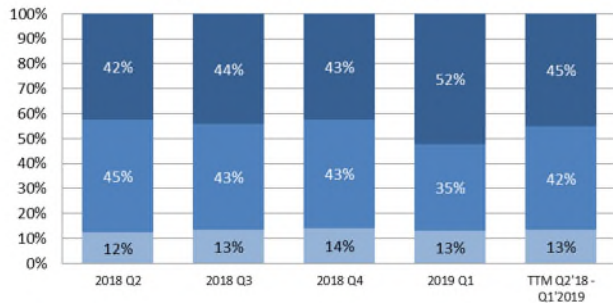
- CONSIDERATIONS
 - AEGIS & Hartford provided stable pricing over several years.
 - Chubb as an alternative
- INFORMATION REQUIRED
 - Updated Applications & Financial Data

MANAGEMENT LIABILITY MARKET CONDITIONS

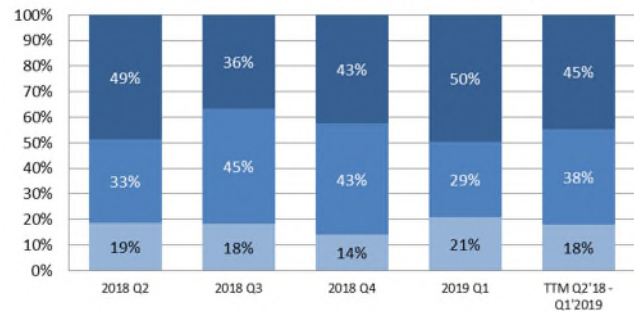
- ▶ **Overall market pricing is firming for all industry segments.** Energy, power & utility renewals are trending more favorably than other segments, but are seeing increases on D&O renewals.
- ▶ Lower claim frequency and presence of industry mutual insurer options are having positive impacts particularly for the power & utility segment.
- ▶ Cyber threats continue to evolve, including regulatory NERC CIP fines. However, cyber insurance loss trends remain very favorable for this segment.
- ▶ **Sixth consecutive quarter in which D&O rates or both the primary and total program have increased.** Energy, power & utility renewals performed better than other industries during Q2 (total program +6.2% for EPU versus +12.7% for all industries).
- ▶ **100% of all energy renewals experienced a premium increase in the total program.** D&O renewal pricing is trending more favorably in the power & utility (P&U) segment, with lower increases than in other industries with only 33% of primary renewals seeing an increase.
- ▶ Power & utility results are favorably affected by available capacity from industry-owned mutual insurers, including AEGIS and EIM, which are less prone to market swings.
- ▶ AEGIS, the leading primary D&O and Cyber insurer for the power & utility segment, is not currently pursuing any across the board rate increases, but instead evaluating each renewal on a case by case basis. AEGIS is seeking rate in some instances when there are specific risk concerns such as **California wildfire exposure**. They are also looking closely at rates in the smaller public power and privately owned sub-segments which they believe are historically underpriced. AEGIS will announce their continuity credits on both D&O and Cyber shortly which remains a competitive advantage for AEGIS in this segment.
- ▶ In addition to primary rates, commercial markets are also following through on goals to increase rates on excess, with an aim towards moving excess limit factors from the 50-60% range to the 65-70% range. **This can result in a premium increase that is higher on the first excess than on the primary.** Power & utility renewals are again partially insulated given the availability of significant capacity from the mutual insurers. However, we do see some commercial insurers pushing for rate increases on power & utility excess renewals.
- ▶ **For the rest of 2019, we expect to see a continued push from commercial markets for rate increases**, and we are closely monitoring this on a monthly basis. Event-driven litigation is an ongoing concern for D&O underwriters and derivative action settlements continue to rise across all segments.

MANAGEMENT LIABILITY MARKET CONDITIONS BENCHMARKING

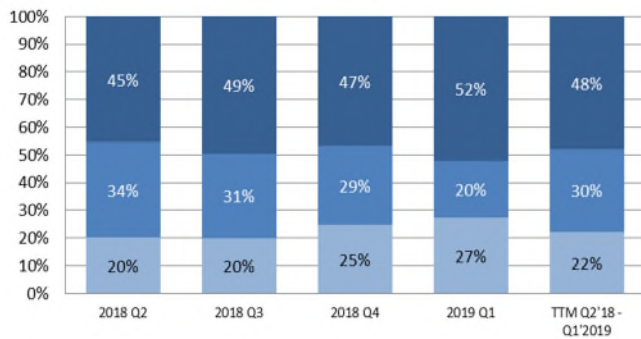
PERCENT OF QSG FIDUCIARY WITH RATE CHANGES



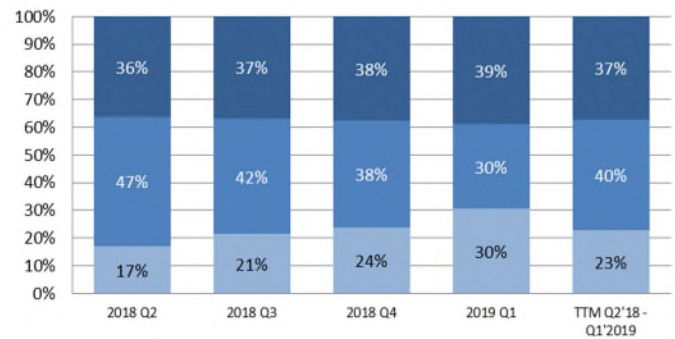
PERCENT OF QSG PRIVATELY-HELD & NOT-FOR-PROFITS D&O WITH RATE CHANGES



PERCENT OF QSG EPL WITH RATE CHANGES



PERCENT OF QSG FIDELITY (CRIME) WITH RATE CHANGES



Coverage	Rate Change Q1 2019	TTM Q2'2018 - Q1'2019
Directors and Officers Liability – General Industry	Flat to 7.1% increase	Flat to 5.0% increase
Employment Practice Liability	Flat to 4.9% increase	Flat to 3.0% increase
Fiduciary	Flat to 5.6% increase	Flat to 3.9% increase
Crime	0.3% decrease to 3.7% increase	Flat to 2.4% increase

PROPERTY STRATEGY AND GOALS

GOALS

- RENEWAL
 - Expected rate increase NTE +7.5% per LTA
 - Maintain coverage enhancements on current policy
 - Expand coverages where possible without premium impact
 - Review Adequacy of Natural Catastrophe Limits based on modeling results

EXECUTION STRATEGY

- Year 2 of Long-Term Agreement

CONSIDERATIONS & INFORMATION REQUIREMENTS

- CONSIDERATIONS
 - Status of AEGIS Engineering Surveys/Recommendations
- INFORMATION REQUIRED
 - Updated Statement of Values

PROPERTY MARKET CONDITIONS

PROPERTY QUARTERLY REPORT (Q2 2019)

- ▶ The overall property market conditions continued to worsen in the second quarter of 2019 with the highest average rate increases on Marsh's property portfolio in the last 10 years.
- ▶ Despite a market that is still flush with capital, we have seen further deterioration as carriers chase positive returns on their property portfolios. Factors influencing this decline include:
 - Higher-than-average attritional losses over the past three years.
 - Record CAT losses in 2017 (and creep in loss figures).
 - Higher-than-average losses in 2018.
 - Insurance carriers continue to feel their property portfolios are underpriced based on their exposure.
 - The majority of large property insurers have seen two consecutive years of combined loss ratios in excess of 100%.
 - Increasing reinsurance costs in 2019 due to 2017 and 2018 loss-impacted treaties.
 - Constriction of available capacity due to continued carrier consolidation and market withdrawals from the North American property book.
 - An insistence from senior insurance company executives that their property product line return to profitability.
- ▶ With the above in mind, we are seeing an environment of heightened discipline from underwriters around pricing, terms, conditions, and deductibles. As the firming market takes hold, underwriters are becoming more emboldened to push even harder. Actions being taken by insurers include:
 - Increasing their minimum attachments on certain industry classes or exiting certain industry classes altogether (for example, multifamily, hospitality, heavy manufacturing metals, and mining).
 - Increasing minimum deductible requirements or pushing aggregate retentions to eliminate attritional losses.
 - Implementing additional deductibles for water damage, hail, and other perils.
 - Tightening terms and conditions and reduction of sublimits.
 - Pushing rate on all renewals.
- ▶ Beginning with Q4 2017 through Q1 2019, the Marsh property portfolio was experiencing average rate increases fluctuating between +3% to +5%. During Q2 2019, we experienced a significant uplift:
 - In Q1 2019, the average rate increase across all of Marsh's US property book was +4.9%.
 - In Q2 2019, the average rate increase has accelerated by 470 basis points to +9.6%, proving to be the highest average rate increase we have seen since the start of the market turn in Q4 2017.
- ▶ In Q2 2019:
 - 66% of clients renewed with increases.
 - 15% of clients renewed flat.
 - 19% of clients renewed with decreases.
- ▶ Although flat renewals and in some cases rate reductions remain available in the market, they are seen predominantly on non-CAT and loss-free single-carrier placements with full market competition, accounts that have not been marketed in recent years, and/or accounts that had a dramatic reduction in their risk profiles.

