



SOUTHEAST ALASKA POWER AGENCY

Regular Board Meeting AGENDA

Cape Fox Lodge | Ketchikan, Alaska

Wednesday, February 4, 2015 | 9:00 a.m. to 5:00 p.m. AKST
Thursday, February 5, 2015 | 9:00 a.m. to 5:00 p.m. AKST

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

AGENDA FOR WEDNESDAY, FEBRUARY 4, 2015

1. Call to Order
 - A. Roll Call
 - B. Communications/Lay on the Table Items
 - C. Disclosure of Conflicts of Interest
2. Approval of the Agenda
3. Election of Officers
 - A. Chairman
 - B. Vice Chairman
 - C. Secretary/Treasurer
4. Persons to be Heard
5. Introduction to SEAPA (Joel Paisner)
6. Review and Approve Minutes
 - A. November 13-14, 2014 Minutes of Regular Board Meeting
 - B. December 12, 2014 Minutes of Special Board Meeting
7. Financial Reports
 - A. CEO Financial Cover Letter
 - B. Financial Statement Overview
 - C. kWh Graph
 - D. Grant Summary
 - E. Financial Statements – November 2014
 - F. Financial Statements – October 2014
 - G. R&R Reports
 - H. Disbursement Approvals – November and December 2014

8. CEO Report
 - i. Legislative Affairs
 - ii. Best Practices and Process Improvements
 - iii. Kake-Petersburg Intertie
 - iv. Public Relations
 - v. Recruitment

9. Operations Manager | Director of Special Projects | Power System Specialist Reports
 - A. Operations Manager's Report (*Henson*)
 - i. Regulatory
 - ii. Major Contracts
 - B. Director of Special Projects Report (*Wolfe*)
 - i. SCADA Update
 - ii. Swan Lake Reservoir Expansion Project
 - iii. Tyee Lake Cooling Water Conversion
 - iv. Tyee Lake Turbine Shutoff Valve
 - v. Load Forecasting
 - vi. Department of Commerce, Community & Economic Development Grant
 - C. Power Systems Specialist (*Schofield*)
 - i. Swan Lake Water Storage Tank Coating Repair
 - ii. Tyee Lake Weir
 - iii. Swan Lake Power House Roof Replacement
 - iv. Federal Energy Regulatory Commission License Requirements

10. Project Reports
 - A. Swan Lake
 - B. Tyee Lake

11. Old Business
 - A. Consideration and Approval of SEAPA Policy Handbook

AGENDA FOR THURSDAY, FEBRUARY 5, 2015

12. Call to Order
 - A. Roll Call

13. New Business
 - A. Consideration and Approval of 2015 Operations Plan
 - B. Next Meeting Date
 - C. Executive Session Re Safety, Updates on Avoided Cost Request, and Legal Updates Re: Intervenors in Agency's Application before FERC for Non-Capacity Amendment for its Swan Lake Project

14. Director Comments

15. Adjourn



SOUTHEAST ALASKA POWER AGENCY

Minutes of Regular Meeting

November 13-14, 2014

Petersburg Borough Chambers
Petersburg, 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 12:30 p.m. AKST on November 13, 2014. The following directors and alternates were present, thus establishing a quorum of the board:

Director	Alternate	Representing	
Bob Sivertsen	Andy Donato	Swan Lake	Ketchikan
Joe Nelson		Swan Lake	Ketchikan
Brian Ashton	Clay Hammer	Tyee Lake	Petersburg
	Don McConachie	Tyee Lake	Wrangell
		Tyee Lake	Wrangell

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

Trey Acteson, Chief Executive Officer	Eric Wolfe, Director of Special Projects
Kay Key, Controller	Sharon Thompson, Executive Assistant
Joel Paisner, Ascent Law Partners	

- B. *Communications* - none.
- C. *Disclosure of Conflicts of Interest* - none.

2) Approval of the Agenda

➤ Motion	M/S (Nelson/Hammer) to approve the Agenda, as amended, to add Item H regarding renewal of a lease for a five-year term between SEAPA and the Ketchikan Gateway Borough under New Business. Motion approved unanimously by polled vote.	Action 15-357
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3) Persons to be Heard – None.

4) Review and Approve Minutes

➤ Motion	M/S (McConachie/Hammer) to approve the Minutes of the Regular Meeting of September 3, 2014 and Special Meeting of September 23, 2014. Motion approved unanimously by polled vote.	Action 15-358
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5) Financial Reports

(A-G)Mr. Acteson provided an overview of the Agency's finances, and advised that Joy Merriner, BDO Assurance Director, would be calling in to the meeting to review the independent audit report resulting from BDO's audit of SEAPA during the week of October 20, 2014.

➤ Motion	M/S (McConachie/Ashton) to approve Financial Statements for the months of July, August, and September 2014. Motion approved unanimously by polled vote.	Action 15-359
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(H) Disbursement Approvals

➤ Motion	M/S (Ashton/Sivertsen) to approve Disbursements for the months of August, September, and October 2014 in the amount of \$2,712,716.37. Motion approved unanimously by polled vote.	Action 15-360
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Chairman Sivertsen advised that since there was time before Ms. Merriner called in on the audit results, that the Swan Lake report would be advanced in the Agenda. Mr. Donato provided an update on the activities at Swan Lake.

The meeting recessed at 1:45 p.m. and reconvened at 2:00 p.m.

Chairman Sivertsen requested a motion on the Agency's 2014 Audited Financial Statements as presented in advance of Ms. Merriner's report on the audit.

➤ Motion	M/S (Sivertsen/McConachie) to approve the Southeast Alaska Power Agency Fiscal Year 2014 Audited Financial Statements as presented. No vote was taken on the motion prior to Joy Merriner's report on the audit.	Action 15-361
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Ms. Merriner joined the meeting telephonically and discussed the results of BDO's audit of SEAPA's FY 2014 financial statements. She noted that the audit included a State of Alaska single audit since SEAPA had enough grant expenditures to require the additional audit, which required a lot of additional testing on the Agency's internal controls. She continued with a discussion and overview of the Agency's financial position and review of the financial statements. She reported there were no significant issues, deficiencies, or material weaknesses identified during the audit. She recommended that before the FY14 audited financial statements are finalized, that the grants receivable be reported separately from the accounts receivable because accounts receivable appears higher than it actually is when they are reported together. After reviewing the remainder of the financial statements and covering the highlights, she commended Ms. Key for doing a good job on the books throughout the fiscal year.

➤ Motion	Following Ms. Merriner's presentation, the motion moved by Mr. Sivertsen and seconded by Mr. McConachie to approve the Southeast Alaska Power Agency Draft Fiscal Year 2014 Audited Financial Statements, as presented, was amended to authorize staff to revise the Draft Fiscal Year 2014 Audited Financial Statements to report grants receivable separate from accounts receivable and with that revision, the Fiscal Year 2014 Audited Financial Statements was approved unanimously by polled vote.	Action 15-361 cont.
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6) CEO Report

Mr. Acteson reported on draft Senate legislation that could impact SEAPA, grant funding requests that had been submitted to the State for a wind resource assessment and the Swan Lake Reservoir Expansion Project, recent changes at the Federal level, an update on the policies and procedures changes in process, and a valuation that had been done on the Tyee and Swan Lake projects. He provided an overview on meetings he attended, which included an Alaska Power Association annual meeting, Southeast Conference, and an energy summit in Sitka. He reported that the Whitman True-up Agreement had been finalized and signed by all parties, and presented an update on the Kake-Petersburg Intertie project, and advised that SEAPA was currently recruiting for four vacant positions.

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

7) A. Operations Manager Report (Steve Henson) – Mr. Wolfe reported on behalf of Mr. Henson, who was unable to attend the meeting due to a family emergency. Mr. Wolfe provided a brief overview on the Wrangell Reactor, Satellite Communications System, STI Helipads, the Wrangell Circuit Switcher, status of the permitting effort required for ATV use on the Tyee Transmission line, and the Swan Lake Power House Roof and Water Tank projects. He advised that first aid training would be provided to Tyee employees and that action would be deferred on the sloughing bank behind the storage building at Swan Lake until equipment and manpower become available during construction of the Swan Lake pool raise project. He closed with an update of annual maintenance performed on the Swan-Tyee Intertie by Chatham Electric and that an attempt to inspect the fine trash rack inside the gate shaft was unsuccessful since the remotely operated underwater vehicle being utilized for the inspection was too big to get past the platforms and gate.

B. Director of Special Projects Report (Eric Wolfe, P.E.) – Mr. Wolfe provided a slide show and discussed SCADA and ongoing communication issues; he advised that the Swan Lake reservoir expansion is still on schedule and provided updates on the Tyee Lake cooling water conversion and turbine shutoff valve projects, the next six months of hydrosite analysis, and explained that the Tyee outlet had significant leakage around and under the new weir.

The meeting recessed at 4:06 p.m. and reconvened at 4:16 p.m.

Mr. Wolfe continued his report with slides on resource planning and discussed a Request for Proposals that had issued for load forecasting and demand side management. He reported that Swan Lake spilled through the month of October 2014, and that Tyee, Ketchikan Lakes, and Whitman were also spilling providing more hydro resources than load. He explained that the effort in December would focus on carrying the full reservoirs into the winter and noted that the system had changed with Whitman being commissioned over the fall months. He added that SEAPA was working with KPU to use Whitman so the most efficient use of Swan Lake is emphasized.

8. Executive Session Re Results of Agency's Request for Offers of Power and Energy and Project Development Strategy.

➤ **Motion**

M/S (Sivertsen/Donato) to recess into Executive Session to facilitate discussions relating to results of SEAPA's request for offers of power and energy and the Agency's project development strategy. The Executive Session will be conducted pursuant to SEAPA's Bylaws, which are consistent with Alaska Statute 44.62.310 as the discussions will involve matters, the immediate knowledge of which, would clearly have an adverse impact upon the finances of the Agency, the Projects, or any of the Member Utilities represented on the Board. Motion approved unanimously by polled vote.

Action
15-362

The meeting recessed at 4:45 p.m. for the Executive Session and reconvened at 6:25 p.m. in regular session. The Chairman reported that a motion would be brought forward as Item I under New Business as a result of discussions during the Executive Session.

The meeting recessed at 6:27 p.m. on November 13, 2014 and reconvened at 8:00 a.m. on November 14, 2014.

9. Call to Order

Chairman Sivertsen requested a roll call. The same directors and alternates present during the November 13, 2014 portion of the meeting were present for the November 14, 2014 portion of the meeting, thus establishing a quorum of the board.

10. Project Reports

Chairman Sivertsen noted that the Swan Lake Project Report had been reported during the previous day's portion of the meeting and that there was no one available to give the Tyee Report. Mr. Wolfe noted that most of the activities at Tyee were already noted in the report provided in the board packet.

11. Old Business.

- A. *Consideration of KPU Request for Reimbursement of Diesel Generation* – Mr. Donato reviewed his request for reimbursement of diesel that was initially presented for consideration at the September 3, 2014 board meeting. Considerable discussion followed on the diesel protocol issue.

➤ Motion	M/S (McConachie/Sivertsen) that SEAPA is not responsible for diesel costs incurred by utilities whether caused by human or annual outages. Following additional discussion, there was no vote on the motion as an amendment to the motion was proposed.	Action 15-363
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➤ Motion	M/S (McConachie/Sivertsen) As consistent with the Power Sales Agreement, SEAPA is not responsible for diesel costs incurred by utilities whether caused by human error, or otherwise. The motion failed 3-2 with Mr. Nelson, Mr. Donato, and Mr. Ashton voting against the motion and Mr. Sivertsen and Mr. McConachie voting in favor of the motion.	Action 15-364
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➤ Motion	M/S (Nelson/Donato) to reimburse Ketchikan Public Utilities for their diesel cost per Mr. Donato's request. The motion failed 4-1 with Mr. Nelson, Mr. Sivertsen, Mr. Ashton, and Mr. McConachie voting against the motion and Mr. Donato voting in favor of the motion.	Action 15-365
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Considerable discussion followed on the importance of safety at the plants with the consensus of the board that staff would present the status of its safety programs at the next board meeting.

12. New Business

A. Resolution No. 2015-056 for Authorization for Filing of Special Use Permit from the USFS for Portion of Power Line located on National Forest Land Re Kake-Petersburg Intertie

<p>➤ Motion</p>	<p>M/S (McConachie/Sivertsen) to adopt Resolution No. 2015-056 authorizing SEAPA's Chief Executive Officer to sign and file an Application for Transportation and Utility Systems and Facilities on Federal Lands for a Special Use Permit with the U.S. Forest Service for the portion of a proposed power line that would be located on National Forest System lands for the Kake-Petersburg Intertie Project and further authorizing the Chief Executive Officer to enter into a cost recovery agreement with the USDA, Forest Service, Tongass National Forest, to facilitate the continuation of the Kake-Petersburg Intertie Project review process. Motion approved unanimously by polled vote.</p>	<p>Action 15-366</p>
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B. Turbine Spherical Valve Controls Refurbishment Project

<p>➤ Motion</p>	<p>M/S (McConachie/Donato) to authorize staff to enter into a contract with HDR Alaska, Inc. for the not-to-exceed value of \$75,000 for the engineering review, design, installation oversight, commissioning, and project documentation for the refurbishment of turbine spherical valve (TSV) controls for SEAPA's Tyee Lake Hydroelectric Facility, and noted that this is the first Task Order. Motion approved unanimously by polled vote.</p>	<p>Action 15-367</p>
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The meeting recessed at 9:07 a.m. and reconvened at 9:19 a.m.

C. Load Forecasting and Demand Side Management Project – Mr. Wolfe explained that proposals had been received on a Request for Proposal for SEAPA's Load Forecasting and Demand Side Management Project, and that one of the two bids received exceeded the \$125,000 budgeted in FY15 for the project. He requested an increase of \$25,000 in the budget to cover the additional cost to contract with the vendor he recommended for award.

<p>➤ Motion</p>	<p>M/S (McConachie/Sivertsen) to increase SEAPA's Fiscal Year 2015 budget by \$25,000 for the Load Forecasting and Demand Side Management Project. The motion failed 3-2 with Mr. Ashton, Mr. Nelson, and Mr. Donato voting no, and Mr. McConachie and Mr. Sivertsen voting yes.</p>	<p>Action 15-368</p>
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Following the failed motion, the Chairman requested direction from the board on how they would like to proceed with regard to the project.

<p>➤ Motion</p>	<p>M/S (McConachie/Donato) to authorize staff to enter into a contract with Commonwealth for the not-to-exceed value of \$97,100 for SEAPA's System Loading Forecasting and Demand Side Management Project. The motion failed 3-2 with Mr. Nelson, Mr. Donato, and Mr. Ashton voting no, and Mr. McConachie and Mr. Sivertsen voting yes.</p>	<p>Action 15-369</p>
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Following the failed motion, Mr. Acteson requested direction from the board, since the project was an approved budget item, on how they would like staff to proceed. The board requested that their comments on the project be considered by staff for re-presentation of the project.

