



SOUTHEAST ALASKA POWER AGENCY

Minutes of Regular Meeting

September 3, 2014

Best Western Sunny Point
Ball Room | 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 9:00 a.m. AKDT on September 3, 2014. The following directors and alternates were present, thus establishing a quorum of the board:

| <u>Director</u> | <u>Alternate</u> | <u>Representing</u> | |
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| Bob Sivertsen | Andy Donato | Swan Lake | Ketchikan |
| Lew Williams | Charles Freeman | Swan Lake | Ketchikan |
| Joe Nelson | John Jensen | Tyee Lake | Petersburg |
| Brian Ashton | Clay Hammer | Tyee Lake | Wrangell |
| Christie Jamieson | Don McConachie | Tyee Lake | Wrangell |

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

Trey Acteson, Chief Executive Officer
Steve Henson, Operations Manager
Sharon Thompson, Executive Assistant
Valerie Allen, Administrative Assistant

Eric Wolfe, Director of Special Projects
Kay Key, Controller
Joel Paisner, Ascent Law Partners

B. *Communications* – none.

C. *Disclosure of Conflicts of Interest* – Mr. Williams reported a conflict of interest in his capacity as board member and his ownership interest in the Ketchikan Daily News as the Agency paid an invoice to the Ketchikan Daily News.

2) Approval of the Agenda

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| ➤ Motion | M/S (Jensen/Williams) to approve the Agenda, as amended, to add a Flow Chart Presentation by SEAPA's CEO as Item 9.A. under Old Business. The previous Item 9.A. would become 9.B. accordingly. Although it was also requested that the agenda be amended to include consideration of payment of a KPU invoice for diesel, it was the consensus of the board that it be deferred until the next board meeting. Motion approved unanimously by polled vote. | Action 15-343 |
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3) **Persons to be Heard – None.**

4) **Review and Approve Minutes**

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| ➤ Motion | M/S (Jamieson/Hammer) to approve the Minutes of the Regular Meeting of June 25 & 26, 2014. Motion approved unanimously by polled vote. | Action 15-344 |
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5) **Financial Reports**

(A-G)Mr. Acteson provided an overview of his memo on finances provided in the board packet, and discussed a kWh graph, grant summary, May and June 2014 financial statements, and R&R projects.

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| ➤ Motion | M/S (Williams/Ashton) to approve the Financial Statements for the months of May and June 2014. Motion approved unanimously by polled vote. | Action 15-345 |
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(H) *Disbursement Approvals*

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| ➤ Motion | M/S (Williams/Jensen) to approve Disbursements for the months of June and July 2014 in the amount of \$1,341,908.66. Motion approved unanimously by polled vote. | Action 15-346 |
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6) **CEO Report**

Mr. Acteson advised that the Swan Lake Reservoir Expansion Project is currently positioned as #1 on Ketchikan's community priority list and that on a parallel path, staff would re-apply for funding under Round VIII of the AEA's Renewable Energy Fund Grant Program. He discussed AEA and AIDEA board meetings he had attended gleaned from them that SEAPA needs to advocate for more flexible financing terms to help reduce the risk of front-loaded costs associated with development of new hydro. Mr. Acteson reported he had a meeting he had with Senator Begich's Legislative Assistant, and accompanied a FERC engineer to Swan Lake to discuss potential impacts of the expansion project. He provided updates on the Policies and Procedures handbook revisions and advised that site visits took place by an insurance company representative to develop an updated valuation of both hydro projects and SEAPA substations.

Mr. Acteson explained that the Agency's engineering position had been revised to recruit for a Power System Specialist and that there will be an opening for a Relief Operator/Electrician at the Tye plant at the end of December. He reported that the Tye Lake transition is complete with the exception of the PERS settlement and annual payments, which still need to be firmed up, and an insurance rebate, which may take up to three years to issue. He provided an update on the Kake-Petersburg Intertie and Request for Offers of Power and Energy.

Mr. Acteson reported SEAPA has been invited by the Speaker of the House and Senate President to participate in a publication called 'North to the Future, Volume V'. He explained it is a prestigious publication showcasing Alaska businesses, industry and communities. He also provided an update on the Historic Preservation Project. He closed his report with a follow-up on his exchanges with representatives of the AK-BC intertie and advised that SEAPA would be responding to a letter from AP&T regarding avoided cost of power.

The meeting recessed at 10:37 a.m. and resumed at 10:58 a.m.

7) A. **Operations Manager Report (Steve Henson)** – Mr. Henson provided an update on matters involving the Federal Energy and Regulatory Commission (FERC) and gave updates on major projects including the Wrangell reactor, satellite communications system, helipads, ATV use on the Tyee transmission line, and the Swan Lake Power House Roof and Water Tank Projects. He explained no bids were received on the Water Tank project and that staff will explore replacement of the tank instead. He reported on operator training at the plants, annual maintenance, and the Swan Lake bank stabilization project. He provided photographs of a 26' Packman Landing Craft that had been purchased for Swan Lake and advised it had arrived in Ketchikan. Plans were underway for an inspection.