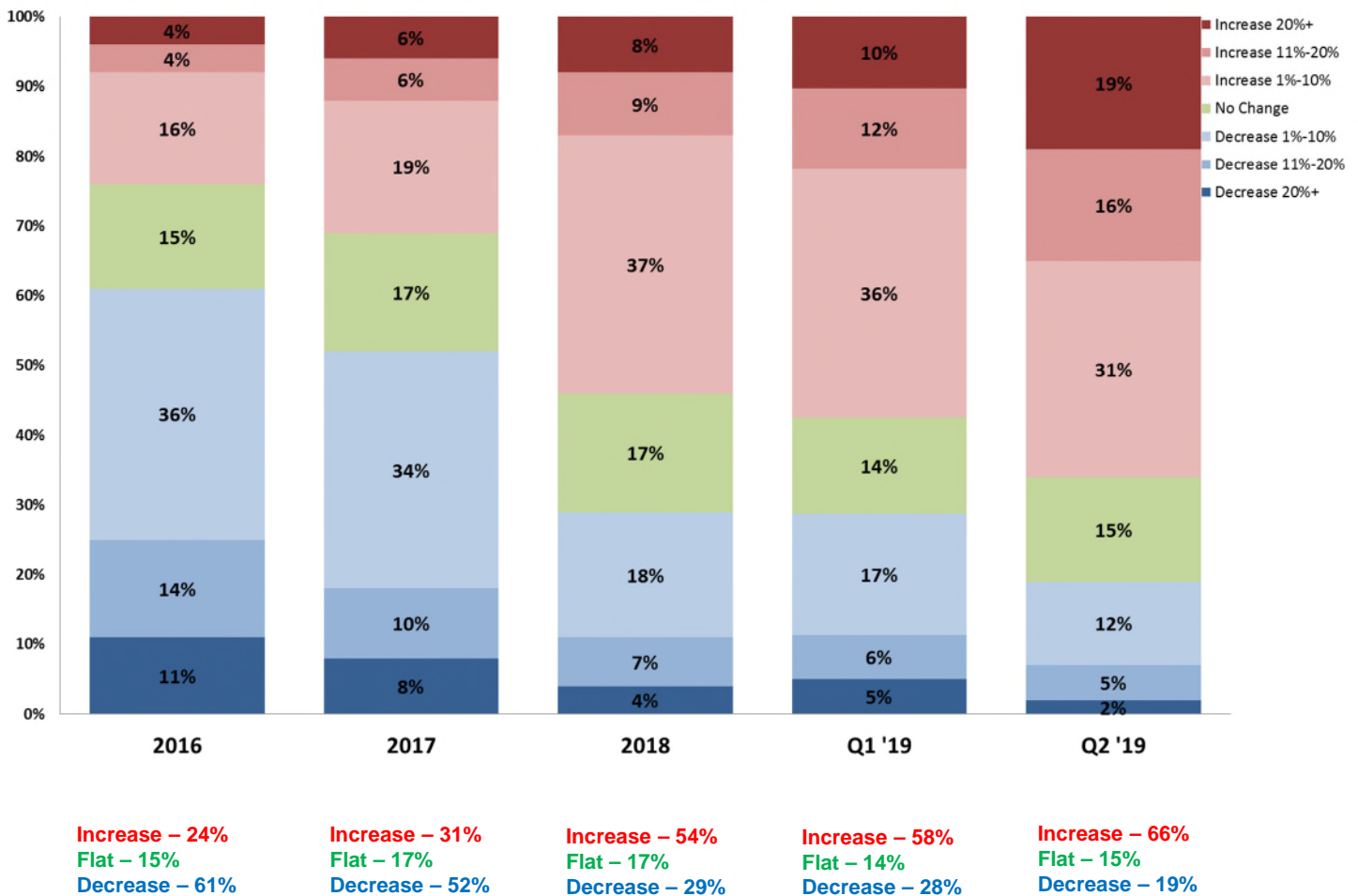
PROPERTY MARKET CONDITIONS

- ▶ Although the above results reflect Marsh's overall US property book, the reality is that we are seeing a real split in our portfolio results:
 - A portion of our portfolio continues to experience a flat to slightly up market with an abundance of capacity (modest risk profile and CAT exposure, favorable loss history, desirable classes of business, etc.)
 - In another portion of our portfolio, clients are experiencing some really difficult renewals where they are facing a lack of capacity, deterioration of terms, and in some cases significant pricing increases (for accounts with attritional loss activity, heavy CAT exposure, CAT losses, tough industry classes, etc.). This deterioration accelerated in Q2 as carriers began to see the market conditions change and rate increase they were quoting were binding.
- ▶ Regardless of industry, instances where incumbent carriers are non-renewing or significantly reducing their capacity at renewal, replacing these carriers at similar pricing levels has been difficult and often results in rate changes well above the average and in some instances programs are very tough to complete without paying multiples of the expiring layer pricing.
- ▶ We continue to see greater scrutiny from property carriers for certain coverages, such as contingent time element (CTE) and cyber. Carriers are looking for more information on supply chains and in many cases are seeking to reduce their exposure/capacity to CTE and cyber.
- ▶ The mid year treaty renewals indicated that the reinsurance market is firming in the US, with most carriers experiencing increases and with loss-impacted treaties seeing the most dramatic changes. Overall, reinsurance market capacity is flat to slightly down, with a number of collateralized reinsurers reporting that they reduced capacity at renewals due to trapped capital as a result of 2017/2018 losses or investor reductions.
- ▶ In addition to changes in treaty renewals, the facultative reinsurance market has had a negative impact on several of our placements where an incumbent carrier is looking to simply pass through costs for their reinsurance or the coverage is no longer available and thus renewal pricing and capacity is being negatively impacted for our clients.

In short, property renewals are much more difficult in the current market conditions. All renewals will take longer, and negotiations will be tougher. Terms, conditions, and pricing are under pressure as insurers push to return their books of business to profitability. It is critical to start the process early and to explore all options, both traditional and nontraditional. Risk information or improvement which was accepted in the soft market, is now the reason for carriers to non renew or decline a risk. Clients must differentiate themselves in the marketplace in order to successfully navigate the current turbulence.

PROPERTY MARKET CONDITIONS

PERCENT OF CLIENTS WITH RATE CHANGES



Significant Global Insured Losses – 2011 to 2019

SOURCE: PRESS RELEASES, PCS, PERILS, GC EMEA BUSINESS INTELLIGENCE

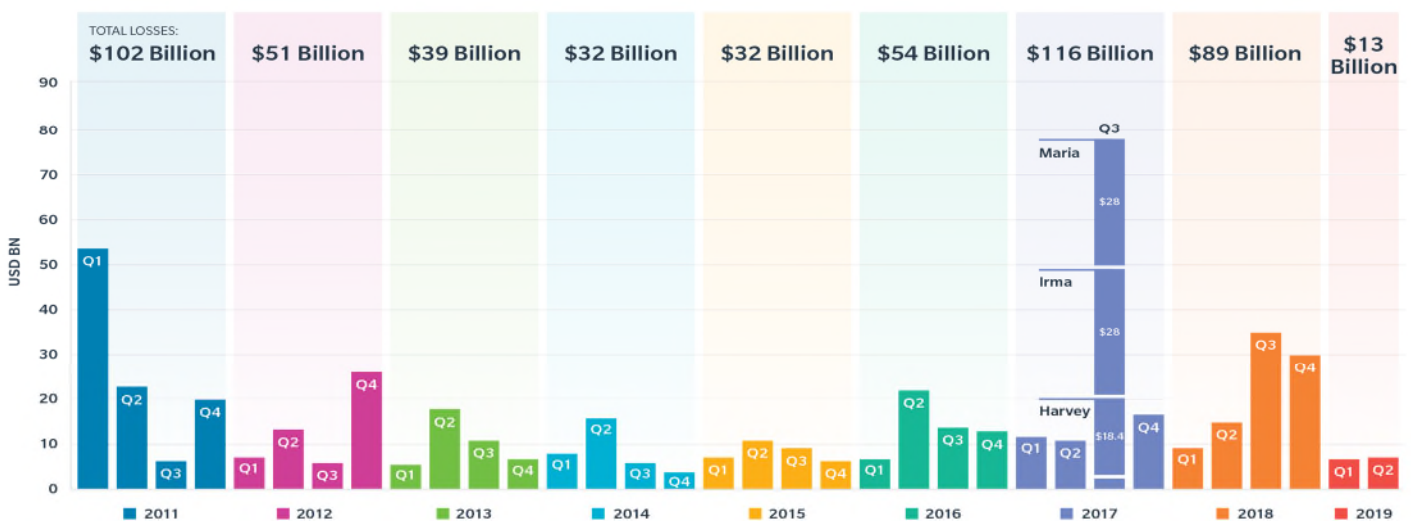


FIGURE: SIGNIFICANT INSURED LOSSES (EST. LOSSES > \$100M – 2011 TO Q2 2019)

RENEWAL MILESTONES

Renewal Milestones	Responsibility	Target Date
Renewal Information Request	Marsh	In Progress
Renewal Strategy Meeting	Marsh/SEAPA	08/28/2019
Send Renewal Information to Marsh	SEAPA	In Progress
Prepare and send submission to the marketplace	Marsh	09/16/2019
Proposal	Marsh/SEAPA	Week of 10/14/2019
Renewal decision	SEAPA	Week of 10/14/2019
Binders and Certificates Issued	Marsh	Week of 10/21/2019 (subject to policy number issuance)
Program Renewals	_____	11/01/2019

TRANSPARENCY- Approved Disclosures in Marketing Process

Action	Yes	No
Disclose to a prospective insurer the names of the incumbent insurer or other prospective insurers		
Provide insurers with a pricing objective (such as a target price or range).		
Provide insurers with the terms of the expiring policy, including expiring pricing.		
Provide one or more insurers with the terms of a quote received from another insurer.		
Provide an insurer an opportunity to submit an improved quote after all other competing final quotes have been received (i.e., a “last look”)		

Please be aware that for Layered Programs, it is the practice in the industry to disclose aspects of quotes (including price, structure and/or policy language) of a prospective insurer with other markets on a layer or within different layers.

Please also refer to Marsh Compensation Guide for US Clients at <http://usa.marsh.com/Portals/9/Documents/CompGuideforUSClients021511.pdf>

Unless you instruct us otherwise, Marsh’s international placement offices will seek competitive quotes that include retail commission from non-US markets.



APPENDIX A NAMED INSURED REVIEW

APPENDIX – CASUALTY NAMED INSURED REVIEW

- **First Named Insured or Named Insured**—This is the name first appearing on the policy establishing certain rights and duties under the policy for that entity
 - Currently your policies show:
 - **Southeast Alaska Power Agency**

- **Additional Named Insured**—This refers to that entity as eligible for some, but not all the rights and duties of the first named insured. This can include, but is not limited to:
 - Joint ventures and/or other partners in joint ventures
 - Entities created as the result of a strategic alliance
 - Entities considered by the client as affiliated to the first named insured
 - Currently inactive entities
 - Retired partners, and the like



APPENDIX B SERVICE TEAM CHART

APPENDIX – TEAM CHART



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SOUTHEAST ALASKA POWER AGENCY

Date: September 19, 2019
To: Trey Acteson, Chief Executive Officer
From: Clay Hammer, Operations Manager
Subject: Safety Program Support Services and Training

A Request for Proposals for SEAPA's Swan Lake and Tyee Lake Safety Program Support Services and Training was advertised on July 12, 2019. One (1) bid was received on August 30, 2019 from TSS, Inc. of Ketchikan, Alaska.

The proposal was primarily evaluated on competitive pricing, firm qualifications and experience, schedule, and quality of the proposal. Based upon an evaluation of the proposal received, staff recommends award of SEAPA's Safety Program Support Services and Training to TSS, LLC on a time and materials basis at the rates proposed in their proposal. The contract period for the services will be from October 1, 2019 through December 31, 2020.

The 6-Month July-December 2019 Operating Budget includes \$36,000 for Safety Training at Swan Lake and \$47,000 for Safety Training at Tyee Lake. Additional funds for safety training will be requested as necessary for the FY2020 budget.

Please consider the following suggested motion:

SUGGESTED MOTION
<p>I move to authorize staff to enter into a contract with TSS, Inc. for SEAPA's Swan Lake and Tyee Lake Safety Program Support Services and Training for the contract period of October 1, 2019 through December 31, 2020 for the not-to-exceed value of \$96,000.</p>

Agenda Item 7B

Consideration and Approval of Award Re Information Technology Support Services Contract

[Memo to be provided as Lay on the Table Item at Board Meeting]



SOUTHEAST ALASKA POWER AGENCY 2020 ADMIN BENEFITS

To: Trey Acteson, CEO

Date: September 11, 2019

From: Kay Key, Controller

Subject: **FY2020 Administrative
Employee Benefits**

National Rural Electric Cooperative Association (NRECA) has issued their renewal rates for calendar year 2020 group benefits. These rates apply to administrative employees. SEAPA's official group enrollment deadline of September 27 is extended pending Board approval. The summary of all administrative employees' benefits immediately follows this memo.

SUGGESTED MOTION

I move to renew NRECA employee group benefit plans as presented.