D. Sole Source Contract to Morris Kepler Consulting, LLC

➤ Motion	M/S (McConachie/Sivertsen) to authorize staff to enter into contracts with Morris Kepler Consulting, LLC for the Swan Lake Cooling Water Piping Modifications Project for the not-to-exceed value of \$28,200 and the Swan Lake Turbine Guide Bearings Heat Exchanger, Procurement, Installation, and Testing Project for the not-to-exceed value of \$26,700. Motion approved unanimously by polled vote.	Action 15-370
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E. Rebate to Member Utilities

➤ Motion	M/S (Ashton/Donato) to authorize the distributions of an \$864,590 rebate with a pro rata share to each member utility based on an average of the last three years' firm kWh purchases from SEAPA as specified in Mr. Acteson's rebate memo dated November 3, 2014. Motion approved unanimously by polled vote.	Action 15-371
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F. Proposed 2015 Meeting Dates – there were no changes to the suggested meeting dates provided in the board packet.

Item 12.G (Executive Session) in the Agenda was moved forward to Item 12.I to discuss two motions regarding SEAPA's office lease and geothermal prior to the executive session.

G. Ketchikan Gateway Borough/SEAPA Office Space Lease

➤ Motion	M/S (Sivertsen/Donato) that the lease between SEAPA and the Ketchikan Gateway Borough entered into on February 28, 2012, is set to automatically renew for a five-year term by its terms. Pursuant to SEAPA's Bylaws, it is moved to approve the lease renewal for a five-year term from January 15, 2015 to January 15, 2020. Motion approved unanimously by polled vote.	Action 15-372
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H. Geothermal

➤ Motion	M/S (Ashton/Donato) to increase SEAPA's Fiscal Year 2015 budget by \$70,000 for Phase I - Geotechnical feasibility and further move to authorize staff to solicit a vendor or vendors for the Phase I work and enter into a contract with the vendor or vendors to be selected by staff for the work. Motion approved unanimously by polled vote.	Action 15-373
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I. Executive Session Re Avoided Cost Request, Legal Strategy Re Intervenors in Agency's Application before FERC for Non-Capacity Amendment for its Swan Lake Project, and SEAPA CEO Annual Review.

➤ Motion	M/S (Donato/McConachie) to recess into Executive Session to facilitate discussions relating to an avoided cost request, and legal strategy regarding intervenors in the Agency’s application before the Federal Energy Regulatory Commission for a non-capacity amendment for its Swan Lake Hydroelectric Project, and to conduct a review of the Agency’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 will involve matters, the immediate knowledge of which, would clearly have an adverse impact upon the finances of the Agency, the Projects, or any of the Member Utilities represented on the Board, and 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 15-374
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The meeting recessed at 10:15 a.m. for the Executive Session and reconvened at 1:15 p.m. in regular session. The Chairman advised that topics were discussed during the Executive Session and that there will be suggested motions as a result of those discussions:

➤ Motion	M/S (Ashton/McConachie) to increase SEAPA’s Fiscal Year 2015 budget by \$40,000 for avoided cost modeling and related expenses for required responses to FERC and further authorize staff to enter into a contract with the Financial Engineering Company for avoided cost modeling for the not-to-exceed value of \$30,000 from the \$40,000 increase. Motion approved unanimously by polled vote.	Action 15-375
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➤ Motion	M/S (Ashton/Donato) to authorize an increase of \$55,000 to SEAPA’s Fiscal Year 2015 budget for legal expenses related to the Swan Lake non-capacity license amendment intervention by the City of Saxman, Alaska Power & Telephone and Cape Fox Corporation, and further authorize staff to enter into a contract with the Van Ness Feldman, LLP firm for the required responses to the intervention and avoided cost issues for the not-to-exceed value of \$35,000 from the \$55,000 increase. Motion approved unanimously by polled vote.	Action 15-376
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➤ Motion	M/S (McConachie/Nelson) that as a result of the Executive Session the board has discussed the review of SEAPA’s CEO related to his compensation issues and his contract and the board directs counsel to develop a contract for the Agency’s CEO and grant the Agency’s Chair the authority to execute the contract consistent with the direction of the SEAPA Board. Motion approved unanimously by polled vote.	Action 15-377
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13) **Director Comments** – Directors provided brief comments.

14) Adjourn

Chairman Sivertsen adjourned the meeting at 1:25 p.m. AKST.

Signed:

Attest:

Secretary/Treasurer

Chairman



SOUTHEAST ALASKA POWER AGENCY

Minutes of Special Meeting

December 12, 2014

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 12:30 p.m. AKST on December 12, 2014. The following directors and alternates were present, thus establishing a quorum of the board:

Director	Alternate	Representing	
Bob Sivertsen	Andy Donato	Swan Lake	Ketchikan
Lew Williams (telephonic)	Charles Freeman	Swan Lake	Ketchikan
Joe Nelson (telephonic)	John Jensen (telephonic)	Tyee Lake	Petersburg
Brian Ashton (telephonic)	Clay Hammer (telephonic)	Tyee Lake	Wrangell
	Don McConachie (telephonic)	Tyee Lake	Wrangell

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

Trey Acteson, Chief Executive Officer	Joel Paisner, Ascent Law Partners (telephonic)
Sharon Thompson, Executive Assistant	Lisa Maddocks, Administrative Assistant

2) Approval of the Agenda

➤ Motion	M/S (Williams/McConachie) to approve the agenda as presented. Motion approved unanimously by polled vote.	Action 15-378
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3) New Business

- A. *A. Dashen & Associates Contract*

➤ Motion	M/S (Williams/McConachie) to authorize staff to enter into a contract with A. Dashen & Associates for financial advisory services for bond issues and other financings by SEAPA for the not-to-exceed value of \$25,000. Motion approved unanimously by polled vote.	Action 15-379
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B. *Increase FY15 Budget*

➤ Motion	M/S (McConachie/Williams) to authorize an increase of \$20,000 to SEAPA's Fiscal Year 2015 budget for financial advisory services for bond issues and other financings by SEAPA. Motion approved unanimously by polled vote.	Action 15-381
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Chairman Sivertsen adjourned the meeting at 12:57 p.m. AKST.

Signed:

Attest:

Secretary/Treasurer

Chairman



Southeast Alaska Power Agency CEO Financial Cover Letter

DATE: January 27, 2015
TO: SEAPA Board of Directors
FROM: Trey Acteson, CEO

AUDITED FINANCIALS: SEAPA's annual audited financial statements are now posted on our website. As directed by the Board, grant expenditures were broken out by our Auditors (BDO) to better show their impact. This breakout did not change the underlying numbers as presented to and approved by the Board.

REBATES: SEAPA issued FY 2014 rebates to our member utilities in December totaling \$864,590. This was equivalent to .5 cent reduction in the wholesale power rate. The rebate shows up on the disbursements list but will not show up in the financials until after we close December.

REVENUE: FY15 revenues through December 2014 continued to trend lower and are \$823,326 below budget (13%). The year-over-year difference compared to December 2013 is \$1,032,834 lower (15.8%). We often discuss the impact of "weather volatility" and the challenges it presents to efficiently managing our regional hydro resources. Here you can see a clear illustration of our exposure to "revenue volatility" as a result of conditions outside of our control. When we have a prolonged warm, wet weather trend, loads are typically lower and our member utilities lean harder on their qualifying existing hydro projects ahead of SEAPA's resources. The result is that SEAPA power sales are lower.

The year-to-date administrative and operating expenses (July – November) were \$2,461,810 actual vs. \$2,670,970, approximately 7.8% below budget.

BOND DISCUSSION: Per the Board's direction, we are working to assemble a bond offering. As background for some of the new Board members, at the beginning of FY2014 we had \$13.4 million in outstanding bond debt (2009 bonds). Of that, \$4.77 million became eligible for early refunding at the end of June 2014. This essentially means we have an opportunity to "refinance" the \$4.77 tranche at a lower interest rate and realize considerable savings. For the past year we have discussed the merits of combining a refinance with the issuance of additional debt to cover the balance of the Swan Lake Reservoir Expansion (current placeholder \$7 million). Market conditions are very favorable at this time for taking on additional debt, especially if we can still maintain the 6.8 cent/kWh wholesale power rate. Taking into consideration the potential additional sales that will be generated by an energy storage increase at Swan and the proposed preliminary structure of the new debt, it appears we should be able to achieve this.

On January 9th I traveled to Seattle and met with our Bond Counsel (Mark Greenough - Foster Pepper), Financial Advisor (Alan Dashen – A. Dashen & Associates.), Bond Underwriter (Dick Schober - Piper Jaffray), and SEAPA's General Counsel (Joel Paisner - Ascent). Mr. Paisner hosted the meeting and the team went to work laying the ground work for a bond deal that would balance any increase in annual debt service with additional revenue potential. Since that time, a Preliminary Official Statement and First Supplemental Indenture of Trust have been drafted and will be reviewed by the team on January 30th. Our underwriter has also determined that due to the small increment of additional debt, an Engineer's report will not be necessary. Similar to the debt restructuring that occurred in 2009, it will be necessary to execute Subordination Agreements with the parties of the PSA. Mr. Paisner and I plan to visit each member utility community council/assembly to explain this requirement and seek their support.

There are obviously administrative costs associated with the bond process and most are bundled in with the final sale. Mr. Greenough has indicated a flat fee of \$85K and we will negotiate a fee with Piper Jaffray which is based on a small percentage of the offering. Mr. Dashen will bill some work on an hourly basis and the balance will be covered under the offering. SEAPA's general counsel will also have billable time outside his typical annual budget. Appropriate adjustments will be required and are covered under new business.

I will provide an update to the Board during our next meeting. I also plan to bring the bond team up for a focused meeting with the Board to explain this in greater detail in the very near future.

ARECA INSURANCE REBATE: The ARECA Insurance Exchange is holding \$242,499 in a Subscriber Savings Account assigned to SEAPA and payable in March 2018. This was recorded as a long-term receivable (183001) and an offset to Special Item-Tyee Transition (950002). Per the Boards request, SEAPA confirmed that ARECA has a policy that dictates holding our funds until 2018 and it is not open to negotiation. It could be viewed as being similar to capital credits that are retained for a period of time prior to refunding.



FINANCIAL STATEMENTS FEBRUARY 4-5, 2014 BOARD MEETING

The following financial reports are included in this board packet:

- **kWh Graph - YTD** (through December, 2014)
- **Grant Summary** (through November, 2014)
- **Monthly Financial Statements for November and October, 2014:**
 - ✓ Financial Highlights
 - ✓ Fund Allocation Graph
 - ✓ Statement of Financial Position – Summary
 - ✓ Statement of Activities – Summary
 - ✓ Statement of Financial Position – Detail
 - ✓ Statement of Activities – Budget Comparison
- **R&R Summary and Detail** (through November, 2014)
- **Disbursement Approval – November, December**

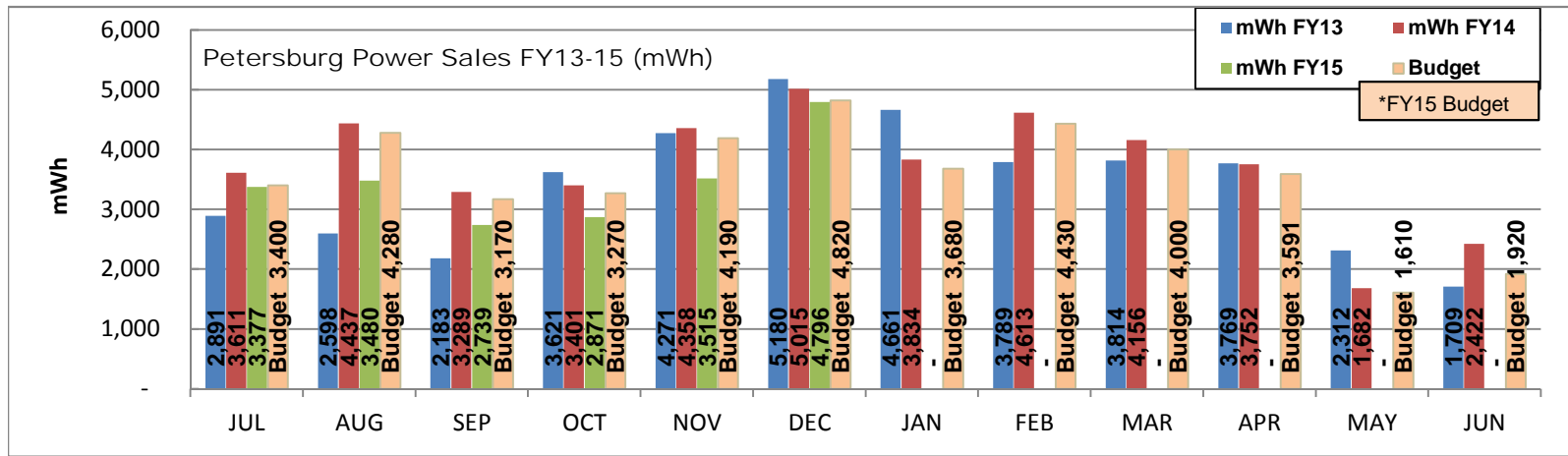
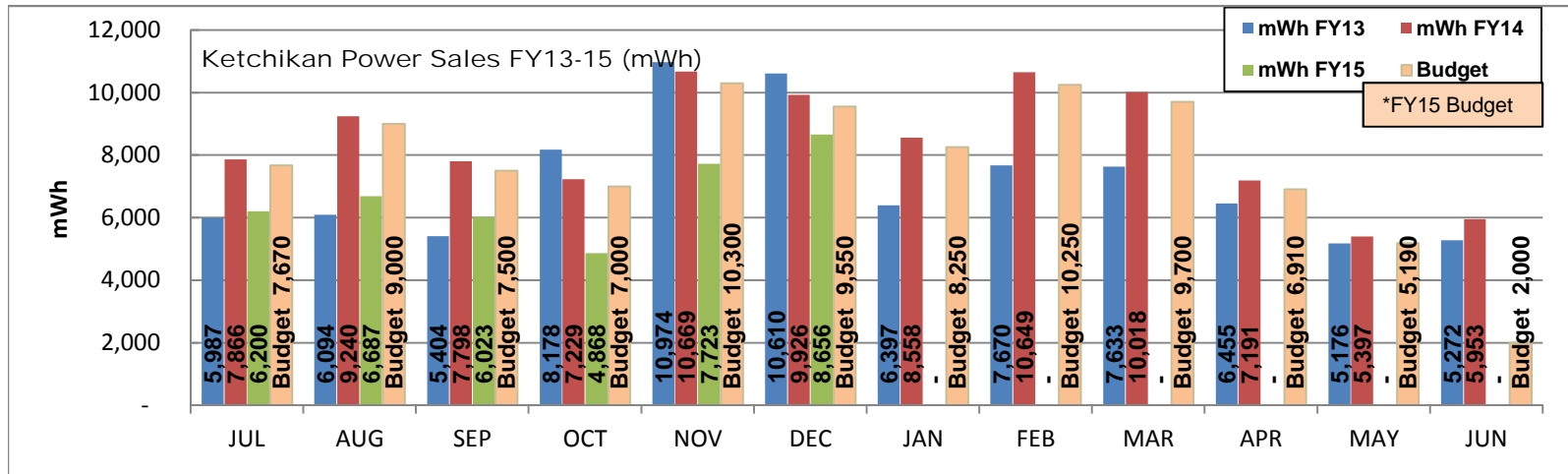
SUGGESTED MOTION
I move to approve financial statements for the months of October and November, 2014.