The meeting recessed at 11:32 a.m. and resumed at 11:38 a.m.

B. **Director of Special Projects Report (Eric Wolfe, P.E.)** – Mr. Wolfe opened his report with updates on SCADA and the Swan Lake Reservoir Expansion project shortly before lunch.

The meeting recessed at 12 noon for lunch and resumed 1:00 p.m.

Mr. Wolfe continued a PowerPoint presentation with discussions on the Swan Lake Reservoir Expansion project, Tyee Cooling Water and Turbine Shutoff Valve/Control Valve Retrofit Projects and highlighted hydro site analysis accomplishments to date. He also discussed options under consideration for the Tyee Weir Project, provided an in-depth hydrology review as a part of water management for the projects.

8) **Project Reports** – Mr. Donato provided a report on behalf of Swan Lake and Mr. Henson provided an overview of Foreman, Steve Beers', report on behalf of Tyee Lake.

The meeting recessed at 1:49 p.m. and resumed at 1:58 p.m.

9) **Old Business**

A. *Rebate* – Mr. Acteson presented a flow chart to explain how funds flow within the SEAPA organization. He explained why SEAPA has the reserves it currently maintains and discussed management of those reserves going forward. He also explained how those reserves may feed into development of the Swan Lake Expansion Project and a large project after the Swan Project is constructed. Chairman Sivertsen briefly discussed the motion regarding a rebate to the member communities made at the June 25-26 board meeting, which had been deferred.

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| > Motion | M/S (Williams/Ashton) regarding the deferred motion made at the June 25-26, 2014 SEAPA board meeting approving a FY2014 rebate for SEAPA's three municipalities in the amount of \$745,833 is amended to the amount equivalent to a half-cent rebate based on a three-year average of firm power sales. Motion approved unanimously by polled vote. | Action 15-347 |
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| > Motion | M/S (Sivertsen/McConachie) to send a letter with this year's rebate that the board is considering not giving rebates or reducing them due to the construction at Swan Lake. Motion approved unanimously by polled vote. | Action 15-348 |
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10) New Business

A. Arc Flash Study.

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| ➤ Motion | M/S (Williams/Hammer) to increase SEAPA's Fiscal Year 2015 budget by \$70,000 for an arc flash study in compliance with OSHA regulations and further move to authorize staff to solicit prospective qualified vendors and enter into a contract for the work. Motion approved unanimously by polled vote. | Action 15-349 |
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B. Employee Benefits Plan FY 2015 Renewal Rates

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| ➤ Motion | M/S (Jamieson/Ashton) to direct staff to renew NRECA employee group benefit plans as presented. Motion approved unanimously by polled vote. | Action 15-350 |
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C. Resolution 2015-55 Re AEA Round VIII Renewable Energy Grant Program Applications

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| ➤ Motion | M/S (Sivertsen/Williams) to adopt Resolution 2015-055 authorizing SEAPA staff to submit two renewable energy grants to the Alaska Energy Authority for Round VIII of the Alaska Energy Authority Renewable Energy Grant Program, authorizing Trey Acteson, CEO, to sign the grant applications, commit to the obligations under the grants, and to act as an established point of contact for the grants. Motion approved unanimously by polled vote. | Action 15-351 |
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D. Whitman True-up Agreement

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| ➤ Motion | M/S (Jamieson/Williams) to authorize SEAPA's Chief Executive Officer to enter into the Whitman True-up Agreement between the City of Ketchikan, d/b/a Ketchikan Public Utilities and The Southeast Alaska Power Agency, a copy of which is included in SEAPA's September 3, 2014 board packet, regarding a true-up process for certain displaced sales resulting from the annual operation of the Whitman Lake Hydroelectric Project in Ketchikan, Alaska. Motion approved unanimously by polled vote. | Action 15-352 |
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E. Executive Session

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| ➤ Motion | M/S (Williams/Jamieson) to recess into Executive Session to conduct an annual evaluation of SEAPA's Chief Executive Officer. The Executive Session will be conducted pursuant to SEAPA's Bylaws which are consistent with Alaska Statute 44.62.310 as the discussions may include a person or subject that may tend to prejudice the reputation or character of a person. Motion approved unanimously by polled vote. | Action 15-353 |
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The meeting recessed at 3:40 p.m. for the Executive Session. The meeting resumed at 4:48 p.m. No action was taken during the Executive Session.

F. Set Next Meeting Date.

Due to an audit scheduled at the SEAPA office during the previously approved board meeting dates of October 22 & 23, 2014, the board elected to set the next regular meeting for November 13-14, 2014 in Petersburg in its place. There will be no board meeting in December this year.

11) Director Comments – Directors provided brief comments.

12) Adjourn

Chairman Sivertsen requested a motion to adjourn. Mr. Williams moved to adjourn. There was no second to the motion and no objections to the adjournment.

The meeting adjourned at 4:59 p.m. AKDT.