Health & Welfare – The “2020 Renewal Rates” attached to this memo display Current Rates for calendar year 2019, Renewal Rates for calendar year 2020, and the percentage of change between the two. Medical premiums increased 5%; however, life insurance is lower. Employees contribute 10% of the medical, prescription, dental, and vision premiums:

Annual Premiums	CY16	CY17	CY18	CY19	CY20
Single Med, RX, Dental, Vision	\$15,235	\$16,641	\$17,749	\$18,764	\$19,668 (1,967)
Family Med, RX, Dental, Vision	\$34,169	\$36,036	\$37,755	\$40,119	\$41,768 (4,177)
Life Insurance, Disability	2.20%	2.20%	2.20%	2.07%	2.10%
Defined Contribution Plan (457b)	3%	3%	3%	3%	3%
Defined Benefit Plan (RS Plan)	35.43%	36.49%	37.41%	37.78%	38.53%

SEAPA's **457(b) Deferred Compensation Plan** is currently transitioning to a new third-party administrator (Spectrum Benefit Consultants) as authorized by the Board. The transition should be complete within the next 60 days. SEAPA contributes 3% of base salary to administrative employees' accounts after they contribute 1%.

SEAPA participates in NRECA's **Retirement Security Plan (RS Plan)**, a defined benefit plan. Calendar year 2020 billing rates for SEAPA's defined benefit pension plan increased 0.75%. The increase is due to continuing historically low interest rates, which result in higher lump-sum payments to participants, reducing the plan's funding level; increased longevity of participants; and continuing high premiums payable to the Pension Benefit Guaranty Corporation, the government agency responsible for insuring pension plans.

Please review the attached “NRECA Retirement Security Plan 2020 Billing Rates” 3-page flyer for a detailed explanation of changes to this year's rate.

An estimate of the FY2020 SEAPA administrative wage and benefits budget is displayed below for your reference. It assumes 7 FTEs.

Budget Item	2020 Budget
Wages	\$916,000
Taxes	65,000
H&W	223,000
Retirement	370,800
Total	\$1,575,000

Attachments:

CY2020 Administrative Employee Benefits (2 pgs)
 2020 Renewal Rates for Admin H&W Benefits (NRECA)
 2020 Rates Graph for RS Plan (NRECA)
 2020 RS Plan Billing Rates Q&A (NRECA, 3 pgs)



SOUTHEAST ALASKA POWER AGENCY

Administrative Employee Benefits Calendar Year 2020

Non-represented employees are eligible for these benefits provided by National Rural Electric Cooperative Association (NRECA).

Nat'l Rural Electric Cooperative Assn. (NRECA) Plans	Coverage: No waiting period IN – In Network • OUT – Out of Network		Employer Contrib.	Employee Contrib.
Medical PPO	IN	Deductible: \$300 individual, \$600 family	90%	10%
	OUT	Deductible: \$600 individual, \$1200 family		
	Out-of-Pocket Maximums:			
	IN	Coinsurance: \$0 individual, \$0 family		
	OUT	Coinsurance: \$1200 individual, \$2400 family		
Prescription	Coinsurance Max: \$2000/individual, \$5000/family			
Dental	Deductible: Preventive - \$0 / Basic - \$50 per participant		90%	10%
Vision	Deductible: \$10 exam, \$20 glasses		90%	10%
Retirees -Medical coverage is available to retirees after completing 5 years of continuous service with the Agency.				
Basic Life & AD&D Insurance*	2x Base Salary		100%	---
Supplemental Life*	1x Base Salary		100%	---
Supplemental AD&D	Available		0	100%
Supplemental Family AD&D	Available		0	100%
Spouse Life*	\$10,000		100%	---
Child Life*	\$10,000		100%	---
Retired Life*	Available		0	100%
Business Travel Insurance	\$100,000		100%	---
Short-Term Disability	66-2/3% of weekly earnings, \$1500/wk maximum. Benefits begin on day 8 and are limited to 13 weeks.		100%	---
Long-Term Disability	66-2/3% of annual salary paid until age 65 if totally disabled. Benefits begin after 13 wks.		100%	---

*Group term life insurance coverage in excess of \$50,000 is taxable income.

Homestead Plan (a division of NRECA)	Summary	Employer Contribution	Employee Contribution
457(b) Government Deferred Compensation Plan (SEAPA Irrevocable Trust)	Eligible on the first day of the month after one full month of completed service. Employee minimum contribution required; maximum subject to IRS limitations.	3% of base wage after employee minimum	1% of base wage minimum

Retirement Security Plan (sponsored by NRECA)	Employer Contribution	Employee Contribution
Defined Benefit Pension Plan – Participation begins first of the month following the first full year of employment. Benefit based on 2% of participant's final average effective salary. Subject to vesting schedule.	100%	---



SOUTHEAST ALASKA POWER AGENCY

Administrative Employee Benefits Calendar Year 2020

Payroll, PTO & Holidays	Description
Payroll	Bimonthly pay periods are the 1st – 15th and 16th-last day of the month. Pay dates are the 7th and 22nd of the month.
Paid Time Off	Employee starts earning 6 hrs per pay period in first year and increases to 10 hours per pay period in year seven. (Maximum 60-day PTO cash-out upon termination.)
Holidays	10 holidays + 2 Floating Holidays annually. No carryover of floating holidays.

Retirement Security Plan - Vesting Schedule	
Years of Vesting Service	Vested Percent
One year of service	10%
Two years of service	20%
Three years of service	30%
Four years of service	40%
Five or more years of service	100%
If participating at age 55, regardless of years of service	100%

HOLIDAYS
New Year's Day Presidents Day Memorial Day Independence Day Labor Day Veterans Day Thanksgiving Day and the following Friday Christmas Eve and Christmas day 2 Floating Holidays

Benefit approval by SEAPA Board of Directors on September 27, 2018.

2020 Renewal Rates

Subgroup: 0102192001 - SOUTHEAST ALASKA PWR AGENCY - AK

Renewal Date: 1/1/2020

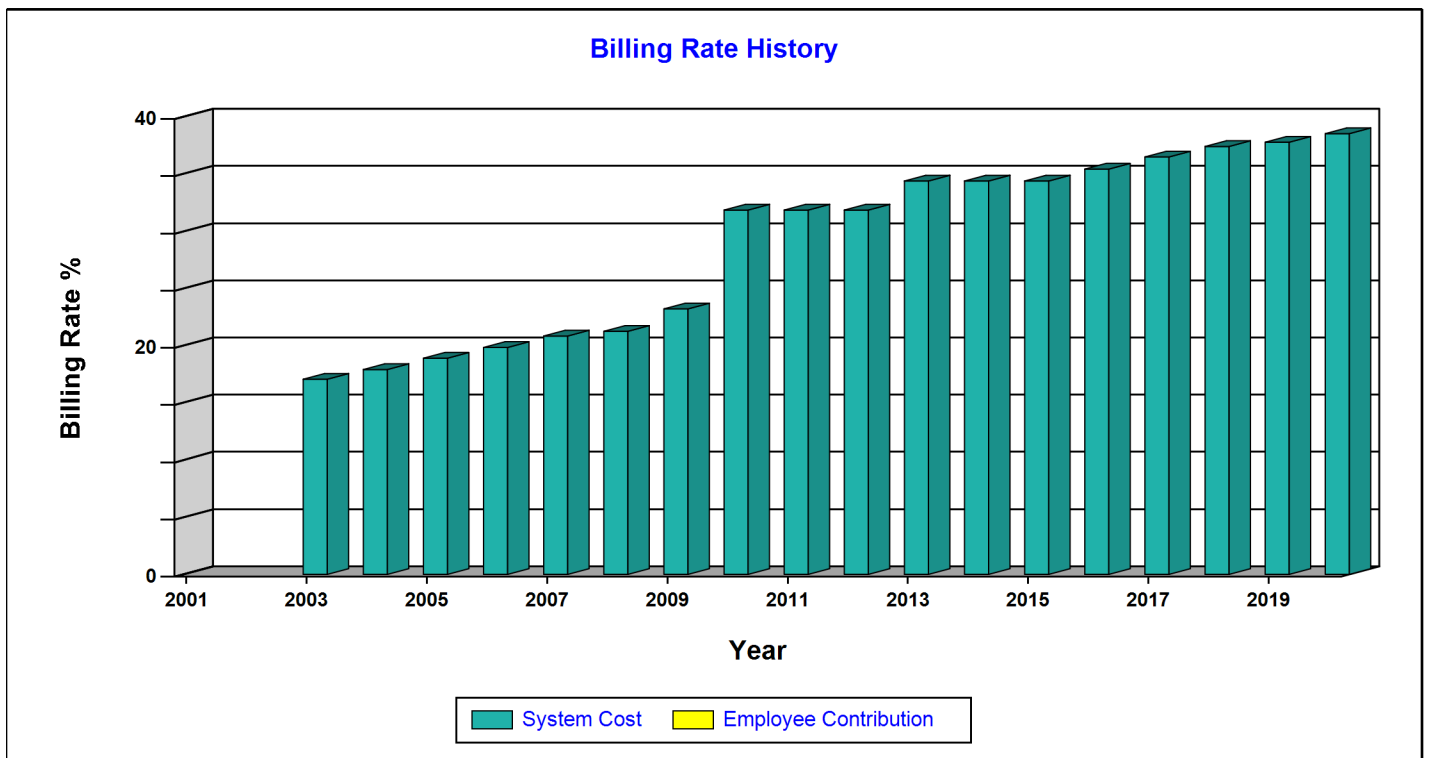
These are your subgroup's renewal billing rates. Your plan design may have changed. Check your plan's renewal options for more information.

Coverages	Current Monthly Rates	Renewal Monthly Rates	Change
Business Travel Accident Insurance Plan			
bta1	\$21.75	\$27.00	24.1%
Dental Plan			
ePDental1			
INDIVIDUAL	\$63.39	\$64.78	2.2%
INDIVIDUAL + DEPENDENT	\$191.17	\$194.93	2.0%
Life Insurance Plan			
basicLife1	\$0.313/\$1,000	\$0.304/\$1,000	-2.9%
Long Term Disability Plan			
ltd66Ss1	\$0.0592/\$100	\$0.0605/\$100	2.2%
Medical and Prescription Drug Plan			
ppo2			
INDIVIDUAL	\$1,484.73	\$1,558.34	5.0%
INDIVIDUAL + DEPENDENT	\$3,109.09	\$3,241.90	4.3%
MEDICARE	\$326.64	\$342.83	5.0%
Short Term Disability Plan			
std1	\$0.0627/\$100	\$0.0596/\$100	-4.9%
Vision Plan			
visPpoEnh1			
INDIVIDUAL	\$15.58	\$15.89	2.0%
INDIVIDUAL + DEPENDENT	\$42.99	\$43.85	2.0%

Retirement Security Plan

System #:	01-02192-001	Plan ID:	A
Name:	SOUTHEAST ALASKA PWR AGENCY		

Year	Benefit Level	System Cost	Employee Contribution	Plan	COLA	Average Age	100% Death Benefit	Salary Type
2001								
2002								
2003	2.00	17.06	0.00	62	Yes	51	No	BS
2004	2.00	17.91	0.00	62	Yes	52	No	BS
2005	2.00	18.90	0.00	62	Yes	63	No	BS
2006	2.00	19.84	0.00	62	Yes	51	No	BS
2007	2.00	20.84	0.00	62	Yes	56	No	BS
2008	2.00	21.25	0.00	62	Yes	51	No	BS
2009	2.00	23.21	0.00	62	Yes	49	No	BS
2010	2.00	31.85	0.00	62	Yes	50	No	BS
2011	2.00	31.85	0.00	62	Yes	50	No	BS
2012	2.00	31.85	0.00	62	Yes	57	No	BS
2013	2.00	34.39	0.00	62	Yes	56	No	BS
2014	2.00	34.39	0.00	62	Yes	55	No	BS
2015	2.00	34.39	0.00	62	Yes	56	No	BS
2016	2.00	35.43	0.00	62	Yes	56	No	BS
2017	2.00	36.49	0.00	62	Yes	56	No	BS
2018	2.00	37.41	0.00	62	Yes	58	No	BS
2019	2.00	37.78	0.00	62	Yes	55	No	BS
2020	2.00	38.53	0.00	62	Yes	54	No	BS



Note: The System Cost is the total of the Trust Contribution and the Administrative Fee.