December Financial Notes

- The FY2014 rebate totaling \$864,590 was paid to the municipalities.
- The portion of the FY2013 DCCED grant dedicated to the Swan Lake Reservoir Expansion (\$578,000) was depleted, and SEAPA began submitting expenses for reimbursement under the FY2015 DCCED grant.
- A semi-annual interest payment of \$317,212 was paid to 2009 Series bondholders. Interest is paid on this bond every June and December and principal payments each June.

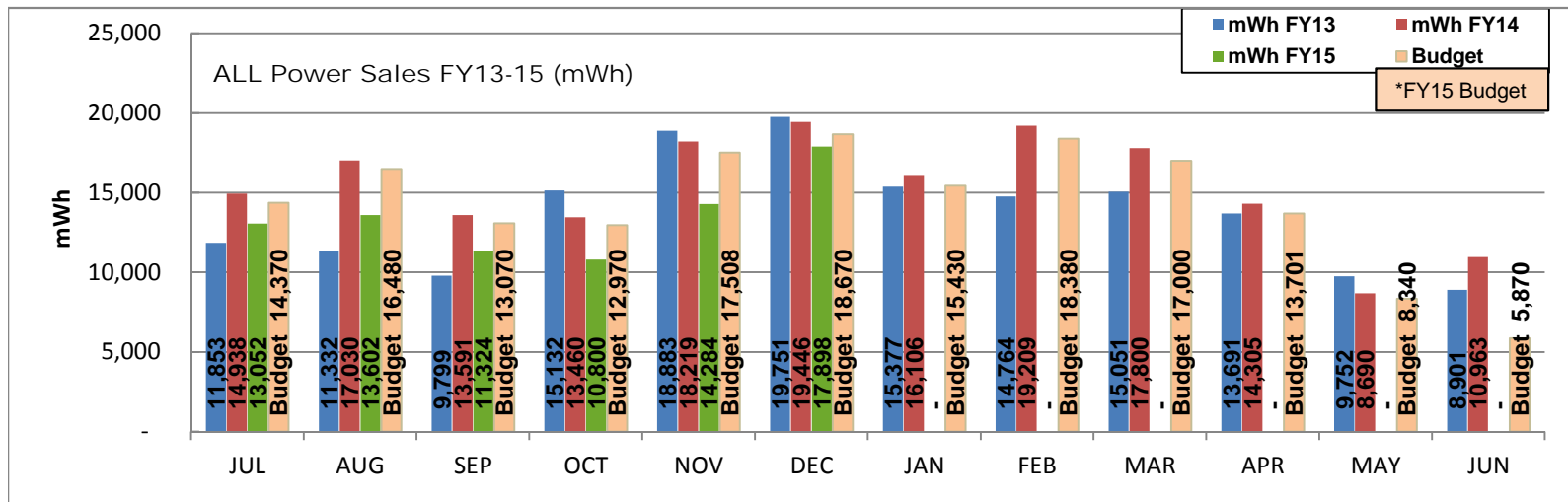
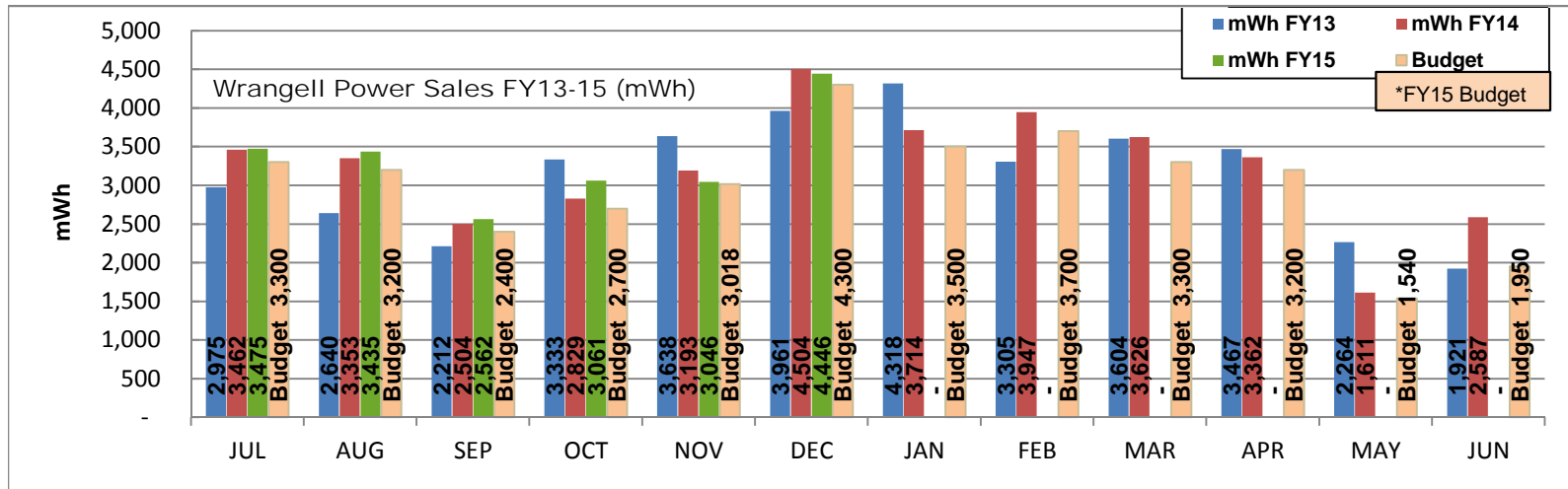
SOUTHEAST ALASKA POWER AGENCY Power Sales - FY13 through FY15

DEC. 2015	FY15 kWh Hydropower Sales	Current Month		Year-To-Date	
		Actual	Budget	Actual	Budget
		Ketchikan Power Purchases	8,656,000	9,550,000	40,157,000
Petersburg Power Purchases	4,795,880	4,820,000	20,777,690	23,130,000	
Wrangell Power Purchases	4,446,260	4,300,000	20,025,580	18,918,000	
Total Power Purchases	17,898,140	18,670,000	80,960,270	93,068,000	



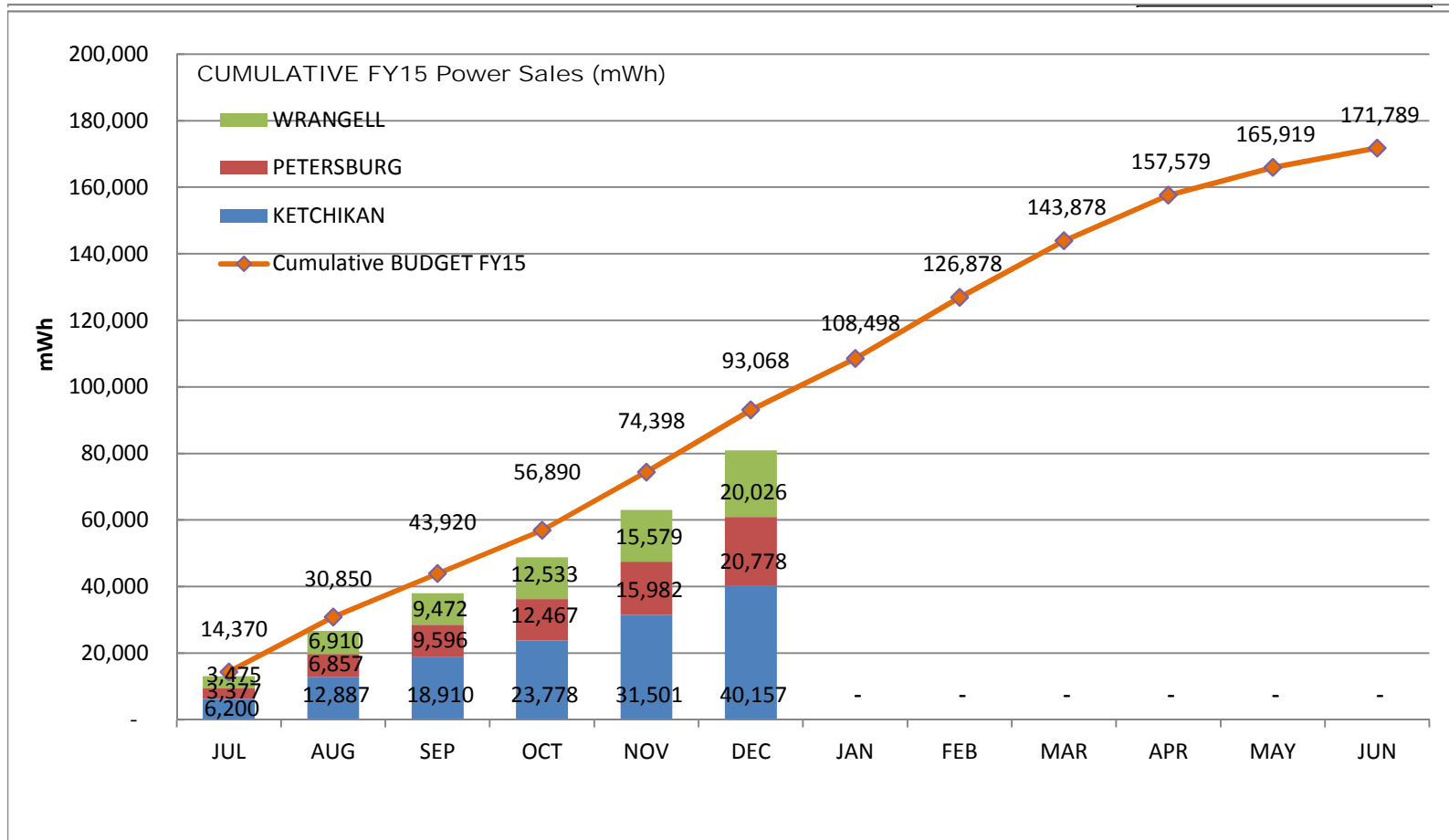
SOUTHEAST ALASKA POWER AGENCY Power Sales - FY13 through FY15

DEC. 2015	FY15 kWh Hydropower Sales	Current Month		Year-To-Date	
		Actual	Budget	Actual	Budget
	Ketchikan Power Purchases	8,656,000	9,550,000	40,157,000	51,020,000
Petersburg Power Purchases	4,795,880	4,820,000	20,777,690	23,130,000	
Wrangell Power Purchases	4,446,260	4,300,000	20,025,580	18,918,000	
Total Power Purchases	17,898,140	18,670,000	80,960,270	93,068,000	



SOUTHEAST ALASKA POWER AGENCY Power Sales - FY13 through FY15

DEC. 2015	FY15 kWh Hydropower Sales	Current Month		Year-To-Date	
		Actual	Budget	Actual	Budget
	Ketchikan Power Purchases	8,656,000	9,550,000	40,157,000	51,020,000
	Petersburg Power Purchases	4,795,880	4,820,000	20,777,690	23,130,000
	Wrangell Power Purchases	4,446,260	4,300,000	20,025,580	18,918,000
	Total Power Purchases	17,898,140	18,670,000	80,960,270	93,068,000



SOUTHEAST ALASKA POWER AGENCY

FY15 GRANT SUMMARY

as of NOVEMBER 30, 2014

*FY13 Alaska Energy Authority Kake-Petersburg Intertie Grant #1			
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	Grant Award	Expenditures	Balance
1 - Project Mgmt	320,000	172,237	147,763
2 - EIS	1,030,000	831,986	198,014
3 - Engineering / Design	1,613,298	172,562	1,440,736
5 - SE Conference	26,702	26,702	(0)
TOTAL	2,990,000	1,203,486	1,786,514

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

FY13 Alaska Energy Authority Kake-Petersburg Intertie Grant #2			
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	Grant Award	Expenditures	Balance
TOTAL	2,000,000	0	2,000,000

FY13 Alaska Dept. of Commerce, Community & Economic Development			
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	Grant Award	Expenditures	Balance
1 - Hydro Storage	578,000	525,812	52,188
2 - G&T Site Evaluation	1,705,000	692,480	1,012,520
3 - Stability / Interconnectiv	146,000	0	146,000
4 - Load Balance Model	112,000	0	112,000
5 - Project Mgmt	309,000	156,085	152,915
6 - Business Analysis / PSA	150,000	48,015	101,985
TOTAL	3,000,000	1,422,393	1,577,607

FY15 Alaska Dept. of Commerce, Community & Economic Development			
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	Grant Award	Expenditures	Balance
Swan Lake Reservoir Expansion			
TOTAL	3,320,000	0	3,320,000

TOTAL ALL GRANTS	11,310,000	2,625,879	8,684,121
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NOVEMBER 2014 - Financial Reports Summary

Financial reports for NOVEMBER, 2014 follow this brief overview:

NOVEMBER, 2014 revenues from kWh sales were under budget:
\$971,319 actual vs. \$1,190,544 budget.

- Ketchikan - \$525,164 actual vs. \$700,400 budget
- Petersburg - \$239,034 actual vs. \$284,920 budget
- Wrangell - \$207,121 actual vs. \$205,224 budget

Year-to-date (JULY – NOVEMBER) revenues from kWh sales were also below budget:
\$4,288,225 actual vs. \$5,059,064 budget.

- Ketchikan - \$2,142,068 actual vs. \$2,819,960 budget
- Petersburg - \$1,086,763 actual vs. \$1,245,080 budget
- Wrangell - \$1,059,394 actual vs. \$994,024 budget

NOVEMBER, 2014 sales in kWh 14,284,110

NOVEMBER, 2013 sales in kWh 18,219,310

NOVEMBER, 2012 sales in kWh 18,883,360

Year-to-date (JULY – NOVEMBER, 2014) sales in kWh 63,062,130

Year-to-date (JULY – NOVEMBER, 2013) sales in kWh 77,238,320

Year-to-date (JULY – NOVEMBER, 2012) sales in kWh 67,000,400

Administrative and operating expenses for NOVEMBER, 2014 were below budget:
\$449,304 actual vs. \$601,540 budget

Year-to-date administrative and operating expenses (JULY – NOVEMBER) were also below budget: \$2,461,810 actual vs. \$2,670,970 budget.