Your Retirement Security Plan's salary type is "base salary." As a result, your contribution cost (system cost plus employee contribution rate shown above) is applied as a percentage of each participant's annualized base rate of pay in effect on November 15, 2019, which is that participant's effective salary for the 2020 plan year. Beginning with your January 2020 monthly statement, the estimated amount due will be based on this percentage. Rates shown are for the plan in effect as of January 1 for each year.

NRECA Retirement Security Plan

2020 Billing Rates

The Retirement Security (RS) Plan base billing rates for 2020 have increased by 2% compared with the base rates for 2019. An explanation of the reasons for this increase follows.

How does the 2% increase affect my co-op's billing rate?

The 2% increase is a proportional rate increase, not an additional 2% on top of your current rate. For example, if your plan's billing rate is 20% of payroll, the increase would be 2% of 20%, or 0.4% ($.02 \times 20\%$). After the increase, your total contribution in dollar terms would be 20.4% of payroll ($20\% + 0.4\%$).

Has the administrative fee portion of the billing rate changed?

No, the administrative fee rate remains at 3% of the total contribution for 2020 (before reflecting the prepayment program discount), the same as in 2019.

My co-op's 2020 billing rate increased more (or less) than 2% as compared with the 2019 rate. Why?

The change in billing rates for a particular plan may not equal 2% for the following reasons:

- Due to changes in a co-op's participant population, the average age used for the 2019 rate may differ from the average age used for the 2020 rate. Other things being equal, a lower average age among participants will result in a lower billing rate, and vice versa. Age changes in participant subgroups with lower average ages have a larger impact on the billing rate than age changes for older populations.
- Plan design changes that apply to the 2020 rate but did not apply to the 2019 rate (such as changes in benefit levels, the normal retirement age, or employee contribution rates) can cause a difference in billing rates.

What caused the 2020 billing rate to rise?

In any given year, there are many elements that affect billing rates. The decision to increase the 2020 billing rate is the result of a combination of factors, including:

- **Investment returns below the expected rate of return**—The plan experienced a negative investment return in 2018 (-5.24%). Since the expected rate of return is 7.25%, the plan's total assets were approximately 12.5% lower than expected on December 31, 2018. If asset returns do not meet expectations, co-op contributions need to be higher to make up the difference.
- **Ongoing high Pension Benefit Guaranty Corp. (PBGC) premiums**—The PBGC is the government agency responsible for insuring pension plans in the event of sponsor bankruptcy. These premiums continue to be higher than in past years.
- **Historically low lump sum interest rates**—When interest rates are low, lump sum amounts that are paid out of the RS Plan are higher. This leads to higher-than-expected plan liabilities and lower-than-expected asset levels.

continued

What is the current funding level for the plan?

There are many measures of the RS Plan's funding level, each based on different required assumptions and methods. Using the assumptions and methods for determining annual billing rates, the RS Plan's funded ratio (assets divided by RS Plan liability) on the actuarial valuation date of January 1, 2019, was 83%. It was 86% on January 1, 2018. Liabilities only include benefits earned as of the valuation date. These funded ratios are based on the actuarial value of assets, which is determined by smoothing investment returns that differ from what is expected over a five-year period. This smoothing of investment returns helps reduce the volatility of changes in contribution levels from year to year.

It is important to note that these percentages differ from the funded ratio that is determined for other purposes. For example, the plan's annual funding notice that is mailed to participants in April shows different funding levels because of the unique assumptions and methods that are required for the annual notice. Specifically, the asset amounts shown in the annual funding notice include contributions received during the first 8½ months of a given plan year. But for determining annual funding required for a particular year for billing rates, these receivable contributions are excluded. Excluding receivable contributions offers a more conservative snapshot of the RS Plan's funded status. Shown below are amounts with and without including the receivable contributions in the assets.

Valuation Date	Funded Ratio Including Receivable Contributions in Assets	Funded Ratio Excluding Receivable Contributions in Assets
January 1, 2017	97% (from annual funding notice provided in 2018)	88%
January 1, 2018	95% (from annual funding notice provided in 2019)	86%
January 1, 2019	93% (estimated, will appear on annual funding notice provided in 2020)	83% (estimated)

Could there be future billing increases?

Billing rates are reviewed each year as part of a process designed to move the plan toward a 100% funded ratio. This annual review takes into consideration:

- **Results of the annual actuarial valuation**—Funding rules used in the annual valuation determine a contribution level (the basis for future billing rates) that is designed to eventually achieve a 100% funded ratio.
- **Potential impact of key cost drivers**—Factors that could affect future billing rates include further regulatory changes and the outlook for investment returns and interest rates.

The decreasing funded ratio was the primary cause for rate increases from 2016 to 2020 and if it does not improve, it could be necessary to again increase rates. Because the valuation process includes methods to reduce contribution volatility, any changes in costs would be gradual.

continued

Some cost factors have been slow to improve. How does this affect the RS Plan in the long term? The two primary sources of RS Plan funding are investment returns and co-op contributions. As expectations for future investment returns decline, co-ops are picking up the difference through increased contributions (as seen in recent billing rate increases). NRECA has decreased its long-term investment return assumption for the RS Plan four times in the past eight years. (It was 8.5% for the January 1, 2011, assumption; currently it is 7.25%.)

Other factors have had an inflationary effect on the cost of benefits, and therefore contributions, including:

- **Falling interest rates**— As interest rates remain historically low, plans like the RS Plan must pay larger lump sums than previously expected. At the same time, low interest rates elevate the level of PBGC premiums the RS Plan must pay each year.
- **Legislative mandates**—The passage of the Bipartisan Budget Act of 2015 dictated increases in both flat- and variable-rate PBGC premiums for employers offering defined benefit pensions. This came on the heels of two other legislated increases in the previous four years.
- **Increasing longevity**—People are living longer and, as a consequence, drawing on their pensions for longer periods of time, increasing the overall cost of benefits.

While NRECA expects interest rates to move back toward historical norms over time, increasing participant longevity is likely to continue.



SOUTHEAST ALASKA POWER AGENCY

R&R PROJECTS APPROVAL

SUGGESTED MOTION
I move to increase the current R&R Budget by \$119,150 and approve the addition of projects RR19332 Accounting Software and RR19333 125V Battery Bank Tyee.

Detailed descriptions of the two R&R projects are attached for review.

Project:	Accounting Software		
Description:	Replace SEAPA's accounting software		
Cost Estimate:	\$21,400	Sched. Complete: DEC 2019	Project Mgmt: Key
PROJECT DISCUSSION			
<p>SEAPA will be replacing its existing accounting software (Quickbooks) with Sage Intacct. The Sage software installation will be managed by Sockeye Business Solutions out of Anchorage. Sage hosts this software online. All office and a few plant staff will have access to the software to submit requisitions, approve payments and access reports available in a dashboard format. Go-live for this software implementation is scheduled for December 1.</p> <p>Payroll will be integrated into the Sage software, and two options are currently being evaluated.</p>			

PROJECT COST ESTIMATE			
BREAKDOWN	ESTIMATE	BUDGET REQUEST	
Sockeye installation	\$16,000	Jul-Dec 2019	\$21,400
Payroll integration	2,400		
Training	3,000		
Total Estimate	\$21,400	Budget Total	\$21,400
Project Cost Estimate Discussion			
<p>The budget for software replacement (\$59K) was included and approved in the 6-Month Budget (Jul-Dec 2019). The installation and training portions of this project can be capitalized and are reflected here. Approval of this capital project will replace a portion of the costs included in the expense budget. One week of offsite training includes class fees and travel costs. Sockeye contributed the \$1300 registration fee.</p>			



Proposed RR19333 125V Battery Bank - TYL

Project:	125V BATTERY BANK – Tyee Lake		
Description:	Tyee Lake – 125V Battery Bank		
Cost Estimate:	\$97,750	Sched. Complete: JUN 2020	Project Mgmt: R. Siedman
PROJECT DISCUSSION			
<p>A battery discharge capacity test was performed on the Tyee Lake Battery system during the September 2019 outage. This type of test is one of the definitive measures used by industry to determine health and reliability of batteries. The Battery Discharge Test was performed by applying a constant current for a fixed period of time to measure the amp-hour capacity of the array. Tyee currently has SAFT Nickel-Cadmium (Ni-Cd) batteries rated for 334 amp-hours. During testing, cell number 69's voltage began to decay rapidly at 3-hours into to the test (approximately 90 amp-hours). Consistent with IEEE-1106 testing procedures, the cell was bypassed for testing to continue. At approximate 8hrs, cell number 25 decayed as well. The battery bank has a date code of 2005, placing them at nearly 15 years of age and at the end of their useful life. This project consists of procuring a new 125V battery bank, seismic battery rack and all ancillary equipment required for installation. Also included in this project is installation (labor) costs and shipping.</p>			

PROJECT COST ESTIMATE			
BREAKDOWN	ESTIMATE	BUDGET REQUEST	
Material		FY19 Budget Request	\$97,750
125V Battery Bank	\$33,000		
Seismic Battery Rack	\$12,000		
Ancillary Equipment	\$10,000		
Labor			
Remove Existing Array	\$6,000		
Install New Array	\$12,000		
Shipping/Mobilization	\$12,000		
Contingency (15%)	\$12,750		
Total	\$97,750		\$97,750
Project Cost Estimate Discussion			
<p>Material costs for Batteries, Seismic Rack and Ancillary Equipment. Labor costs include removal and installation. A 15% contingency was added due to shipping/mobilization uncertainties.</p>			

MEMORANDUM
ATTORNEY-CLIENT COMMUNICATIONS

TO: Chairman
Southeast Alaska Power Agency

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

DATE: September 19, 2019

RE: Suggested Motion for Executive Session

The Board of Directors will enter into an executive session during a Regular Board Meeting to be held on September 26-27, 2019 to discuss the following matters:

- (a) CEO Review
- (b) Hydrosite Analysis

I recommend the following motion be made:

I move to recess into Executive Session to be conducted pursuant to SEAPA's Bylaws consistent with Alaska Statute 44.62.310 for discussions on: (a) review of the Agency's CEO, which discussions may involve subjects that tend to prejudice the reputation and character of a person, and (b) hydrosite analysis as the discussions may involve matters that have a clear impact on the Agency's finances.