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

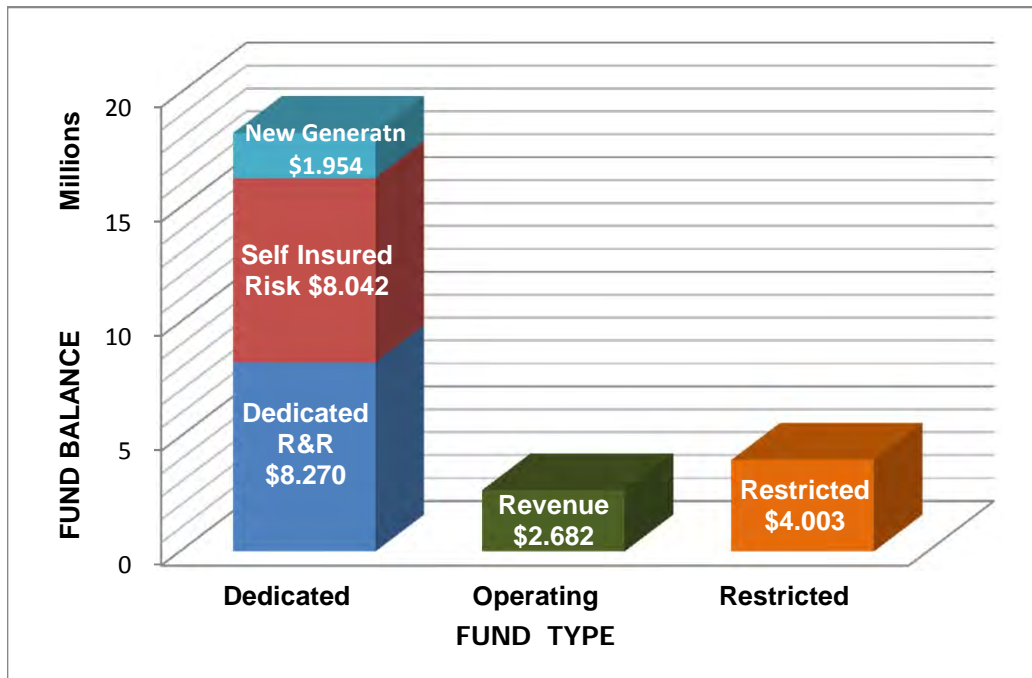
SOUTHEAST ALASKA POWER AGENCY

Fund Allocation Graph

NOVEMBER 2014

Agency Funds

111000 · Ops/Capital/Insurance Funds	
111100 · Revenue Fund FB	2,681,103
111200 · Required R&R Fund FB	1,000,866
111210 · Dedicated R&R Projects Fund FB	8,270,001
111300 · Commercial FB	1,000
111400 · Subordinate Debt Fund FB	310
111401 · New Generation Fund	1,953,989
111500 · Self Insured Risk Fund FNBA	<u>8,041,735</u>
Total 111000 · Ops/Capital/Insurance Funds	21,949,005
112000 · Trustee Funds	
112100 · WF Trust Bond Interest	370,100
112200 · WF Trust Bond Principal	422,948
112300 · WF Trust Bond Reserve	<u>1,409,992</u>
Total 112000 · Trustee Funds	2,203,040
113000 · Other Restricted Funds	
113100 · STI - USFS CD WF	21,620
113500 · DNR Reclamation Fund WF	<u>777,256</u>
Total 113000 · Other Restricted Funds	<u>798,875</u>
Total Agency Funds	<u><u>24,950,920</u></u>



Dedicated Funds

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

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

Dedicated R&R = Funds Replacement & Repair projects approved by the SEAPA Board in the FY15 budget

Operating Funds

Revenue Fund & Commercial Checking

All SEAPA income is deposited to the Revenue Fund as required in the 2009 Bond Indenture.

Restricted Funds (Legally or contractually restricted)

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

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

DNR = Alaska DNR Reclamation Agreement

USFS = USFS Land Remediation Certificate of Deposit

SOUTHEAST ALASKA POWER AGENCY
Statement of Financial Position - Summary
as of November 30, 2014

ASSETS

Current Assets

Agency Funds

111000 · Ops/Capital/Insurance Funds 21,949,005

112000 · Trustee Funds 2,203,040

113000 · Other Restricted Funds 798,875

Total Agency Funds 24,950,920

Accounts Receivable

110000 · Accounts Receivable 1,598,455

110100 · Grants Receivable 399,956

Total Accounts Receivable 1,998,411

Other Current Assets

120000 · Other Current Assets 430,164

Total Other Current Assets 430,164

Total Current Assets 27,379,495

Fixed Assets

130000 · Fixed Assets 130,230,274

Total Fixed Assets 130,230,274

Other Assets

183000 · Deferred Assets 245,033

Total Other Assets 245,033

TOTAL ASSETS 157,854,802

LIABILITIES & NET POSITION

Liabilities

Current Liabilities

Accounts Payable

210100 · Accounts Payable General 540,957

Total Accounts Payable 540,957

Other Current Liabilities

210150 · Other Current Liabilities 1,110,690

210300 · Reserve Interest Payable 315,139

210400 · Wages Payable 132,538

210500 · Payroll Liabilities 9,060

Total Other Current Liabilities 1,567,427

Total Current Liabilities 2,108,384

Long Term Liabilities

220000 · Long Term Liabilities 13,789,074

Total Long Term Liabilities 13,789,074

Total Liabilities 15,897,458

Net Position

310000 · Net Position 142,439,177

Net Income (481,833)

Total Net Position 141,957,344

TOTAL LIABILITIES & NET POSITION 157,854,802

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Summary
November 2014

Operating Income/Expense	
Operating Income	
410000 · Hydro Facility Revenues	971,319
Total Operating Income	<u>971,319</u>
Gross Income	971,319
Operating Expense	
535000 · Hydro Ops-Suprvsn & Engineering	12,925
538000 · Electric Expenses	11,775
539000 · Misc Power Generation Expense	22,841
540000 · Rents	10,829
541000 · Hydro Power Station Maintenance	1,889
544000 · Maintenance of Electric Plant	105,197
545000 · Plant Miscellaneous Maintenance	2,951
561000 · Trans/Gen SCADA	1,654
562000 · Trans/Operations Station Exp	305
571000 · Trans/Maint Overhead Lines(OHL)	23,992
920000 · Administrative Expenses	97,356
921000 · Office Expenses	15,084
922000 · Legislative Affairs	4,000
923000 · Contract Services	58,692
924000 · Insurance	41,837
928000 · Regulatory Commission Expense	6,250
930000 · General Expenses	26,737
931000 · Admin Rent	4,989
Total Operating Expense	<u>449,304</u>
Net Operating Income	522,015
Non-Operating Income/Expense	
Non-Operating Income	
941000 · Grant Income	101,637
942000 · Interest Income	7,344
944000 · Realized Gain/Loss	(14,037)
945000 · Unrealized Gain/Loss	16,981
Total Non-Operating Income	<u>111,925</u>
Non-Operating Expense	
950001 · Misc Nonoperating Expense	1,051
952000 · Bond Interest 2009 Series	53,971
953000 · Depreciation Expense	338,483
954000 · Grant Expenses	132,785
954100 · Contributed Capital	(42,931)
954200 · Third Party Expense	7,179
Total Non-Operating Expense	<u>490,537</u>
Net Non-Operating Income	<u>(378,612)</u>
Net Income	<u><u>143,403</u></u>

SOUTHEAST ALASKA POWER AGENCY
Statement of Financial Position - Detail
as of November 30, 2014

ASSETS

Current Assets

Agency Funds

111000 · Ops/Capital/Insurance Funds	
111100 · Revenue Fund FB	2,681,103
111200 · Required R&R Fund FB	1,000,866
111210 · Dedicated R&R Projects Fund FB	8,270,001
111300 · Commercial FB	1,000
111400 · Subordinate Debt Fund FB	310
111401 · New Generation Fund	1,953,989
111500 · Self Insured Risk Fund FNBA	<u>8,041,735</u>
Total 111000 · Ops/Capital/Insurance Funds	21,949,005

112000 · Trustee Funds	
112100 · WF Trust Bond Interest	370,100
112200 · WF Trust Bond Principal	422,948
112300 · WF Trust Bond Reserve	<u>1,409,992</u>
Total 112000 · Trustee Funds	2,203,040

113000 · Other Restricted Funds	
113100 · STI - USFS CD WF	21,620
113500 · DNR Reclamation Fund WF	<u>777,256</u>
Total 113000 · Other Restricted Funds	<u>798,875</u>

Total Agency Funds 24,950,920

Accounts Receivable

110000 · Accounts Receivable	1,598,455
110100 · Grants Receivable	<u>399,956</u>
Total Accounts Receivable	1,998,411

Other Current Assets

120000 · Other Current Assets	
120200 · Other Receivables	4,306
120300 · Accrued Interest Receivable	19,427
120500 · Prepaid Fees	
120520 · Prepaid Insurance	318,019
120530 · Prepaid Operating Expense	28,824
120540 · Prepaid USDA FS Land Use Fees	6,529
120550 · Prepaid Admin Benefits	<u>44,917</u>
Total 120500 · Prepaid Fees	398,289

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

Total 120000 · Other Current Assets 430,164

Total Other Current Assets 430,164

Total Current Assets 27,379,495

SOUTHEAST ALASKA POWER AGENCY
Statement of Financial Position - Detail
as of November 30, 2014

Fixed Assets	
130000 · Fixed Assets	
130100 · Capital Assets	
130110 · Swan Lake	16,390,545
130120 · Tyee Lake	27,650,797
130130 · SEAPA Office	733,897
132100 · Swan Tyee Intertie in Operation	<u>111,578,874</u>
Total 130100 · Capital Assets	156,354,113
132200 · R&R Projects WIP Capital Improv	
132210 · R&R Projects - WIP Swan Lake	
1322100 · R&R WIP SWL- Reservoir Increase	
1322101 · WIP SWL Agency Permits/Environm	701,780
1322103 · WIP SWL Equipment	2,261
1322104 · WIP SWL Engineering/Design	449,559
1322105 · WIP SWL Legal	5,425
1322106 · WIP SWL Project Mgmt/Professnal	<u>130,241</u>
Total 1322100 · R&R WIP SWL- Reservoir Increas	1,289,266
132210 · R&R Projects - WIP Swan Lake - Other	<u>679,066</u>
Total 132210 · R&R Projects - WIP Swan Lake	1,968,333
132220 · R&R Projects - WIP Tyee Lake	533,995
132230 · R&R Projects - WIP STI-Transmsn	64,682
132240 · R&R Projects - WIP SEAPA Office	<u>41,577</u>
Total 132200 · R&R Projects WIP Capital Improv	2,608,587
1328100 · Capital Inventory SWL	
1328101 · Inventory-SWL Winding Replacmnt	<u>890,405</u>
Total 1328100 · Capital Inventory SWL	890,405
132900 · Accumulated Depreciation	<u>(29,622,831)</u>
Total 130000 · Fixed Assets	<u>130,230,274</u>
Total Fixed Assets	130,230,274
Other Assets	
183000 · Deferred Assets	
183001 · Long Term Receivable	242,499
183300 · Meterological Tower	<u>2,534</u>
Total 183000 · Deferred Assets	<u>245,033</u>
Total Other Assets	<u>245,033</u>
TOTAL ASSETS	<u><u>157,854,802</u></u>

SOUTHEAST ALASKA POWER AGENCY
Statement of Financial Position - Detail
as of November 30, 2014

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

210100 · Accounts Payable General 540,957

Total Accounts Payable 540,957

Other Current Liabilities

210150 · Other Current Liabilities 1,110,690

210300 · Reserve Interest Payable 315,139

210400 · Wages Payable 132,538

210500 · Payroll Liabilities

210522 · SUI Tax Payable 1,732

210531 · IBEW H&W Payable 4,115

210541 · IBEW Pension Payable 2,591

210550 · IBEW Dues Payable 623

Total 210500 · Payroll Liabilities 9,060

Total Other Current Liabilities 1,567,427

Total Current Liabilities 2,108,384

Long Term Liabilities

220000 · Long Term Liabilities

220100 · Series B Bonds 2009 13,400,000

220110 · Bond Issuance Premium 7,750

220120 · Bond Discount (107,444)

220121 · PERS Unfunded Liability WRG 488,768

Total 220000 · Long Term Liabilities 13,789,074

Total Long Term Liabilities 13,789,074

Total Liabilities 15,897,458

Net Position

310000 · Net Position

3100001 · Net Investment Capital Assets 117,992,794

3100002 · Restricted for Debt Service 1,359,425

3100003 · Restricted by External Agreement 798,874

3100004 · Unrestricted 22,288,083

Total 310000 · Net Position 142,439,177

Net Income (481,833)

Total Net Position 141,957,344

TOTAL LIABILITIES & NET POSITION 157,854,802

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison Detail

November 2014

	Nov 14	Budget	Jul-Nov '14	YTD Budget	Annual Budget
Operating Income/Expense					
Operating Income					
410000 · Hydro Facility Revenues					
410100 · Ketchikan Power Purchases	525,164	700,400	2,142,068	2,819,960	6,345,760
410200 · Petersburg Power Purchases	239,034	284,920	1,086,763	1,245,080	2,880,548
410300 · Wrangell Power Purchases	207,121	205,224	1,059,394	994,024	2,455,344
Total 410000 · Hydro Facility Revenues	971,319	1,190,544	4,288,225	5,059,064	11,681,652
Total Operating Income	971,319	1,190,544	4,288,225	5,059,064	11,681,652
Gross Income	971,319	1,190,544	4,288,225	5,059,064	11,681,652
Operating Expense					
535000 · Hydro Ops-Suprvsn & Engineering					
535100 · Hyd/Ops Sup & Eng - Swan Lake	70	2,170	1,981	14,480	36,180
535150 · Hyd/Ops Sup & Eng - SWL SEAPA	195	110	2,830	720	9,850
535200 · Hyd/Ops Sup & Eng - Tyee Lake	3,269	22,480	75,236	117,740	310,690
535250 · Hyd/Ops Sup & Eng -TYL SEAPA	91	2,000	4,639	2,000	33,500
535400 · Hyd/Op Sup & Eng - Proj Drawing	9,301	7,000	26,586	33,000	133,600
535700 · Hyd/Op Sup & Eng - 4R Plan	-	400	1,548	2,000	5,000
Total 535000 · Hydro Ops-Suprvsn & Engineering	12,925	34,160	112,820	169,940	528,820
537000 · Hydraulic Expenses					
537150 · Hydraulic Expense - SWL SEAPA	-	-	-	-	4,000
537250 · Hydraulic Expense - TYL SEAPA	-	-	-	-	6,000
Total 537000 · Hydraulic Expenses	-	-	-	-	10,000
538000 · Electric Expenses					
538100 · Electric Expense - Swan Lake	2,228	1,000	3,894	5,250	13,250
538150 · Electric Expense - SWL SEAPA	-	3,000	18,872	9,000	30,000
538200 · Electric Expense - Tyee Lake	(148)	1,000	9,358	5,000	12,000
538250 · Electric Expense - TYL SEAPA	9,695	3,000	19,834	9,000	30,000
Total 538000 · Electric Expenses	11,775	8,000	51,958	28,250	85,250
539000 · Misc Power Generation Expense					
539100 · Misc Exp - Swan Lake	8,628	10,000	54,999	50,000	130,690
539150 · Misc Expense - SWL SEAPA	1,383	8,000	11,987	27,200	83,200
539200 · Misc Expense - Tyee Lake	4,278	11,160	52,794	52,480	80,500
539250 · Misc Expense - TYL SEAPA	8,553	16,000	45,936	69,000	181,000
Total 539000 · Misc Power Generation Expense	22,841	45,160	165,716	198,680	475,390
540000 · Rents					
540300 · FERC Land Use Fee - Swan Lake	1,000	1,000	4,627	5,000	12,000
540400 · FERC Land Use Fee - Tyee Lake	3,300	5,220	16,189	26,100	40,000
540500 · USDA Land Use Fee - USFS ROW	1,570	1,650	7,851	8,250	20,000
540600 · USDA Land Use Fee - STI	4,810	4,850	24,048	24,050	58,000
540700 · USDA Tyee Passive Reflector	105	110	526	530	1,300
540710 · USDA Etolin Burnett Radio	44	50	222	250	600
Total 540000 · Rents	10,829	12,880	53,463	64,180	131,900
541000 · Hydro Power Station Maintenance					
541100 · Maint/Supervision - Swan Lake	457	800	15,206	12,800	19,000
541150 · Maintenance - SWL SEAPA	935	150	10,864	3,800	5,000
541200 · Maint/Supervision - Tyee Lake	498	1,000	8,194	3,000	10,000
541250 · Maintenance - TYL SEAPA	-	1,000	-	3,000	10,000
Total 541000 · Hydro Power Station Maintenance	1,889	2,950	34,263	22,600	44,000

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison Detail

November 2014

	Nov 14	Budget	Jul-Nov '14	YTD Budget	Annual Budget
543000 · Dams, Reservoirs & Waterways					
543150 · Dams Res & Waterwys - SWL SEAPA	-	-	1,620	3,120	10,000
543200 · Dams Res & Waterwys - Tyee Lake	-	-	4,769	1,500	2,500
543250 · Dams Res & Waterwys - TYL SEAPA	-	1,000	31,574	10,300	39,075
Total 543000 · Dams, Reservoirs & Waterways	-	1,000	37,964	14,920	51,575
544000 · Maintenance of Electric Plant					
544100 · Maint Electric Plant-Swan Lake	50,163	45,000	263,298	240,000	581,000
544200 · Maint Electric Plant-Tyee Lake	73	-	82,019	82,000	82,000
5442900 · TYL Plant Wages & Benefits					
5442911 · TYL Plant Wages/PTO	40,721	30,000	108,455	88,100	312,600
5442912 · TYL Plant Wages OT	602	2,500	6,303	6,000	27,300
5442920 · TYL Plant Benefit - Taxes	3,154	3,000	9,710	9,000	30,000
5442930 · TYL Plant Benefits - Insurance	6,442	6,450	22,519	19,350	64,500
5442940 · TYL Plant Benefits - Retirement	4,043	6,250	12,091	16,250	60,100
Total 5442900 · TYL Plant Wages & Benefits	54,962	48,200	159,078	138,700	494,500
Total 544000 · Maintenance of Electric Plant	105,197	93,200	504,395	460,700	1,157,500
545000 · Plant Miscellaneous Maintenance					
545100 · Plant Misc Maint - Swan Lake	2,577	1,000	9,673	12,000	42,000
545150 · Plant Misc Maint - SWL SEAPA	-	5,000	33,442	5,000	24,100
545200 · Plant Misc Maint - Tyee Lake	374	2,500	9,017	6,120	17,500
545250 · Plant Misc Maint - TYL SEAPA	-	-	51	4,480	5,650
Total 545000 · Plant Miscellaneous Maintenance	2,951	8,500	52,184	27,600	89,250
561000 · Trans/Gen SCADA					
561150 · Trans/Gen SCADA - SWL SEAPA	686	3,500	2,059	10,500	35,000
561250 · Trans/Gen SCADA - TYL SEAPA	968	3,500	2,528	10,500	35,000
Total 561000 · Trans/Gen SCADA	1,654	7,000	4,586	21,000	70,000
562000 · Trans/Operations Station Exp					
562100 · Trans/Ops Station - Swan Lake	-	150	13,184	13,750	15,000
562150 · Trans/Ops Station - SWL SEAPA	-	250	-	2,250	35,000
562200 · Trans/Ops Station - Tyee Lake	305	1,570	7,642	5,640	26,000
562250 · Trans/Ops Station-TYL SEAPA	-	2,000	8,596	18,000	83,500
Total 562000 · Trans/Operations Station Exp	305	3,970	29,422	39,640	159,500
564000 · Trans/Submarine Cable Expense					
564200 · Trans/Sub Cable Exp - Tyee Lake	-	500	-	2,500	12,000
564250 · Trans/Sub Cable Exp - TYL SEAPA	-	1,000	-	3,000	10,000
Total 564000 · Trans/Submarine Cable Expense	-	1,500	-	5,500	22,000
571000 · Trans/Maint Overhead Lines(OHL)					
571100 · Trans/Maint OHL - Swan Lake	-	-	-	3,300	15,000
571150 · Trans/Maint OHL - SWL SEAPA	8,209	-	12,655	-	248,630
571151 · Trans/Maint OHL - SWL ROW Clear	-	30,000	-	50,000	250,000
571200 · Trans/Maint OHL - Tyee Lake	1,736	2,160	22,078	32,200	53,600
571250 · Trans/Maint OHL - TYL SEAPA	10,628	-	145,933	121,320	494,380
5712900 · TYL Brushing Wages & Benefits					
5712911 · TYL Brushing Wages/PTO	474	12,000	6,217	36,000	123,000
5712912 · TYL Brushing Wages OT	-	-	259	2,000	6,200
5712920 · TYL Brushing Benefit - Taxes	280	1,000	1,237	2,750	10,500
5712930 · TYL Brushing Benefit- Insurance	1,611	3,300	7,779	10,100	33,500
5712940 · TYL Brushing Benefit- Retirement	1,056	2,000	3,157	5,000	19,000
Total 5712900 · TYL Brushing Wages & Benefits	3,420	18,300	18,649	55,850	192,200
571300 · Trans/Maint OHL STI Maintenance	-	-	142,727	144,950	304,150
571600 · Trans/Maint OHL Spare Mat Stor	-	-	-	-	500
571800 · Trans/Maint OHL System Events	-	20,000	-	40,000	100,000
Total 571000 · Trans/Maint Overhead Lines(OHL)	23,992	70,460	342,041	447,620	1,658,460

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison Detail

November 2014

	Nov 14	Budget	Jul-Nov '14	YTD Budget	Annual Budget
920000 · Administrative Expenses					
920100 · Admin Wages & Benefits					
9201911 · Admin Wages/PTO	63,226	65,000	257,580	280,000	805,000
9201912 · Admin Wages - Overtime	-	-	-	-	1,000
9201920 · Admin Benefit - Taxes	2,317	4,900	15,825	22,300	57,300
9201930 · Admin Benefit - H&W Insurance	12,215	15,000	52,493	65,500	182,100
9201940 · Admin Benefit - Retirement	19,599	20,000	89,373	90,000	246,700
Total 920100 · Admin Wages & Benefits	97,356	104,900	415,272	457,800	1,292,100
Total 920000 · Administrative Expenses	97,356	104,900	415,272	457,800	1,292,100
921000 · Office Expenses					
921100 · Office Supplies	341	1,500	3,943	7,000	17,500
921200 · Office Equipment	736	2,000	6,394	10,450	24,450
921300 · Phone, Courier, Internet	6,583	7,000	33,580	35,000	86,260
921400 · System Network / IT Support	7,424	5,000	22,372	23,500	60,000
921600 · Vehicle Expenses	-	220	399	880	2,500
Total 921000 · Office Expenses	15,084	15,720	66,688	76,830	190,710
922000 · Legislative Affairs	4,000	4,000	20,000	20,000	65,000
923000 · Contract Services					
923200 · Annual Financial Audit	19,000	20,750	19,000	20,750	25,000
923300 · Bank & Trustee Fees	231	240	1,452	1,350	11,050
923400 · Insurance Consultant	-	500	3,559	12,500	18,000
923500 · Investment Consultant	1,681	1,150	8,438	5,740	26,000
923600 · Legal Fees	26,551	14,000	90,685	57,000	200,000
923700 · Recruitment	11,144	2,500	17,889	10,200	30,000
923800 · Other Professional Services	84	10,000	30,451	44,500	211,000
Total 923000 · Contract Services	58,692	49,140	171,474	152,040	521,050
924000 · Insurance	41,837	44,000	206,760	221,000	529,000
926000 · Retiree Benefits					
926250 · Retiree Benefits TYL-PERS	0.00		35,357.00		
926000 · Retiree Benefits - Other	-	50,000	-	90,000	210,000
Total 926000 · Retiree Benefits	-	50,000	35,357	90,000	210,000
928000 · Regulatory Commission Expense					
928150 · FERC SWL Admin Fees	3,250	4,000	14,787	19,500	47,500
928151 · FERC SWL Other Expenses	-	4,000	24,576	10,020	60,920
928152 · AK DNR SWL Fees	-	-	-	-	50
928250 · FERC TYL Admin Fees	3,000	4,000	13,551	17,000	45,000
928251 · FERC TYL Other Expenses	-	650	-	650	7,750
928252 · AK DNR TYL Fees	-	-	-	-	100
928000 · Regulatory Commission Expense - Other	-		4,500		
Total 928000 · Regulatory Commission Expense	6,250	12,650	57,414	47,170	161,320
930000 · General Expenses					
930100 · Advertising Expense	212	200	976	1,400	5,000
930110 · Public Relations	740	1,600	14,010	8,000	25,000
930111 · PR - SEAPA History Project	-	1,500	-	3,000	35,000
930300 · Association Dues Expense	20,044	18,350	20,704	19,150	27,650
930310 · Professional Assn Dues	-	-	220	250	500
930400 · Board Meeting Expenses	2,673	2,500	10,857	15,750	45,000
930500 · Training Expense	225	1,000	11,334	14,000	29,000
930600 · Travel Expense	2,729	2,000	16,179	18,000	40,000
930700 · Non-Travel Incidental	113	250	754	1,200	3,000
Total 930000 · General Expenses	26,737	27,400	75,034	80,750	210,150
931000 · Admin Rent					
931010 · Office Rent	4,239	4,200	21,249	21,000	53,200
931100 · Apartment Rent - Ketchikan	750	750	3,750	3,750	9,000
Total 931000 · Admin Rent	4,989	4,950	24,999	24,750	62,200
Total Operating Expense	449,304	601,540	2,461,810	2,670,970	7,725,175
Net Operating Income	522,015	589,004	1,826,415	2,388,094	3,956,477

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison Detail

November 2014

	Nov 14	Budget	Jul-Nov '14	YTD Budget	Annual Budget
Non-Operating Income/Expense					
Non-Operating Income					
941000 · Grant Income	101,637		590,979		
941100 · Third Party Income	-		0		
942000 · Interest Income					
942100 · Misc Interest Income	707		3,146		
942200 · Investment Interest Income	6,637		38,258		
942000 · Interest Income - Other	-		451		
Total 942000 · Interest Income	7,344		41,854		
944000 · Realized Gain/Loss					
944200 · Realized Gain/Loss on Invest	(14,037)		(41,453)		
Total 944000 · Realized Gain/Loss	(14,037)		(41,453)		
945000 · Unrealized Gain/Loss					
945200 · Unrealized Gain/Loss Investment	16,981		32,447		
Total 945000 · Unrealized Gain/Loss	16,981		32,447		
Total Non-Operating Income	111,925		623,828		
Non-Operating Expense					
950001 · Misc Nonoperating Expense	1,051.00		1,976.00		
950002 · Special Item- Tye Op Transitn	0.00		405,708.45		
952000 · Bond Interest 2009 Series	53,971		269,853		
953000 · Depreciation Expense	338,483		1,692,415		
954000 · Grant Expenses					
954002 · Grant Contractual	128,199		781,937		
954004 · Grant Labor & Benefits	286		9,428		
954005 · Grant Legal	4,165.00		4,165.00		
954006 · Grant Materials & Supplies	91		1,904		
954007 · Grant Non-Operating Expense	44		2,410		
954008 · Grant Travel	-		18,615		
Total 954000 · Grant Expenses	132,785		818,459		
954100 · Contributed Capital	(42,931.41)		(263,514.09)		
954200 · Third Party Expense					
954210 · Annette Island Hydro Site Eval					
954211 · Annette Island - Contractual	0.00		0.00		
954212 · Annette Island - Materials	7,178.55		7,178.55		
954214 · Annette Island - Travel	-		-		
Total 954210 · Annette Island Hydro Site Eval	7,179		7,179		
Total 954200 · Third Party Expense	7,179		7,179		
Total Non-Operating Expense	490,537		2,932,075		
Net Non-Operating Income	(378,612)		(2,308,247)		
Net Income	143,403	589,004	(481,833)	2,388,094	3,956,477



OCTOBER 2014 - Financial Reports Summary

Financial reports for OCTOBER, 2014 follow this brief overview:

OCTOBER, 2014 revenues from kWh sales were under budget:
\$734,422 actual vs. \$881,960 budget.

- Ketchikan - \$331,024 actual vs. \$476,000 budget
- Petersburg - \$195,225 actual vs. \$222,360 budget
- Wrangell - \$208,172 actual vs. \$183,600 budget

Year-to-date (JULY – OCTOBER) revenues from kWh sales were also below budget:
\$3,316,905 actual vs. \$3,868,520 budget.

- Ketchikan - \$1,616,904 actual vs. \$2,119,560 budget
- Petersburg - \$847,729 actual vs. \$960,160 budget
- Wrangell - \$852,273 actual vs. \$788,800 budget

OCTOBER, 2014 sales in kWh – 10,800,320

OCTOBER, 2013 sales in kWh – 13,459,570

OCTOBER, 2012 sales in kWh – 15,132,300

Year-to-date (JULY – OCTOBER, 2014) sales in kWh – 48,778,020

Year-to-date (JULY – OCTOBER, 2013) sales in kWh – 59,019,010

Year-to-date (JULY – OCTOBER, 2012) sales in kWh – 48,117,040

Administrative and operating expenses for OCTOBER, 2014 were on budget:
\$441,171 actual vs. \$484,530 budget

Year-to-date administrative and operating expenses (JULY – OCTOBER) were also on budget: \$2,012,506 actual vs. \$2,069,430 budget.