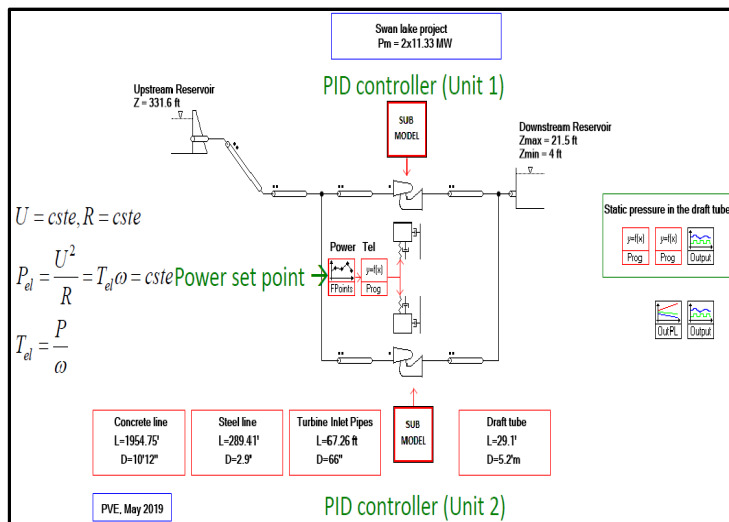
Date: September 20, 2019

To: Trey Acteson, CEO

From: Robert Siedman, P.E., Director of Engineering & Technical Services

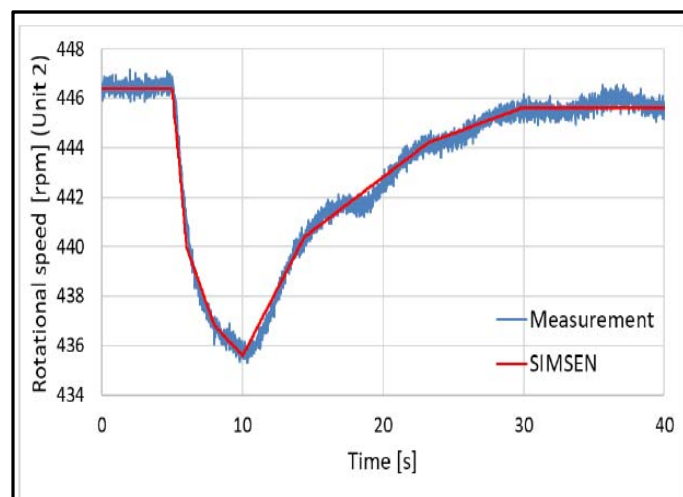
Subject: Report for September 26-27 Board Meeting

Swan Lake Hydraulic Analysis



The Swan Lake Hydraulic Validation model is complete. The model was developed by Dr. Landry and Dr. Nicolet from Power Vision Engineering (Switzerland). The total validation model includes penstock models, Francis turbine models, inlet pipe models and draft tube models.

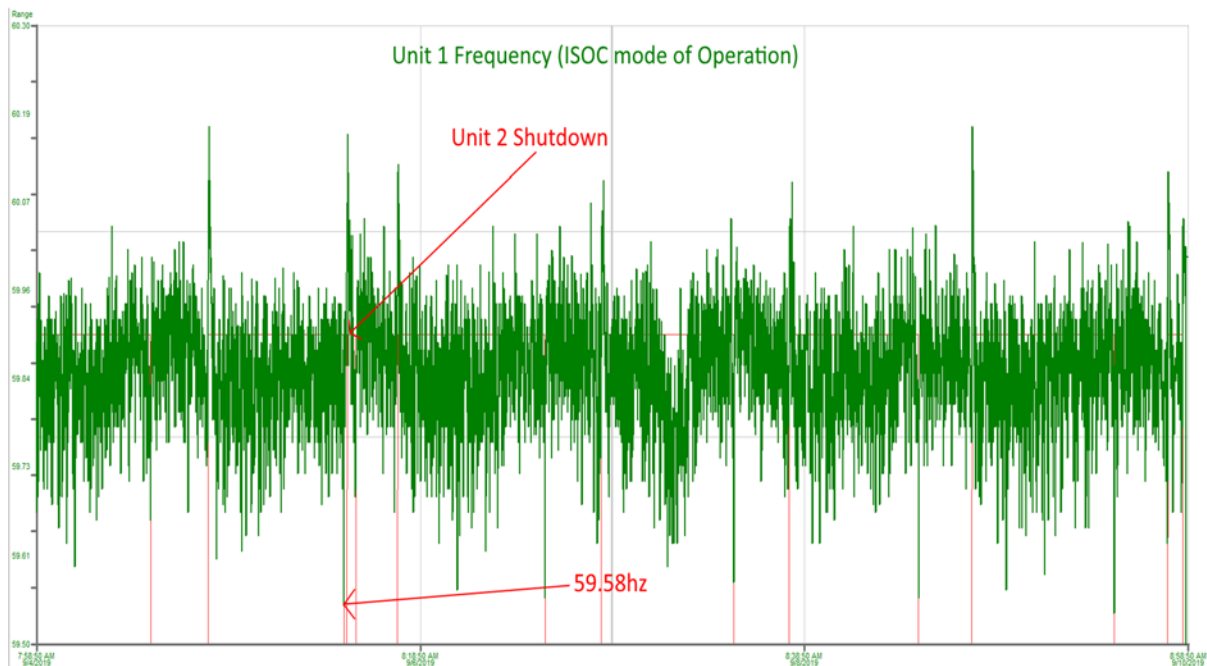
The Hydraulic Validation Model was tested by comparing a real-world load rejection to a similar modeled load rejection. The results (on the right) demonstrate that the model is very accurate. With the Hydraulic Validation Model complete, Phase Two was performed to determine possible solutions for the Agency to implement that would prevent or reduce oscillations that occur in the Penstock at low lake levels due to local mode bifurcation.



The result of Phase Two of the Hydraulic Analysis provided stable Proportional-Integral-Derivative (PID) settings for the Swan Lake Units when operated in Isochronous with both units online at full loads. The analysis performed in Phase One and Phase Two of the Swan Lake Hydraulic Transient Analysis shows that the plant frequency control capability is limited by the actual design of the penstock / water column. This is consistent with the observed response of the plant. To maintain a stability margin without causing sustained oscillations due to system disturbances, the PID gains were changed to the following:

Old PID Gains		New PID Gains	
Kp = 4		Kp = .7	
Ki = .15	to	Ki = 0.02	
Kd = 0		Kd = 3.0	

The frequency deviation of the new gains in the model demonstrated a deviation of 0.06% (60.36hz to 59.64hz). After implementation of the PID gains recommended from the Hydraulic Analysis, Unit 1 was operated in Isochronous from September 4 – September 10, 2019. The recorded frequency deviation was slightly higher than 0.06% with frequency deviations upwards of 0.07%. A low of 59.58hz was observed on multiple occasions. The deviations occurred at discreet intervals, with direct correlation to Unit 2 (the sister unit) shutting down after running in STCS Scheduled mode. Further investigation revealed that the units during a stop sequence had a gate-close timing of 6 seconds from speed-no-load to full gate closure. This was causing a 10% increase in penstock pressure. To dampen the effects of this phenomena, SEAPA increased the gate-close timing from 6 seconds to 15 seconds by adjusting the servo cushion set point. The result of the increase in gate-close timing was a significant dampening of penstock pressure transients during shutdown of a sister unit which resolved the issue with frequency spikes and dips.





Tyee & Swan Governor Pressure System(s)

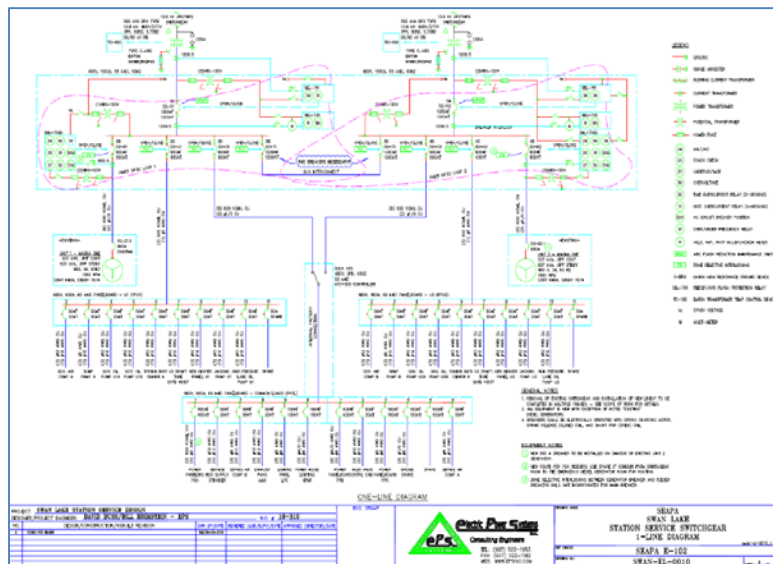
The Tyee and Swan Lake Governor Pressure System RR Projects 19303 and 19304 are complete. These projects replaced the old site glasses with level sensing integrated sight glasses and level switches. Engineering/Design was performed early in 2019 with installation and commissioning in September. The projects were completed by utilizing in-house personnel, giving the crew ownership of the installation and in-depth knowledge for future preventative maintenance.

Swan Lake Distribution Valve Controller & Manifold

RR project 19319 to replace the distributing valve controller assembly and governor manifold is 100% complete. This project replaced the Bosch/Rexroth proportional valves with an upgraded model similar to the one that is currently at Tyee, adding spare parts and reliability.

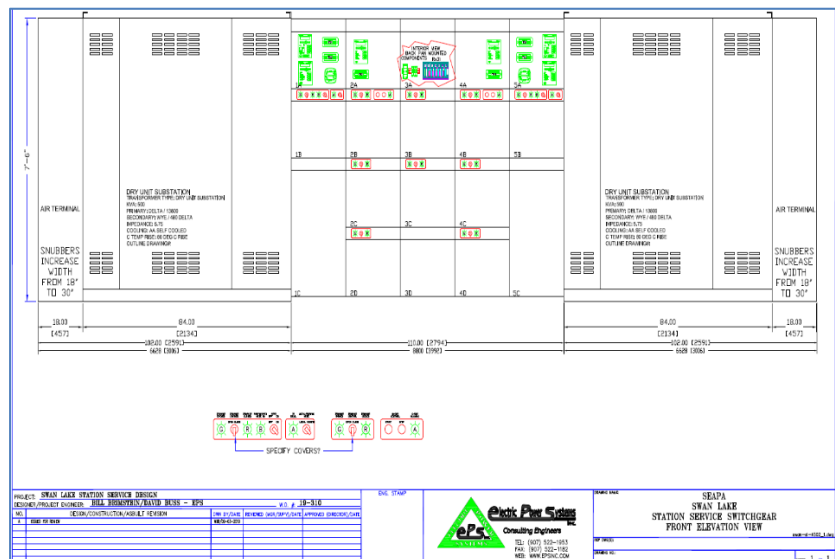


Swan Lake Station Service Switchgear



The Swan Lake Station Service Switchgear project was awarded to EPS for the design phase. The 30% design over-the-shoulder review was submitted and reviewed by SEAPA personnel on September 6. A site visit was performed by Bill Brimstein in August to identify embedded conduit and transition panels for connecting the new switchgear with existing circuits.

As discussed in the RR writeup (19314), the Swan Lake 38-year-old switchgear is at the end of its useful life and currently has a breaker that is stuck in the racked-in position. The 30% design submittal is scheduled for September 26. A 100% design submittal is scheduled for December 31.



Tyee and Swan Lake Snow Pillows



The Tyee and Swan Lake snow measurement pillows have been assembled. RF radios were programmed by SEAPA in-house staff. The snow measurement pillows will be located on the ground and powered by a solar panel. The RF radio will transmit the snow pillow analog signal from the respective mountain (Swan or Tyee). With snow levels as high as 20ft (past records), a stand was designed and built to mount the power and radio transmit equipment.

Tyee currently has a radio located at the gatehouse that is being used to transmit the recently installed lake level sensors. The existing radio at Tyee will be used as a repeater to send the Tyee snow pillow analog signals to the Tyee powerhouse. Swan Lake will require installation of a receiving antenna, similar to the one installed at Tyee. The snow pillows are currently in operation at each respective plant, with plans to fly them by helicopter to the remote site pending fair weather.



Tyee Satellite Systems

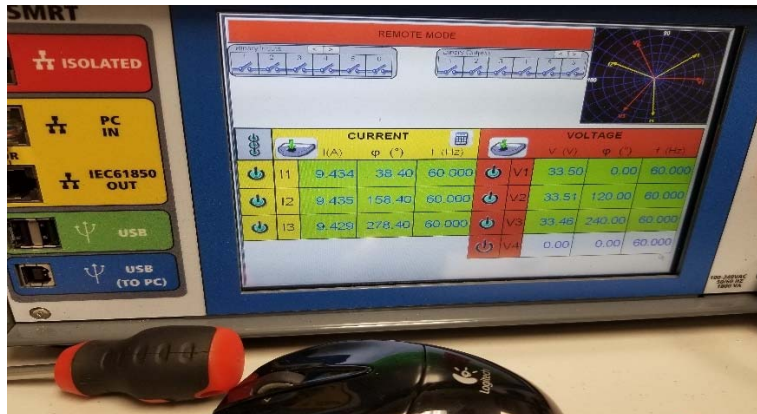


The X2nSat satellite dish was installed at Tyee and commissioned in July 2019. Internet speeds at Tyee increased from 300kBps to 3Mbps (10x increase). A feasibility project was designed and performed in September 2019 to determine if HughesNet high speed internet was a possibility, which would increase speeds to over 20Mbps.

After feasibility testing of a HughesNet satellite system at Tyee was complete, high speed internet was realized. Speeds subsequently increased from 3Mbps to over 20Mbps with bursts up to 45Mbps. The end result was an increase of over 10,000%. HughesNet high speed internet will be primary communications and the X2nSat system will be used for backup, similar to the network at Swan Lake. Research is currently being performed to determine whether Swan Lake, Tyee Lake and the SEAPA office existing satellite systems can be combined into a mesh network for future reliability and security purposes.

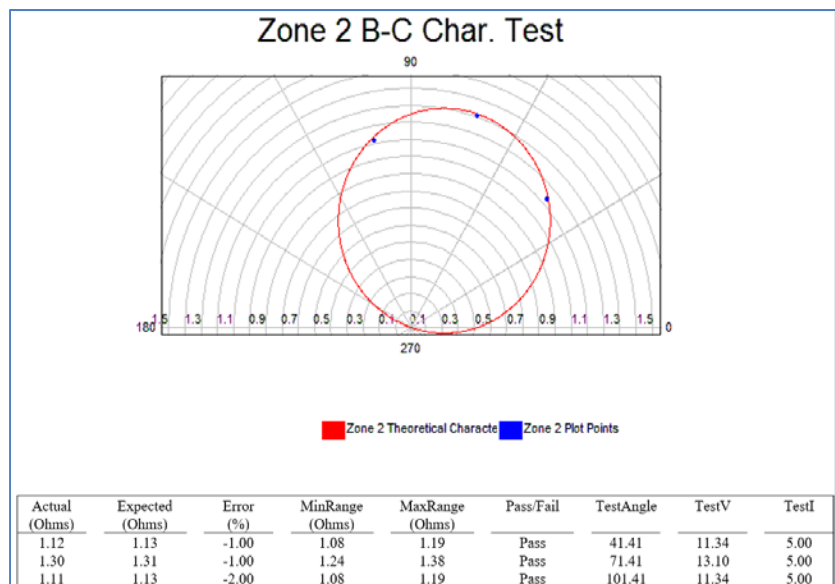


Protective Relay Testing

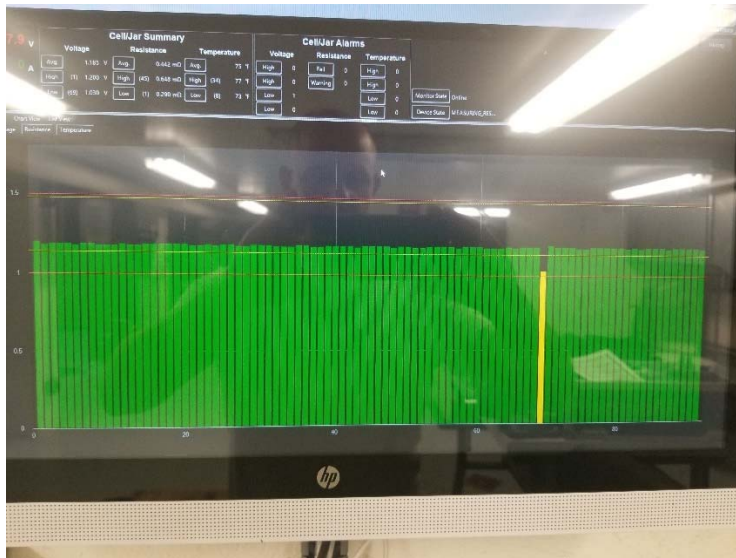


Protective relay testing at Swan Lake and Tyee Lake occurred during the September respective outages. The relays were tested with a Megger SMRT that SEAPA purchased to perform testing in-house. By utilizing in-house equipment and staff, SEAPA was able to test protective relays on a flexible schedule that allowed for outages to be coupled, which minimized the need for additional outages.

Nine protective relays were tested at Tyee and four at Swan. With the testing that occurred in 2018, all protective relays have been tested at the two hydro facilities with hundreds of different injection test methods. The Schweitzer relays all performed excellent with passing test results. Petersburg and Wrangell substations are scheduled to be tested during the 2020 outage.

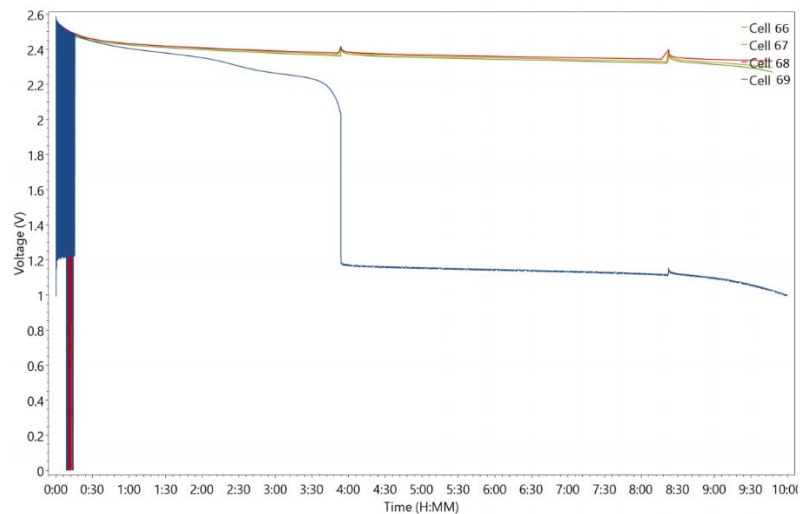


Tyee Battery Discharge Testing



Battery Capacity discharge testing at Tyee lake resulted in 2 cells at the end of their useful life. Cell 69 voltage dropped off significantly at approximate 3.5hrs into the 10hr test. The cell was bypassed to continue the test per IEEE-450 recommendations.

At approximately 8hrs, cell 25 voltage dropped off significantly. The end result of the battery capacity discharge testing at Tyee demonstrated that the 125V battery bank is at the end of its useful life and should be replaced. The date code on the batteries has a manufacture date of 2005. At nearly 15 years in-service, Tyee batteries have served a useful life and are due for replacement. An RR project is suggested for replacement.





SOUTHEAST ALASKA POWER AGENCY

Date: September 16, 2019
To: Trey Acteson, Chief Executive Officer
From: Clay Hammer, Operations Manager
Re: Report for September 26-27, 2019 Board Meeting

MAJOR CONTRACTS and PROJECTS

Tyee Road Access to Tidewater Project

Access to the Tyee facility has long been problematic given the only two means of access are by air utilizing contract aircraft landing on Tyee's runway or by boat navigating a tidal river estuary. This presents complications when weather and tides are not favorable creating serious logistical challenges for getting crew and goods to and from the plant and complicates outside assistance in the event of an emergency.

At this time, we have identified a preferred road route and relocated a small dock option following a feasibility study from R&M Engineering-Ketchikan. We directly solicited local and out-of-town engineering firms for quotes for preliminary design work. This preliminary work will firm up the road route and design, quantify required material quantities, and identify permitting costs and requirements. Quotes are pending, and it is anticipated that this work will be done by the end of the calendar year.

Fire Control Panel Replacement, Tyee Lake Facility

There were complications earlier this season with the Kidde Fire Control panel at the Tyee Lake plant when we discovered the existing panel is obsolete, with parts and service no longer factory supported. After a tedious search we located a representative in Alaska familiar with our installation and able to assist in locating obsolete parts necessary for restoration of the system. This provided time to have a drop-in replacement panel engineered which will not only bring the system as a whole up to current standards but will also add an additional fire suppression zone to our diesel standby generator room, something that was not considered when the plant was originally commissioned.

The replacement panel and additional suppression zone are currently in the engineering phase. Once the plans are completed, they will be submitted to the State Fire Marshal for approval. Pending that approval, the equipment can be ordered, and installation work performed. We anticipate the project will be complete by the end of this calendar year.

Eagle River and Carroll Inlet Crossing Marker Ball Projects

It was discovered last season during regular line inspections that several aircraft marker balls had dropped off the line on these two major line crossings. The repairs were budgeted for FY19 and

a contract awarded to Electric Power Constructors (EPC). EPC completed the repairs during SEAPA's recent line and plant maintenance outage. This is specialty work requiring certified aircraft, pilot, and line crew. EPC has trained and certified linemen on staff and partnered with Lakelse Air, a Canadian company, specializing in this kind of work.

It was noted during the replacement of the markers for the Carroll Inlet crossing that the balls had loosened up with time and while many were still in place, they had chaffed the line and caused damage to some of the conductive wire strands. SEAPA had adequate repair materials in its hardware inventory, which were flown out to the site in time for the linemen to make the necessary repairs.



EPC Crew replacing Marker Ball at Eagle River Drainage

TSV Actuator Pistons

For those not familiar with what a TSV is, it is essentially a 25.6" mechanical ball valve located at the end of the penstock just ahead of the hydro turbine. When nozzle repairs or turbine inspections and repairs are made, this enables crews to safely secure the penstock prior to the crews doing the work. Under a head pressure of over 600 PSI, it is also all that stands in the way of having the entire plant ejected off the side of the mountain should there be any kind of major failure downstream of the TSV.

A unique feat of engineering, the hydraulic piston that operates the valve is an Austrian-made, horseshoe-shaped behemoth that weighs over 1,100 lbs. due to the space constraints that would normally allow a more conventional shaped piston to be used. The water powered pistons started to leak a few years ago and have gradually been getting worse. SEAPA contracted with Andritz Hydro for parts and service support to get the pistons and seals replaced. In spite of all the odds

encountered in procuring the parts and service support, this project was completed ahead of schedule and within the budget.



Tyee TSV Unit #1

Tyee Gatehouse Propane Refill Project

Last season's ROV survey of the Tyee Lake penstock tunnel and subsequent gate work resulted in a 75% depletion of the propane fuel supply for the generator at the gatehouse. The fuel is stored onsite in two 500-gallon propane tanks and refilling takes a good measure of planning and logistical coordination.