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

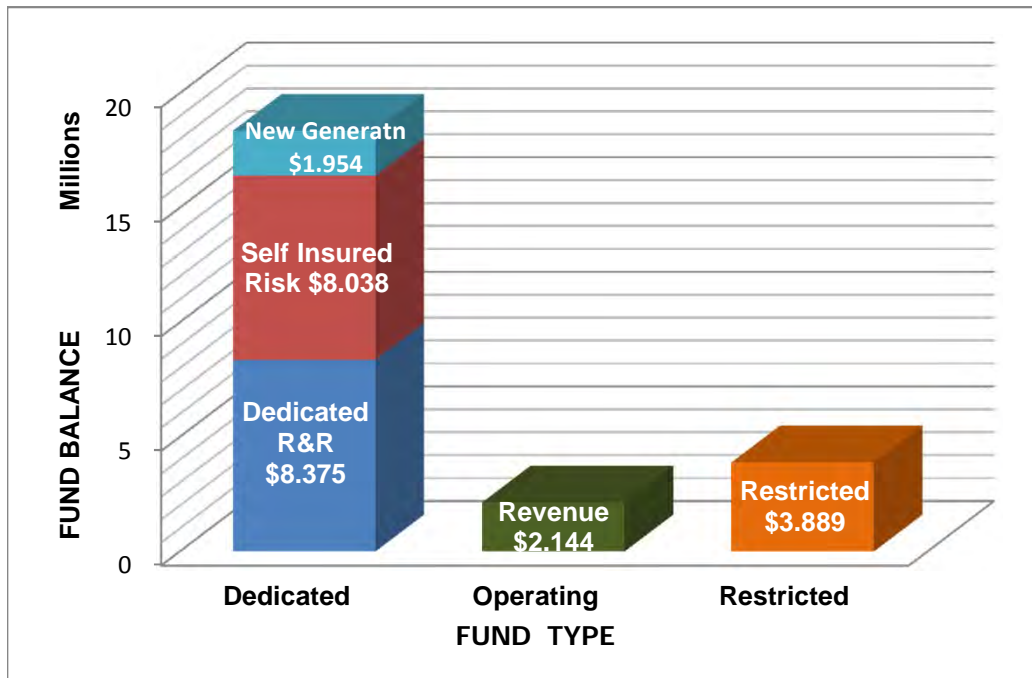
SOUTHEAST ALASKA POWER AGENCY

Fund Allocation Graph

OCTOBER 2014

Agency Funds

111000 · Ops/Capital/Insurance Funds		
111100 · Revenue Fund FB		2,142,886
111200 · Required R&R Fund FB		1,000,816
111210 · Dedicated R&R Projects Fund FB		8,374,559
111300 · Commercial FB		1,000
111400 · Subordinate Debt Fund FB		310
111401 · New Generation Fund		1,953,876
111500 · Self Insured Risk Fund FNBA		<u>8,037,511</u>
Total 111000 · Ops/Capital/Insurance Funds		21,510,957
112000 · Trustee Funds		
112100 · WF Trust Bond Interest		317,231
112200 · WF Trust Bond Principal		362,531
112300 · WF Trust Bond Reserve		<u>1,409,980</u>
Total 112000 · Trustee Funds		2,089,742
113000 · Other Restricted Funds		
113100 · STI - USFS CD WF		21,620
113500 · DNR Reclamation Fund WF		<u>777,256</u>
Total 113000 · Other Restricted Funds		<u>798,875</u>
Total Agency Funds		<u><u>24,399,575</u></u>



Dedicated Funds

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

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

Dedicated R&R = Funds Replacement & Repair projects approved by the SEAPA Board in the FY15 budget

Operating Funds

Revenue Fund & Commercial Checking

All SEAPA income is deposited to the Revenue Fund as required in the 2009 Bond Indenture.

Restricted Funds (Legally or contractually restricted)

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

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

DNR = Alaska DNR Reclamation Agreement

USFS = USFS Land Remediation Certificate of Deposit

SOUTHEAST ALASKA POWER AGENCY
Statement of Financial Position - Summary
as of October 31, 2014

ASSETS

Current Assets

Agency Funds

111000 · Ops/Capital/Insurance Funds 21,510,957

112000 · Trustee Funds 2,089,742

113000 · Other Restricted Funds 798,875

Total Agency Funds 24,399,575

Accounts Receivable

110000 · Accounts Receivable 1,649,772

110100 · Grants Receivable 376,923

Total Accounts Receivable 2,026,695

Other Current Assets

120000 · Other Current Assets 504,864

Total Other Current Assets 504,864

Total Current Assets 26,931,134

Fixed Assets

130000 · Fixed Assets 130,524,752

Total Fixed Assets 130,524,752

Other Assets

183000 · Deferred Assets 244,955

Total Other Assets 244,955

TOTAL ASSETS 157,700,841

LIABILITIES & NET POSITION

Liabilities

Current Liabilities

Accounts Payable

210100 · Accounts Payable General 605,105

Total Accounts Payable 605,105

Other Current Liabilities

210150 · Other Current Liabilities 1,100,140

210300 · Reserve Interest Payable 262,272

210400 · Wages Payable 123,259

210500 · Payroll Liabilities 8,154

Total Other Current Liabilities 1,493,825

Total Current Liabilities 2,098,930

Long Term Liabilities

220000 · Long Term Liabilities 13,787,970

Total Long Term Liabilities 13,787,970

Total Liabilities 15,886,900

Net Position

310000 · Net Position 142,439,177

Net Income (625,236)

Total Net Position 141,813,941

TOTAL LIABILITIES & NET POSITION 157,700,841

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Summary
October, 2014

Operating Income/Expense	
Operating Income	
410000 · Hydro Facility Revenues	734,422
Total Operating Income	<u>734,422</u>
Gross Profit	734,422
Operating Expense	
535000 · Hydro Ops-Suprvsn & Engineering	23,292
538000 · Electric Expenses	3,866
539000 · Misc Power Generation Expense	34,487
540000 · Rents	10,829
541000 · Hydro Power Station Maintenance	8,648
543000 · Dams, Reservoirs & Waterways	2,336
544000 · Maintenance of Electric Plant	112,687
545000 · Plant Miscellaneous Maintenance	1,451
561000 · Trans/Gen SCADA	1,435
562000 · Trans/Operations Station Exp	331
571000 · Trans/Maint Overhead Lines(OHL)	6,431
920000 · Administrative Expenses	88,819
921000 · Office Expenses	14,837
922000 · Legislative Affairs	4,000
923000 · Contract Services	50,532
924000 · Insurance	41,837
928000 · Regulatory Commission Expense	19,305
930000 · General Expenses	11,216
931000 · Admin Rent	4,832
Total Operating Expense	<u>441,171</u>
Net Operating Income	293,250
Non-Operating Income/Expense	
Non-Operating Income	
941000 · Grant Income	298,320
942000 · Interest Income	9,763
944000 · Realized Gain/Loss	(1,021)
945000 · Unrealized Gain/Loss	13,508
Total Non-Operating Income	<u>320,569</u>
Non-Operating Expense	
952000 · Bond Interest 2009 Series	53,971
953000 · Depreciation Expense	338,483
954000 · Grant Expenses	181,821
954100 · Contributed Capital	(70,923.39)
Total Non-Operating Expense	<u>503,351</u>
Net Non-Operating Income	<u>(182,782)</u>
Net Income	<u>110,468</u>

SOUTHEAST ALASKA POWER AGENCY
Statement of Financial Position - Detail
as of October 31, 2014

ASSETS

Current Assets

Agency Funds

111000 · Ops/Capital/Insurance Funds	
111100 · Revenue Fund FB	2,142,886
111200 · Required R&R Fund FB	1,000,816
111210 · Dedicated R&R Projects Fund FB	8,374,559
111300 · Commercial FB	1,000
111400 · Subordinate Debt Fund FB	310
111401 · New Generation Fund	1,953,876
111500 · Self Insured Risk Fund FNBA	<u>8,037,511</u>
Total 111000 · Ops/Capital/Insurance Funds	21,510,957
112000 · Trustee Funds	
112100 · WF Trust Bond Interest	317,231
112200 · WF Trust Bond Principal	362,531
112300 · WF Trust Bond Reserve	<u>1,409,980</u>
Total 112000 · Trustee Funds	2,089,742
113000 · Other Restricted Funds	
113100 · STI - USFS CD WF	21,620
113500 · DNR Reclamation Fund WF	<u>777,256</u>
Total 113000 · Other Restricted Funds	<u>798,875</u>

Total Agency Funds 24,399,575

Accounts Receivable

110000 · Accounts Receivable	1,649,772
110100 · Grants Receivable	<u>376,923</u>
Total Accounts Receivable	2,026,695

Other Current Assets

120000 · Other Current Assets	
120200 · Other Receivables	4,306
120300 · Accrued Interest Receivable	14,305
120500 · Prepaid Fees	
120520 · Prepaid Insurance	359,064
120530 · Prepaid Operating Expense	30,197
120540 · Prepaid USDA FS Land Use Fees	13,059
120550 · Prepaid Admin Benefits	<u>75,792</u>
Total 120500 · Prepaid Fees	478,111
120700 · Inventory Assets	
120701 · Inventory - Wood Poles	<u>8,143</u>
Total 120700 · Inventory Assets	<u>8,143</u>

Total 120000 · Other Current Assets 504,864

Total Other Current Assets 504,864

Total Current Assets 26,931,134

SOUTHEAST ALASKA POWER AGENCY
Statement of Financial Position - Detail
as of October 31, 2014

Fixed Assets

130000 · Fixed Assets

130100 · Capital Assets

130110 · Swan Lake 16,390,545

130120 · Tye Lake 27,650,797

130130 · SEAPA Office 733,897

132100 · Swan Tye Intertie in Operation 111,578,874

Total 130100 · Capital Assets 156,354,113

132200 · R&R Projects WIP Capital Improv

132210 · R&R Projects - WIP Swan Lake

1322100 · R&R WIP SWL- Reservoir Increase

1322101 · WIP SWL Agency Permits/Environ 697,239

1322103 · WIP SWL Equipment 2,261

1322104 · WIP SWL Engineering/Design 415,334

1322105 · WIP SWL Legal 1,260

1322106 · WIP SWL Project Mgmt/Professna 130,241

Total 1322100 · R&R WIP SWL- Reservoir Incre 1,246,335

132210 · R&R Projects - WIP Swan Lake - Other 679,066

Total 132210 · R&R Projects - WIP Swan Lake 1,925,401

132220 · R&R Projects - WIP Tye Lake 532,921

132230 · R&R Projects - WIP STI-Transmsn 64,682

132240 · R&R Projects - WIP SEAPA Office 41,577

Total 132200 · R&R Projects WIP Capital Improv 2,564,581

1328100 · Capital Inventory SWL

1328101 · Inventory-SWL Winding Replacmnt 890,405

Total 1328100 · Capital Inventory SWL 890,405

132900 · Accumulated Depreciation (29,284,348)

Total 130000 · Fixed Assets 130,524,752

Total Fixed Assets 130,524,752

Other Assets

183000 · Deferred Assets

183001 · Long Term Receivable 242,499

183300 · Meterological Tower 2,456

Total 183000 · Deferred Assets 244,955

Total Other Assets 244,955

TOTAL ASSETS 157,700,841

SOUTHEAST ALASKA POWER AGENCY
Statement of Financial Position - Detail
as of October 31, 2014

LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
210100 · Accounts Payable General	605,105
Total Accounts Payable	<u>605,105</u>
Other Current Liabilities	
210150 · Other Current Liabilities	1,100,140
210300 · Reserve Interest Payable	262,272
210400 · Wages Payable	123,259
210500 · Payroll Liabilities	
210522 · SUI Tax Payable	881
210531 · IBEW H&W Payable	4,115
210541 · IBEW Pension Payable	2,525
210550 · IBEW Dues Payable	634
Total 210500 · Payroll Liabilities	<u>8,154</u>
Total Other Current Liabilities	<u>1,493,825</u>
Total Current Liabilities	2,098,930
Long Term Liabilities	
220000 · Long Term Liabilities	
220100 · Series B Bonds 2009	13,400,000
220110 · Bond Issuance Premium	7,988
220120 · Bond Discount	(108,786)
220121 · PERS Unfunded Liability WRG	488,768
Total 220000 · Long Term Liabilities	<u>13,787,970</u>
Total Long Term Liabilities	<u>13,787,970</u>
Total Liabilities	15,886,900
Net Position	
310000 · Net Position	
3100001 · Net Investment Capital Assets	117,992,794
3100002 · Restricted for Debt Service	1,359,425
3100003 · Restricted by External Agreement	798,874
3100004 · Unrestricted	22,288,083
Total 310000 · Net Position	<u>142,439,177</u>
Net Income	<u>(625,236)</u>
Total Net Position	<u>141,813,941</u>
TOTAL LIABILITIES & NET POSITION	<u><u>157,700,841</u></u>

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison
October, 2014

	Oct 14	Budget	Jul-Oct '14	YTD Budget	Annual Budget
Operating Income/Expense					
Operating Income					
410000 · Hydro Facility Revenues					
410100 · Ketchikan Power Purchases	331,024	476,000	1,616,904	2,119,560	6,345,760
410200 · Petersburg Power Purchases	195,225	222,360	847,729	960,160	2,880,548
410300 · Wrangell Power Purchases	208,172	183,600	852,273	788,800	2,455,344
Total 410000 · Hydro Facility Revenues	734,422	881,960	3,316,905	3,868,520	11,681,652
Total Operating Income	734,422	881,960	3,316,905	3,868,520	11,681,652
Gross Profit	734,422	881,960	3,316,905	3,868,520	11,681,652
Operating Expense					
535000 · Hydro Ops-Suprvsn & Engineering					
535100 · Hyd/Ops Sup & Eng - Swan Lake	1,912	2,170	1,912	12,310	36,180
535150 · Hyd/Ops Sup & Eng - SWL SEAPA	110	110	2,635	610	9,850
535200 · Hyd/Ops Sup & Eng - Tye Lake	2,847	22,530	71,967	95,260	310,690
535250 · Hyd/Ops Sup & Eng -TYL SEAPA	1,941	-	4,548	-	33,500
535400 · Hyd/Op Sup & Eng - Proj Drawing	14,936	7,000	17,286	26,000	133,600
535700 · Hyd/Op Sup & Eng - 4R Plan	1,548	400	1,548	1,600	5,000
Total 535000 · Hydro Ops-Suprvsn & Engineering	23,292	32,210	99,895	135,780	528,820
537000 · Hydraulic Expenses					
537150 · Hydraulic Expense - SWL SEAPA	-	-	-	-	4,000
537250 · Hydraulic Expense - TYL SEAPA	-	-	-	-	6,000
Total 537000 · Hydraulic Expenses	-	-	-	-	10,000
538000 · Electric Expenses					
538100 · Electric Expense - Swan Lake	-	1,000	1,666	4,250	13,250
538150 · Electric Expense - SWL SEAPA	-	3,000	18,872	6,000	30,000
538200 · Electric Expense - Tye Lake	2,999	1,000	9,506	4,000	12,000
538250 · Electric Expense - TYL SEAPA	867	3,000	10,139	6,000	30,000
Total 538000 · Electric Expenses	3,866	8,000	40,182	20,250	85,250
539000 · Misc Power Generation Expense					
539100 · Misc Exp - Swan Lake	12,942	10,000	46,371	40,000	130,690
539150 · Misc Expense - SWL SEAPA	2,720	8,000	10,604	19,200	83,200
539200 · Misc Expense - Tye Lake	9,523	2,950	48,517	41,320	80,500
539250 · Misc Expense - TYL SEAPA	9,302	16,000	37,383	53,000	181,000
Total 539000 · Misc Power Generation Expense	34,487	36,950	142,875	153,520	475,390
540000 · Rents					
540300 · FERC Land Use Fee - Swan Lake	1,000	1,000	3,627	4,000	12,000
540400 · FERC Land Use Fee - Tye Lake	3,300	5,220	12,889	20,880	40,000
540500 · USDA Land Use Fee - USFS ROW	1,570	1,650	6,281	6,600	20,000
540600 · USDA Land Use Fee - STI	4,810	4,800	19,238	19,200	58,000
540700 · USDA Tye Passive Reflector	105	110	421	420	1,300
540710 · USDA Etolin Burnett Radio	44	50	178	200	600
Total 540000 · Rents	10,829	12,830	42,634	51,300	131,900
541000 · Hydro Power Station Maintenance					
541100 · Maint/Supervision - Swan Lake	8,432	800	14,749	12,000	19,000
541150 · Maintenance - SWL SEAPA	-	150	9,929	3,650	5,000
541200 · Maint/Supervision - Tye Lake	217	1,000	7,696	2,000	10,000
541250 · Maintenance - TYL SEAPA	-	1,000	-	2,000	10,000
Total 541000 · Hydro Power Station Maintenance	8,648	2,950	32,374	19,650	44,000