Staff is pleased to report that in the last week of July the weather cleared up and an Arrowhead refilling crew was flown in from Juneau on Sunrise Aviation. They met up with a TEMSCO helicopter and pilot from Petersburg and started the process of transporting seven 100-gallon fuel tanks pre-staged at the plant up to the gate house along with necessary pumping equipment. All went well despite fog delaying the startup. All of Arrowhead's crew were able to return home by the end of the day.



TEMSCO Helicopter leaving Tyee with load of propane for Gatehouse

Brushing Program

This season's efforts so far have been to get SEAPA's brushing crew in to clear all the structure helicopter landing zones and trails for the scheduled season's line maintenance. Following that, efforts were made to clear helipads that had grown in along Cleveland Peninsula and South Wrangell Island. This has been followed by work at all the Marine Terminals. For the past few

years efforts at the terminals has been limited to weed whacking and mowing around the terminal structures. As a result, trees were starting to encroach on the right-of-way. A major effort has been undertaken to clear the entire width of the ROW going back several structures. These areas usually grow at an accelerated rate and it's important to keep them in check.

Staff is also pleased to report what may prove to be a major cornerstone of our brushing and line maintenance program: we were able to partner with Pollux Air of Wasilla and perform a GoPro survey of the entire SEAPA transmission line. All 178 miles of line have been broken down into 28 separate video clips that SEAPA now has on file. The footage is "Low and Slow" so details like brush conditions, marker ball placement, helipad locations, etc. can all be identified with ease.

The footage has already proved useful in that we were able to identify three areas along the Swan/Bailey line that needed immediate brushing attention. These areas were addressed during this September's maintenance outage.

It is expected this footage will be a useful tool for developing SEAPA's long-term brushing program as well as preparing brushing contracts. In most cases a review of the ROW footage will provide all the information we need about onsite conditions.



Still footage (taken from ROW footage) shows treetops encroaching on Power Lines

Cleveland Peninsula Helipads

The helipads under the Tyee line along the Cleveland Peninsula have been in service for over 35 years and are showing their age. These pads are not only the oldest in the system but are also located in some of the highest, most remote, rugged and weather-beaten stretch of SEAPA transmission lines. It was first estimated that repairs to the decks and support members could prolong their life cycle but a visual inspection showed that many were beyond repair and an engineer's survey would be needed to fully document their overall condition.

SEAPA retained Tongass Engineering to conduct a survey this summer. The survey revealed that of the 43 pads in service, 10 have failed completely and another 13 have significant deterioration that threatens structural integrity and severely limits their remaining service life. This will undoubtedly evolve into an expensive but necessary R&R project to replace these dated and failing pads with new aluminum ones based on the design used for the STI. Staff expects to have a recommended plan in place with budgetary figures available for consideration in the FY2020 budget.



Failed Helipad at the Cleveland Peninsula

MET Tower Data Collection

SEAPA partnered with Ketchikan's KRBD radio to install SEAPA's wind data collection equipment on KBRD's radio antenna up on the hill by the landfill. In exchange for occupying space on the tower, SEAPA will provide regular updates on the findings with staff at the K-Bird radio station. This is a great way to involve the public in SEAPA's efforts to validate the availability of local wind as a potential energy source. To date there has been extensive modeling done by the State for the area but little in the way of actual measurements taken to validate the modeling; these efforts seek to fill in the blanks in the State's studies and possibly pave the way for future wind generation.



SEAPA Staff at 90' level on KBRD Radio Tower

Wooden Pole Testing

SEAPA was able to deploy its IML Resistograph on the rural section of the Mitkof Pole Line during this month's planned maintenance outage. Line maintenance contractor, EPC, fielded a team of two workers to climb and sample all the wooden poles past the Crystal Lake hatchery. A total of 22 poles were climbed and sampled in four locations each over a period of two days.

The results of the samples are pending but the crew taking the samples indicate that the poles appeared sound with exception of a few woodpecker holes. This was considered somewhat of a dry run as we have had no experience taking samples of this kind before so we did not know how many poles we could expect to get done in a day or if there would be any unknown challenges to deploying the tool.

The results of this testing should provide an accurate baseline as to the condition of the poles on both Mitkof and Wrangell Islands as well as help establish a timeline for getting a good baseline for the Swan/Bailey line. The Swan/Bailey line is unique from the other SEAPA lines in that almost all of the structures are made of wood. The Mitkof line has a total of 211 wood poles and the Swan/Bailey line has over 430.

Wrangell Switch Yard and Substation Gravel Work

SEAPA contracted White Enterprises to add a gravel lift to both the Wrangell Switchyard and Substation. Both of the projects were completed on time and within budget. The original yard material was full of large stones and dirt creating trip hazards as well as fertile ground for weed infestation. The yards were weeded and then a lift of rock screened to switchyard spec was added to the surface. This will provide a safe walking surface for workers within the yards as well as help keep weeds at bay without constant maintenance.

SEAPA 34' Svensen Crew Boat (Tyee)

Unfortunately, we experienced another powerhead failure on the crew boat utilized for our Tyee plant marine terminals, and remote brushing crew work. This marks the fourth powerhead in 12 months. So far, the port side has failed once and the starboard side three times. To date all replacement work has been covered under factory warranty. Staff has reached out to both the dealer and factory representative and expressed disappointment with the progress being made to resolve this issue. The factory has responded by assigning a regional representative to this case who will supervise the commissioning of the new replacement powerhead as well as review all aspects of the installation. This work is expected to take place the week of September 18th with results pending Mercury's review of the installation.

Tyee Lake Report

It has been a busy season for the crew out at Tyee. This is their first season working under a 10-hour workday schedule and it appears to be working out well for them. The TSV project, Tunnel Lighting, and SAT Pad Projects in addition to regularly scheduled PMs have kept them busy.

There have not been a lot of visitors to Tyee this year however the State did send a group of surveyors out to look at a number of timber stands in the area and the Wrangell-based Alaska Crossings Program brought a group of students by to tour the plant. This is the second season that participants in the Crossings Program have visited the plant and it has been well enough

received that it may become a part of their regular routine. Students and staff alike all enjoy learning how the plant works and the role it plays within the communities.

All PM's and Work Orders are up to date. In addition to scheduled work, the Tyee Crew performed the following tasks:

- 1) Alternate SAT Pad site cleared and prepped for test installation
- 2) Alternate SAT Pad Project complete; dish and solar array installed
- 3) Tunnel Wiring Project complete
- 4) Industrial-size ceiling fan installed in Wrangell Warehouse
- 5) Marine Terminal cables tested and spare cable rotated with A-Phase
- 6) TSV actuator pistons and seals replaced
- 7) Plant Battery bank tested
- 8) Nozzles and deflectors calibrated
- 9) Signage replaced on sign-in shacks at airstrip and dock
- 10) Communications tower constructed for Tyee snow pillow

Tyee Safety Training. The crew received the following training from TSS, Inc.:

- Annual or baseline hearing tests
- Eye and Face Protection – PPE (#10 on the OSHA Top Ten violations list)
- Inspecting Fall Protection equipment (#6 on the OSHA Top Ten violations list)
- Fall Protection Competent Person/General Training (# 1,3,7 OSHA Top Ten violations list)
- Review of OSHA Top Ten violations list

Staff is available for any additional questions or concerns



SOUTHEAST ALASKA POWER AGENCY

Date: September 16, 2019
To: Trey Acteson, CEO
From: Ed Schofield, Power System Specialist
Re: September 26-27, 2019 Board Packet Report

Swan Lake Operations & Maintenance (O&M) Manual Rewrite

The Swan Lake O&M Manual Rewrite Project covers a complete review and update of all 11 sections of the original 310-page O&M manual developed during startup and commissioning of the Swan Lake project in 1984. The O&M Manual (Manual) provides operational descriptions and standard maintenance practices for each piece of equipment throughout the entire Swan Lake facility and is used by the SEAPA maintenance staff as a guide during preventative maintenance activities.

The Manual references a separate document known as the Technical Standards Documents (TSD) Volumes 1, 2, and 3 for all maintenance-related technical standards and industry-accepted practices. The original TSD manuals were developed by the Swan Lake Project's design engineers as was the Manual. The TSD's are also under review and updating based on the Bureau of Reclamation's maintenance standard manual documents known as the Facilities Instructions, Standards and Techniques (FIST). Using the FIST manuals as the guiding reference documents for all standard maintenance practices will assure the most current processes and maintenance practices are implemented from now and into the future. The Bureau of Reclamation FIST manuals are public documents that are continually revised and updated based on field findings and practices encountered in the operations of the Bureau of Reclamation's 75 hydroelectric facilities by the Bureau of Reclamation engineers. The Tyee and Swan Lake Manuals were noted as having operational deficiencies during the Bureau of Reclamation's PRO&M team facility reviews completed in 2016 at Tyee and 2018 at Swan Lake. When complete the updated O&M documents will be used as the guide for updating the Preventative Maintenance work orders within the software program (MAPCON). The rewrite of the Swan Lake Manual was awarded to Kerry McCalman of Big Sky Hydro, LLC. Mr. McCalman is nearing the completion of the final draft for review. Tyee's Manual will be updated after Swan Lake's Manual is completed.

Swan Lake Unit 1 Stuffing Box Seal and Distributor Bushing Repairs

The Unit 1 Stuffing Box Seal and Distributor Bushing Repairs R&R Project started on August 5th and was completed on August 16th of this year. To gain access to the Stuffing Box seal and the Distributor Ring bushings the entire turbine drive end required disassembly. The project encompassed a complete disassembly inspection and repair of Unit 1's lower mechanical drive end. Mechanical devices disassembled during this exercise for inspection or repair included:

- Lower guide bearing and related oil sump
- Wicket gate distributor ring / controls
- Mechanical auto greasing system
- Cooling water piping systems
- Condition monitoring devices

The Swan Lake staff performed the work under the supervision of Litostroj engineers. Litostroj is the manufacturer of the mechanical or drive end of the Swan Lake units and supplier of all replacement parts for this project.

The lower guide bearing was found to be in good condition. The stuffing box carbon seal wear was found to be at 7MM, which is within the maximum wear tolerances of 10MM. The excessive stuffing box seal water leakage that was occurring was due to surface scratching of the carbon seal from foreign particles, most likely rust particles from the turbine shaft. Distributor bushings were found to be worn beyond tolerances on one side of the distributor ring only; the other side was found to be in like-new condition. An improperly centered distributor ring resulted in side loading of the distributor ring and control wicket gate control arms. To correct the side loading condition the governor controlled hydraulic servo stroke timing was corrected and distributor ring re-centered and bad bushings replaced.

Wicket gate control arm bushings were all cleaned, and the bushing wear tolerances measured. Bushings showing signs of wear were replaced. The runner shaft was found to be extremely corroded due to rust in the area where the stuffing box seal is mounted. The shaft rust was removed, and a protective coating was applied prior to remounting the stuffing box seal. Final step after reassembly of all mechanical components was to set the wicket gate closure timing.

Unit 2 needs repairs performed similar to the repairs conducted on Unit 1. It is expected to take three months to receive the necessary parts from Litostroj. The repair to Unit 2 can occur as a one-unit outage and can be scheduled for late winter or early spring when loads are historically off from winter highs.