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison
October, 2014

	Oct 14	Budget	Jul-Oct '14	YTD Budget	Annual Budget
543000 · Dams, Reservoirs & Waterways					
543150 · Dams Res & Waterwys - SWL SEAPA	1,620	-	1,620	3,120	10,000
543200 · Dams Res & Waterwys - Tyee Lake	-	-	4,769	1,500	2,500
543250 · Dams Res & Waterwys - TYL SEAPA	716	1,000	31,574	9,300	39,075
Total 543000 · Dams, Reservoirs & Waterways	2,336	1,000	37,964	13,920	51,575
544000 · Maintenance of Electric Plant					
544100 · Maint Electric Plant-Swan Lake	56,708	45,000	213,136	195,000	581,000
544200 · Maint Electric Plant-Tyee Lake	-	-	81,946	82,000	82,000
5442900 · TYL Plant Wages & Benefits					
5442911 · TYL Plant Wages/PTO	37,792	29,100	67,734	58,100	312,600
5442912 · TYL Plant Wages OT	4,189	2,500	5,700	3,500	27,300
5442920 · TYL Plant Benefit - Taxes	3,596	3,000	6,556	6,000	30,000
5442930 · TYL Plant Benefits - Insurance	6,442	6,450	16,077	12,900	64,500
5442940 · TYL Plant Benefits - Retirement	3,960	5,000	8,048	10,000	60,100
Total 5442900 · TYL Plant Wages & Benefits	55,979	46,050	104,116	90,500	494,500
Total 544000 · Maintenance of Electric Plant	112,687	91,050	399,198	367,500	1,157,500
545000 · Plant Miscellaneous Maintenance					
545100 · Plant Misc Maint - Swan Lake	1,081	1,000	7,096	11,000	42,000
545150 · Plant Misc Maint - SWL SEAPA	-	-	33,442	-	24,100
545200 · Plant Misc Maint - Tyee Lake	370	610	8,643	3,620	17,500
545250 · Plant Misc Maint - TYL SEAPA	-	-	51	4,480	5,650
Total 545000 · Plant Miscellaneous Maintenance	1,451	1,610	49,233	19,100	89,250
561000 · Trans/Gen SCADA					
561150 · Trans/Gen SCADA - SWL SEAPA	686	3,500	1,373	7,000	35,000
561250 · Trans/Gen SCADA - TYL SEAPA	749	3,500	1,560	7,000	35,000
Total 561000 · Trans/Gen SCADA	1,435	7,000	2,933	14,000	70,000
562000 · Trans/Operations Station Exp					
562100 · Trans/Ops Station - Swan Lake	-	150	13,184	13,600	15,000
562150 · Trans/Ops Station - SWL SEAPA	-	250	-	2,000	35,000
562200 · Trans/Ops Station - Tyee Lake	331	1,230	7,337	4,070	26,000
562250 · Trans/Ops Station-TYL SEAPA	-	2,000	8,596	16,000	83,500
Total 562000 · Trans/Operations Station Exp	331	3,630	29,117	35,670	159,500
564000 · Trans/Submarine Cable Expense					
564200 · Trans/Sub Cable Exp - Tyee Lake	-	500	-	2,000	12,000
564250 · Trans/Sub Cable Exp - TYL SEAPA	-	1,000	-	2,000	10,000
Total 564000 · Trans/Submarine Cable Expense	-	1,500	-	4,000	22,000
571000 · Trans/Maint Overhead Lines(OHL)					
571100 · Trans/Maint OHL - Swan Lake	-	-	-	3,300	15,000
571150 · Trans/Maint OHL - SWL SEAPA	4,000	-	4,446	-	248,630
571151 · Trans/Maint OHL - SWL ROW Clear	-	20,000	-	20,000	250,000
571200 · Trans/Maint OHL - Tyee Lake	84	5,220	20,342	30,040	53,600
571250 · Trans/Maint OHL - TYL SEAPA	-	-	135,305	121,320	494,380
5712900 · TYL Brushing Wages & Benefits					
5712911 · TYL Brushing Wages/PTO	216	12,000	5,743	24,000	123,000
5712912 · TYL Brushing Wages OT	129	-	259	2,000	6,200
5712920 · TYL Brushing Benefit - Taxes	12	1,000	957	1,750	10,500
5712930 · TYL Brushing Benefit- Insurance	1,183	3,300	6,169	6,800	33,500
5712940 · TYL Brushing Benefit- Retirement	807	2,000	2,101	3,000	19,000
Total 5712900 · TYL Brushing Wages & Benefits	2,347	18,300	15,228	37,550	192,200
571300 · Trans/Maint OHL STI Maintenance	-	-	142,727	144,950	304,150
571600 · Trans/Maint OHL Spare Mat Stor	-	-	-	-	500
571800 · Trans/Maint OHL System Events	-	20,000	-	20,000	100,000
Total 571000 · Trans/Maint Overhead Lines(OHL)	6,431	63,520	318,049	377,160	1,658,460

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison
October, 2014

	Oct 14	Budget	Jul-Oct '14	YTD Budget	Annual Budget
920000 · Administrative Expenses					
920100 · Admin Wages & Benefits					
9201911 · Admin Wages/PTO	54,918	60,000	194,354	215,000	805,000
9201912 · Admin Wages - Overtime	-	-	-	-	1,000
9201920 · Admin Benefit - Taxes	2,629	4,800	13,508	17,400	57,300
9201930 · Admin Benefit - H&W Insurance	11,648	15,000	40,279	50,500	182,100
9201940 · Admin Benefit - Retirement	19,624	20,000	69,774	70,000	246,700
Total 920100 · Admin Wages & Benefits	88,819	99,800	317,916	352,900	1,292,100
Total 920000 · Administrative Expenses	88,819	99,800	317,916	352,900	1,292,100
921000 · Office Expenses					
921100 · Office Supplies	1,307	1,500	3,601	5,500	17,500
921200 · Office Equipment	896	1,850	5,658	8,450	24,450
921300 · Phone, Courier, Internet	6,549	7,000	26,997	28,000	86,260
921400 · System Network / IT Support	5,954	5,000	14,949	18,500	60,000
921600 · Vehicle Expenses	131	220	399	660	2,500
Total 921000 · Office Expenses	14,837	15,570	51,604	61,110	190,710
922000 · Legislative Affairs	4,000	4,000	16,000	16,000	65,000
923000 · Contract Services					
923200 · Annual Financial Audit	-	-	-	-	25,000
923300 · Bank & Trustee Fees	326	310	1,221	1,110	11,050
923400 · Insurance Consultant	878	-	3,559	12,000	18,000
923500 · Investment Consultant	1,679	1,150	6,756	4,590	26,000
923600 · Legal Fees	20,580	12,000	64,134	43,000	200,000
923700 · Recruitment	681	2,500	6,745	7,700	30,000
923800 · Other Professional Services	26,389	10,000	30,367	34,500	211,000
Total 923000 · Contract Services	50,532	25,960	112,782	102,900	521,050
924000 · Insurance	41,837	44,000	164,924	177,000	529,000
926000 · Retiree Benefits					
926250 · Retiree Benefits TYL-PERS	0.00		35,357.00		
926000 · Retiree Benefits - Other	-	-	-	40,000	210,000
Total 926000 · Retiree Benefits	-	-	35,357	40,000	210,000
928000 · Regulatory Commission Expense					
928150 · FERC SWL Admin Fees	3,250	4,000	11,537	15,500	47,500
928151 · FERC SWL Other Expenses	13,055	2,300	24,576	6,020	60,920
928152 · AK DNR SWL Fees	-	-	-	-	50
928250 · FERC TYL Admin Fees	3,000	4,000	10,551	13,000	45,000
928251 · FERC TYL Other Expenses	-	-	-	-	7,750
928252 · AK DNR TYL Fees	-	-	-	-	100
928000 · Regulatory Commission Expense - Other	-	-	4,500	-	-
Total 928000 · Regulatory Commission Expense	19,305	10,300	51,164	34,520	161,320
930000 · General Expenses					
930100 · Advertising Expense	529	200	763	1,200	5,000
930110 · Public Relations	-	1,600	13,270	6,400	25,000
930111 · PR - SEAPA History Project	-	1,500	-	1,500	35,000
930300 · Association Dues Expense	-	-	660	800	27,650
930310 · Professional Assn Dues	-	-	220	250	500
930400 · Board Meeting Expenses	125	5,250	8,184	13,250	45,000
930500 · Training Expense	6,284	5,000	11,109	13,000	29,000
930600 · Travel Expense	3,991	4,000	13,450	16,000	40,000
930700 · Non-Travel Incidental	288	250	641	950	3,000
Total 930000 · General Expenses	11,216	17,800	48,297	53,350	210,150
931000 · Admin Rent					
931010 · Office Rent	4,082	4,100	17,010	16,800	53,200
931100 · Apartment Rent - Ketchikan	750	750	3,000	3,000	9,000
Total 931000 · Admin Rent	4,832	4,850	20,010	19,800	62,200
Total Operating Expense	441,171	484,530	2,012,506	2,069,430	7,725,175
Net Operating Income	293,250	397,430	1,304,399	1,799,090	3,956,477

SOUTHEAST ALASKA POWER AGENCY
Statement of Activities - Budget Comparison
October, 2014

	Oct 14	Budget	Jul-Oct '14	YTD Budget	Annual Budget
Non-Operating Income/Expense					
Non-Operating Income					
941000 · Grant Income	298,320		489,343		
941100 · Third Party Income	-		0		
942000 · Interest Income					
942100 · Misc Interest Income	720		2,438		
942200 · Investment Interest Income	9,043		31,621		
942000 · Interest Income - Other	-		451		
Total 942000 · Interest Income	9,763		34,510		
944000 · Realized Gain/Loss					
944200 · Realized Gain/Loss on Invest	(1,021)		(27,416)		
Total 944000 · Realized Gain/Loss	(1,021)		(27,416)		
945000 · Unrealized Gain/Loss					
945200 · Unrealized Gain/Loss Investment	13,508		15,466		
Total 945000 · Unrealized Gain/Loss	13,508		15,466		
Total Non-Operating Income	320,569		511,903		
Non-Operating Expense					
950001 · Misc Nonoperating Expense	0.00		925.00		
950002 · Special Item- Tye Op Transitn	0.00		405,708.45		
952000 · Bond Interest 2009 Series	53,971		215,882		
953000 · Depreciation Expense	338,483		1,353,932		
954000 · Grant Expenses					
954002 · Grant Contractual	176,323		653,738		
954004 · Grant Labor & Benefits	3,273		9,142		
954006 · Grant Materials & Supplies	1,550		1,813		
954007 · Grant Non-Operating Expense	91		2,366		
954008 · Grant Travel	583		18,615		
Total 954000 · Grant Expenses	181,821		685,674		
954100 · Contributed Capital	(70,923.39)		(220,582.68)		
954200 · Third Party Expense					
954210 · Annette Island Hydro Site Eval					
954211 · Annette Island - Contractual	0.00		0.00		
954214 · Annette Island - Travel	-		-		
Total 954210 · Annette Island Hydro Site Eval	-		-		
Total 954200 · Third Party Expense	-		-		
Total Non-Operating Expense	503,351		2,441,538		
Net Non-Operating Income	(182,782)		(1,929,635)		
Net Income	110,468	397,430	(625,236)	1,799,090	3,956,477