Removing Electrical Condition Monitoring Devices



Lower Guide Bearing Removed



Removing Distributor Servo Controls



Removing Stuffing Box Mechanical Seal



Runner Shaft Rust Damage at Stuffing Box Mounting Location after Rust Removal



Bottom of Lower Guide Bearing Oil Sump



Runner Shaft after Rust Inhibitor Applied



Runner Shaft with Two Part Epoxy Coating



New Stuffing Box Seal Components Ready for Assembly



Stuffing Box Housing Sections, Blasted and Coated with Two Part Epoxy



Installing New Stuffing Box Seal



Removing Distributor Ring for Bushing Replacement



Old Distributor Bushings



New Distributor Bushings



Removal of Wicket Gate Control Arms



Replacement of Wicket Gate Control Arm Bushings



Distributor Ring Outer Guide Bushing Replacement



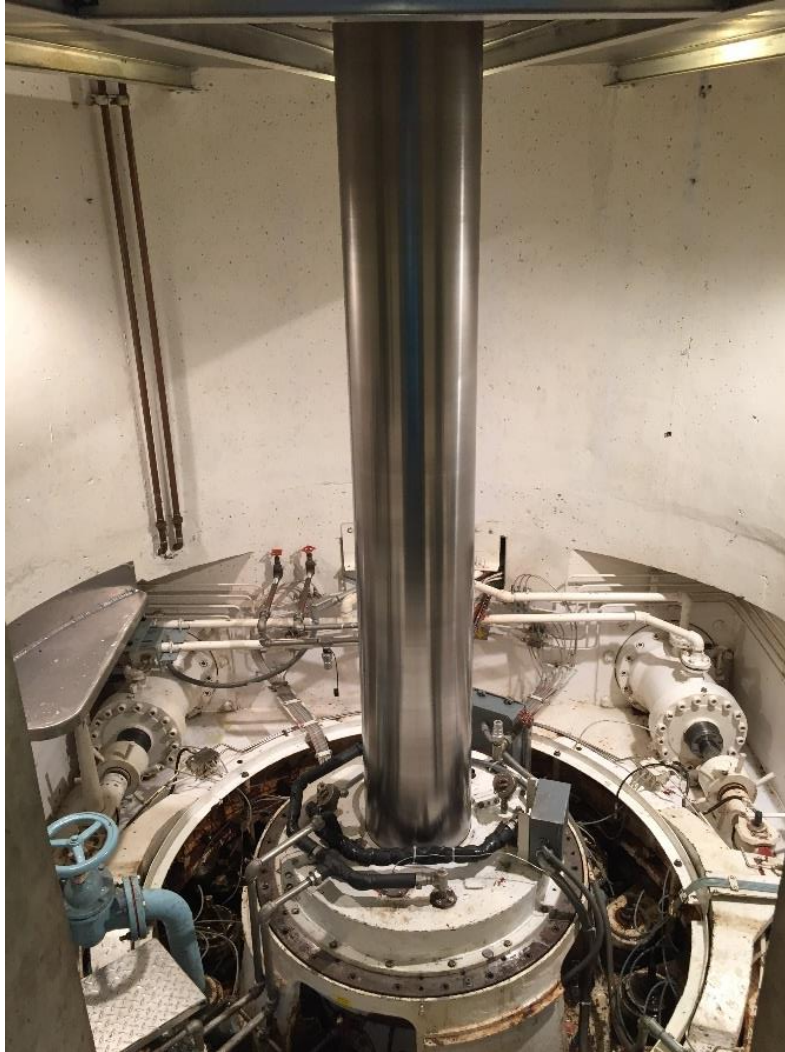
Reassembly of Distributor Ring



Adjusting Distributor Ring Center and Servo Stroke Limits



Lower Guide Bearing Cooling Water Housing Cleanup



Unit 1 Complete and Back In Service

Swan Lake Annual Maintenance Shutdown

The Swan Lake Annual Maintenance Shutdown occurred from September 11 through September 14. R&R Projects completed during this outage includes:

- Site-Glass Switches UGB installation for the governor accumulator tank and upper guide bearing sump
- Governor Control Software upgraded with Woodward Flex-500 controls
- Governor Pressure System Control Manifold installation

All of the R&R projects were completed by contractor, Segrity LLC, with assistance from Swan Lake Staff. Switchyard transformer DC ramp testing was performed by contractor, Electric Power Constructors, with Swan Lake staff assistance. The Swan Lake staff also performed all annual preventive maintenance (PM) work orders that could not be performed until the shutdown. The PMs completed include the following:

- Runner inspection Unit 1 & 2

- Draft Tube inspections Unit 1 & 2
- Wicket Gate inspection Unit 1 & 2
- All Mechanical valves cycled
- Intake Gate pulled from Power Tunnel, serviced and inspected
- Draft Tube concrete spalling repairs made
- Draft Tube Gate inspections
- All mechanical equipment condition monitoring devices calibrated and tested for alarms and trips points
- Generator corona inspection Unit 1 & 2
- Switchyard Circuit Breaker inspections

Swan Lake Gangway & Pier Replacement

The Swan Lake Gangway & Pier Replacement Project was awarded to Western Dock and Bridge (WDB) of Ketchikan. WDB reports all materials have arrived and are ready for installation. This project is scheduled to start the week of September 23rd. Estimated time to complete the installation of the new steel support piling, gangway and pier is ten days.



SEAPA 2019 BOARD MEETING DATES

Date(s)	Location	Comments
December 12, 2019 (Thursday)	Ketchikan	9 – 5 PM

2019

January	February	March	April
S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28	S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30
May	June	July	August
S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31
September	October	November	December
S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	S M T W T F S 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

(See attached for additional information on 2019 meeting dates and events)

2019 MEETING DATES | EVENTS

DATE	ORGANIZATION/EVENT	LOCATION
JANUARY		
1	SEAPA Holiday (New Year's Day)	N/A
3	Ketchikan City Council	Ketchikan
7	Petersburg Borough Assembly	Petersburg
8	City & Borough of Wrangell Assembly	Wrangell
17	Ketchikan City Council	Ketchikan
22	Petersburg Borough Assembly	Petersburg
22	City & Borough of Wrangell Assembly	Wrangell
29 – 31	APA Manager's Forum & Legislative Conference	Juneau
FEBRUARY		
4	Petersburg Borough Assembly	Petersburg
7	Ketchikan City Council	Ketchikan
12	City & Borough of Wrangell Assembly	Wrangell
12-13	Southeast Conference Mid-Session Summit	Juneau
18	SEAPA Holiday (President's Day)	N/A
19	Petersburg Borough Assembly	Petersburg
21	Ketchikan City Council	Ketchikan
19-22	NWHA Annual Conference & FERC Meeting	Portland
26	City & Borough of Wrangell Assembly	Wrangell
28 (Thursday)	SEAPA BOARD MEETING	Ketchikan
MARCH		
4	Petersburg Borough Assembly	Petersburg
7	Ketchikan City Council	Ketchikan
12	City & Borough of Wrangell Assembly	Wrangell
18	Petersburg Borough Assembly	Petersburg
21	Ketchikan City Council	Ketchikan
26	City & Borough of Wrangell Assembly	Wrangell
APRIL		
1	Petersburg Borough Assembly	Petersburg
1-3	NHA Waterpower Week (hydro/marine energy)	Washington DC
4	Ketchikan City Council	Ketchikan
9	City & Borough of Wrangell Assembly	Wrangell
15	Petersburg Borough Assembly	Petersburg
18	Ketchikan City Council	Ketchikan
23	City & Borough of Wrangell Assembly	Wrangell
MAY		
2	Ketchikan City Council	Ketchikan
6	Petersburg Borough Assembly	Petersburg
14	City & Borough of Wrangell Assembly	Wrangell
15-16	NWHA Strategic Planning Meeting	Ketchikan
16	Ketchikan City Council	Ketchikan
20	Petersburg Borough Assembly	Petersburg
27	SEAPA Holiday (Memorial Day)	N/A
28	City & Borough of Wrangell Assembly	Wrangell
JUNE		
3	Petersburg Borough Assembly	Petersburg
4-6	APA Federal Legislative Conference	Washington, D.C.
6	Ketchikan City Council	Ketchikan
11	City & Borough of Wrangell Assembly	Wrangell
17	Petersburg Borough Assembly	Petersburg
19-20 (W-T)	SEAPA BOARD MEETING	Wrangell
20	Ketchikan City Council	Ketchikan
23-25	HydroVision International	Conference – Portland
25	City and Borough of Wrangell Assembly	Wrangell

JULY		
1	Petersburg Borough Assembly	Petersburg
4	SEAPA Holiday (Independence Day)	N/A
8	Ketchikan City Council	Ketchikan
15	Petersburg Borough Assembly	Petersburg
15-18	AEGIS Policy Holder's Conference	Boston
18	Ketchikan City Council	Ketchikan
23	City & Borough of Wrangell Assembly	Wrangell
AUGUST		
1	Ketchikan City Council	Ketchikan
5	Petersburg Borough Assembly	Petersburg
15	Ketchikan City Council	Ketchikan
19	Petersburg Borough Assembly	Petersburg
19-23	NHA (19-20) / Alaska Power Assoc. (20-23) Annual Mtg	Juneau
27	City & Borough of Wrangell Assembly	Wrangell
SEPTEMBER		
2	SEAPA Holiday (Labor Day)	N/A
3	Petersburg Borough Assembly	Petersburg
5	Ketchikan City Council	Ketchikan
10	City & Borough of Wrangell Assembly	Wrangell
16	Petersburg Borough Assembly	Petersburg
19	Ketchikan City Council	Ketchikan
24	City & Borough of Wrangell Assembly	Wrangell
26-27 (T-F)	SEAPA BOARD MEETING	Petersburg
OCTOBER		
3	Ketchikan City Council	Ketchikan
7	Petersburg Borough Assembly	Petersburg
8	City & Borough of Wrangell Assembly	Wrangell
10-11	APA Accounting & Finance Workshop	Anchorage
17	Ketchikan City Council	Ketchikan
21	Petersburg Borough Assembly	Petersburg
22	City & Borough of Wrangell Assembly	Wrangell
TBD	SEAPA Annual Audit	Ketchikan
NOVEMBER		
4	Petersburg Borough Assembly	Petersburg
7	Ketchikan City Council	Ketchikan
11	SEAPA Holiday (Veteran's Day – Observed)	N/A
12	City & Borough of Wrangell Assembly	Wrangell
18	Petersburg Borough Assembly	Petersburg
21	Ketchikan City Council	Ketchikan
26	City & Borough of Wrangell Assembly	Wrangell
28-29	SEAPA Holiday (Thanksgiving & Day After)	N/A
DECEMBER		
2	Petersburg Borough Assembly	Petersburg
5	Ketchikan City Council	Ketchikan
10	City & Borough of Wrangell Assembly	Wrangell
12 (Thursday)	SEAPA BOARD MEETING	Ketchikan
12-13	APA Annual December Meeting Series	Anchorage
16	Petersburg Borough Assembly	Petersburg
19	Ketchikan City Council	Ketchikan
24-25	SEAPA Holiday (Christmas Eve and Christmas Day)	N/A

(Assembly and Council Meetings noted on the calendar above are estimated as a result of the schedule below)

- Petersburg Borough Assembly Meetings 1st & 3rd Monday every month
- City & Borough of Wrangell Assembly Meetings 2nd & 4th Tuesday every month
- Ketchikan City Council Meetings 1st & 3rd Thursday every month