R&R Project	FY15 Budget	FY15 Expenditures		ANNUAL EXPENDITURES					Overall BUDGET
				FY12	FY13	FY14	FY15	TOTAL	
220-12 SCADA Upgrade	\$ 177,400	\$ 58,717	Integrating with operations.	130,663	156,453	880,036	58,717	1,225,868	1,347,209
228-13 Circuit Switcher WRG	\$ 170,000	\$ 33	Tentative install Apr 2015.		-	-	33	33	170,000
231-13 Helicopter Pads	\$ 1,500,000	\$ 31,483	RFP for manufacture.		57,731	98,391	31,483	187,605	3,350,000
232-13 Communications Upgrade	\$ 326,000	\$ 7,858	Agency permits nearly complete.		12,160	184,771	7,858	204,789	520,100
236-13 Wrangell Reactor	\$ 1,489,391	\$ 30,332	Delivery Apr 2015		55,066	216,832	30,332	302,230	1,600,000
240-13 Cooling Water TYL	\$ 105,534	\$ -	Capitalized piping \$94,165		26,600	67,566	-	94,165	199,700
241-13 Stream Gauge TYL	\$ 910,478	\$ -	Partially capitalized.		37,845	562,635	-	600,480	1,467,758
242-13 Reservoir Expansion SWL	\$ 763,736 \$ (763,736)	\$ 318,022	100% grant funded in FY2015.	151,421	421,782 (6,392)	394,811 (245,260)	318,022 (75,163)	1,286,036 (326,816)	13,391,869 (3,898,000)
245-14 Crew Boat SWL	\$ 157,843	\$ 157,017	Complete - Sep 2015.			357	157,017	157,374	158,200
248-14 Lathe TYL	\$ 25,177	\$ -	Vendor nonresponsive.			16,593	-	16,823	42,000
249-14 Marine Term Gage/CommTYL	\$ 245,000	\$ 3,103	Hardware/software design			-	3,103	3,103	245,000
251-14 Powerhs Roof Repair SWL	\$ 398,987	\$ 3,200	Bid specs being developed			913	3,200	4,113	399,900
252-14 Submarine SpliceSpareTYL	\$ 288,000	\$ -	Existing kits being evaluated			-	-	-	288,000
254-14 Water Tank Remediati n SWL	\$ 69,200	\$ 398	Bid specs being developed			3,800	398	4,198	73,000
255-14 Wood Helipad Repair SWL	\$ 104,000	\$ 446	Bid packet being developed.				446	446	104,000
256-15 Alarm Trip Protectn SWL-TYL	\$ 222,000	\$ -	RFP scheduled for April.				-	-	222,000
257-15 Pressure-Reducing Valve TYL	\$ 71,000	\$ -	Working with Tyee crew.				-	-	71,000
258-15 System Control Improve SWL-T	\$ 116,800	\$ -	RFP scheduled for May.				-	-	116,800
259-15 Turbine Shutoff Valves TYL	\$ 575,240	\$ 1,529	Contract awarded to HDR.				1,529	1,529	575,240
260-15 Exciters SWL	\$ 816,500	\$ 1,500	Purchase specs in development.				1,500	1,500	816,500
261-15 Generator Switch Gear SWL	\$ 946,800	\$ 1,000	Purchase specs in development.				1,000	1,000	946,800
Total WIP R&R Capital Projects	\$8,715,350	\$614,636		\$282,084	\$761,244	\$2,181,444	\$539,473	\$3,764,474	\$22,207,076

Date	Num	Vendor	FY15 BUDGET \$	Expenditures	Description
220-12 SCADA Upgrade			\$177,400	-	SEAPA-System Supervisory Control and Data Acquisition (SCADA) Consolidation Project. Installed and operational. Initiating integration with other facility operations. (E.Wolfe)
	\$130,663	<i>FY12 Expenditures</i>			
	\$156,453	<i>FY13 Expenditures</i>			
	\$881,204	<i>FY14 Expenditures</i>			
	(\$674,780)	<i>FY14 TYL Portion Capitalized</i>			FY14 CAPITALIZED TYL Portion of Project \$674K
06/30/14	811	Fiber Fusion		5,074	
06/30/14	812	Fiber Fusion		2,144	
06/30/14	INV14012	Segrity LLC		14,810	
08/22/14	28997	<i>Taquan Air</i>		156	
08/27/14	51932	<i>Sunrise Aviation Inc</i>		313	
08/29/14	51939	Sunrise Aviation Inc		720	
08/30/14	INV14014	Segrity LLC		8,212	
09/05/14	825	Fiber Fusion		1,967	
09/05/14	825	Fiber Fusion		1,967	
09/05/14	825	Fiber Fusion		1,967	
09/16/14	826	Fiber Fusion		10,671	
09/16/14	826	Fiber Fusion		10,671	
09/17/14	INV14015	Segrity LLC		587	
09/30/14	373	General Journal		48	
41943	I367	Siemens Industry Inc		(589)	
Total 220-12 SCADA Upgrade				551,088	
228-13 Circuit Switcher WRG			\$170,000	-	Replace manual 3-phase circuit switcher at the Wrangell switchyard.
07/31/14	HEN0453-201407	"Bank of America		33	Delivered to WRG switchyard October 2014. Installation tentatively
10/08/14	85432	Southern States LLC		103,064	shcheduled for April. (S.Henson)
10/23/14	S062WRA15N	Samson Tug & Barge		1,121	
Total 228-13 Circuit Switcher Wrg				104,217	

Date	Num	Vendor	FY15 BUDGET \$	Expenditures	Description
231-13 Helicopter Pads			\$1,500,000	-	Helipad installation on the intertie and replacement of pads on Swan and Tyee lines. Prototype installed on the STI in November 2013. PND's helipad design approved by USFS in Dec 2014. Project Management: Tongass Engineering (S.Henson)
	\$57,731	<i>FY13 Expenditures</i>			
	\$98,391	<i>FY14 Expenditures</i>			
	364	FY14 Capitalize Prototypes		(114,921)	
	(\$114,921)	<i>FY14 Capitalize Prototypes</i>			FY14 CAPITALIZED \$114,921 (Prototypes)
06/30/14	1320117	Tongass Engineering		3,176	
06/30/14	14070071	PND Engineers		1,170	
07/25/14	50824990	Tetra Tech Inc		857	
07/31/14	27996	Temsco Helicopters, Inc.		2,569	
08/01/14	28032	Temsco Helicopters, Inc.		1,339	
08/16/14	BAM122	BAM, LLC		13,350	
08/18/14	14080064	PND Engineers		2,274	
08/22/14	50828719	Tetra Tech Inc		690	
08/31/14	1320118	Tongass Engineering		5,723	
09/26/14	50846456	Tetra Tech Inc		84	
10/24/14	50855139	Tetra Tech Inc		252	
Total 231-13 Helicopter Pads				72,684	
232-13 Communications Upgrade			\$326,000	-	Satellite dishes and telephone systems installed at Swan Lake and SEAPA Office in December 2013. Tyee Lake satellite dish permitting approved by ADF&G and Corp of Engineers, pending DNR approval. (S.Henson) CAPITALIZED SWL-SEAPA Office \$177,163
	\$12,160	<i>FY13 Expenditures</i>			
	\$184,771	<i>FY14 Expenditures</i>			
	(\$177,163)	<i>FY14 Capitalize SWL-SEA Office</i>			
06/27/14	50814461	Tetra Tech Inc		999	
09/30/14	INV14012	Segrity LLC		750	
07/25/14	50826176	Tetra Tech Inc		952	
08/22/14	50828723	Tetra Tech Inc		3,625	
08/26/14	Easement	AK DNR 111020 JNU		100	
09/26/14	50846461	Tetra Tech Inc		1,432	
10/24/14	50855145	Tetra Tech Inc		303	
11/21/14	50865543	Tetra Tech Inc		270	
11/30/14	THO9358-201411	"Bank of America		214	
Total 232-13 Communications Upgrade				28,413	

Date	Num	Vendor	FY15 BUDGET \$	Expenditures	Description
236-13 Wrangell Reactor			\$1,489,391	-	Replace aging reactor in Wrangell with switchable reactors and capacitors. Design completed by project manager, EPS. Manufactured by
	\$55,066	<i>FY13 Expenditures</i>			ABB; tested and approved by Norconsult Delivery scheduled for Apr
11/30/13	2147	Electric Power Systems Inc.		9,621	
01/23/14	2433	Electric Power Systems Inc.		18,104	2015. (S.Henson)
01/24/14	3284184	Daily Journal of Commerce		91	
01/31/14	2655	Electric Power Systems Inc.		8,402	
04/22/14	3031	Electric Power Systems Inc.		7,034	
05/15/14	3199	Electric Power Systems Inc.		12,292	
05/31/14	3609	Electric Power Systems Inc.		1,689	
06/13/14	7102292678	ABB Inc		159,600	
07/31/14	4130	Electric Power Systems Inc.		1,750	
09/16/14	4390	Electric Power Systems Inc.		2,030	
09/30/14	4651	Electric Power Systems Inc.		10,513	
10/31/14	4896	Electric Power Systems Inc.		16,039	
Total 236-13 Wrangell Reactors				<u>302,230</u>	
240-13 Cooling Water TYL			\$105,534	-	Piping installation complete. Valves and control work remain.
	\$ 26,600	<i>FY13 Expenditures</i>			(E.Wolfe)
	\$ 67,566	<i>FY14 Expenditures</i>			CAPITALIZED PIPE INSTALLATION \$94,165
	\$ (94,165)	<i>FY14 Pipe Install Capitalized</i>			
Total Project				<u>-</u>	
241-13 Stream Gauge TYL			\$910,478	-	Logs cleared July 2013. Weir construction completed and helipad place by
	\$ 37,845	<i>FY13 Expenditures</i>			Sep 2013. Concrete placing and grout work planned. (E.Wolfe /
	\$ 562,635	<i>FY14 Expenditures</i>			E.Schofield)
	\$ (598,332)	<i>FY14 Weir & Helipad Capitalized</i>			FY14 CAPITALIZED WEIR & HELIPAD \$598,332
11/17/14	4472	McMillen LLC		540	
Total 241-13 Stream Gauge TYL				<u>2,687</u>	

Date	Num	Vendor	FY15 BUDGET \$	Expenditures	Description
242-13 Reservoir Expansion SWL			\$763,736		Refer to report from Director of Special Projects. (E.Wolfe / E.Schofield)
AK DCCED Grant >			(\$763,736)		
06/30/12	\$ 151,421	FY12 Expenditures		151,421	
	\$ 421,782	FY13 Expenditures			
	\$ 394,811	FY14 Expenditures		-	
06/27/14	90495970	Hatch Associates Consultants, Inc	\$	5,505	
06/30/14	ALL9609-201406	"Bank of America, \$99.00		99	
06/30/14	51490004	Jacobs Associates, \$34525		34,525	
06/30/14	51490005	Jacobs Associates		18,544	
08/05/14	28753	Taquan Air		935	
08/29/14	51490006	Jacobs Associates		110,127	
08/31/14	ALL9609-201408	"Bank of America		166	
08/31/14	KDR201408	de Rubertis, Kim		800	
09/07/14	4284	McMillen LLC		20,193	
09/30/14	1409	Glenn Brewer Consulting Engineer		6,854	
09/30/14	WOL7101-201409	"Bank of America		541	
09/30/14	KDR201409	de Rubertis, Kim		4,139	
09/30/14	2	Kollgaard, Eric B.		5,904	
10/01/14	51490007	Jacobs Associates		30,572	
10/31/14	ALL9609-201410	"Bank of America		142	
10/31/14	WOL7101-201410	"Bank of America		1,550	
10/31/14	MKCL201410	Morris Kepler Consulting LLC		10,106	
10/31/14	51490008	Jacobs Associates		28,553	
11/02/14	4473	McMillen LLC		508	
11/28/14	51490009	Jacobs Associates		18,734	
11/30/14	MKC201411	Morris Kepler Consulting LLC		15,400	
11/30/14	WOL7101-201411	"Bank of America		91	
11/30/14	4534	McMillen LLC		4,033	
11/30/14	1143	Ascent Law Partners, LLP		4,165	
Total 242-13 Reservoir Expansion SWL				<u>1,290,201</u>	
243-14 Compactor-Roller TYL			\$0		Purchased and shipped to Wrangell in Mar 2014. Delivered to Tye in July, 2014. Capitalize FY2015.
08/08/13	28027	Ketchikan Daily News		47	
08/08/13	54324	Pilot Publishing, Inc.		44	
08/08/13	54314	Wrangell Sentinel		36	
03/14/14	K40247	Tyler Rental, Inc.		63,900	
03/17/14	S019WRA23N	Samson Tug & Barge		1,364	
Total 243-14 Compactor-Roller TYL				<u>65,391</u>	

Date	Num	Vendor	FY15 BUDGET \$	Expenditures	Description
245-14 Crew Boat SWL			\$157,843		Contract to manufacture awarded to Munson Boats in March 2014. In service August 2014. CLOSED FY15.
09/19/13	3280081	Daily Journal of Commerce		42	
09/19/13	28290	Ketchikan Daily News		53	
09/28/13	54635	Wrangell Sentinel		39	
02/10/14	3284726	Daily Journal of Commerce		48	
02/11/14	15009	Ketchikan Daily News		65	
02/14/14	55767	Pilot Publishing, Inc.		61	
02/14/14	55776	Wrangell Sentinel		50	
08/21/14	2014094	Munson Boats (William E. Munson)		109,226	
09/08/14	2014096	Munson Boats (William E. Munson)		47,791	
Total 245-14 Crew Boat SWL				<u>157,374</u>	
248-14 Lathe TYL			\$25,177		Vendor has been unresponsive; seeking delivery or refund. Working with legal.
06/30/13	MK201306	Morris Kepler Consulting		230.00	
07/09/13	IMC1	Idaho Machinery Company, LLC		16,334.00	
07/31/13	MKC201307	Morris Kepler Consulting		258.75	
Total 248-14 Lathe TYL				<u>16,823</u>	
249-14 Marine Term Gage/Comm			\$245,000		Initiating design of hard to mount pressure transducers and replacement gauges, as well as software design to integrate marine terminal data into SCADA. (S.Henson)
08/02/14	28039	Temsco Helicopters, Inc.		2,558	
08/04/14	215939	Best Western Landing Hotel		545	
Total 249-14 Marine Term Gage/Co				<u>3,103</u>	
251-14 Powerhs Roof Repair SWL			\$398,987		May Engineering preparing specifications for bid. (S.Henson / E.Schofield)
04/28/14	201	May Engineering Services LLC		913	
06/03/14	202	May Engineering Services LLC		875	
06/27/14	203	May Engineering Services LLC		625	
07/30/14	204	May Engineering Services LLC		738	
08/31/14	205.	May Engineering Services LLC		713	
09/15/14	206	May Engineering Services LLC		250	
Total 251-14 Powerhs Roof Repair				<u>4,113</u>	
252-14 Submarine SpliceSpareTYL			\$288,000		Existing spares being evaluated to determine portions that require replacement following specifications recommended by Poseidon Engineering. (S.Henson)
Total 252-14 Submarine Splice SpareTYL				<u>-</u>	

Date	Num	Vendor	FY15 BUDGET \$	Expenditures	Description
254-14 Water Tank Remediatn SW			\$69,200		Originally a painting project, including lead abatement, there were no response to bid invitation. Water Tank replacement specifications developed by May Engineering. (S.Henson / E.Schofield)
04/28/14	301	May Engineering Services LLC		875	
06/03/14	302	May Engineering Services LLC		2,925	
07/30/14	29774	Ketchikan Daily News		55	
08/01/14	515801	Juneau Empire		185	
08/03/14	1186365	Alaska Dispatch News		60	
08/09/14	57065	Pilot Publishing, Inc.		54	
08/09/14	57062	Wrangell Sentinel		44	
Total Water Tank Remediatn SWL				<u>4,198</u>	
255-14 Wood Helipad Repair SWL			\$104,000		Bid packet being developed. (S.Henson)
08/12/14	28067	Temsco Helicopters, Inc.		446	
Total 255-14 Wood Helipad Repair SWL				<u>446</u>	
256-15 Alarm Trip Protection SWL			\$222,000		Two-year project; review sensors and relays, reliability and critical protection issue. RFP in Apr 2015. (E.Wolfe)
Total 256-15 Alarm Trip Protection SWL-TYL				<u>-</u>	
257-15 Pressure-Reducing Valve T			\$71,000		System protection issue; affects cooling water and water used in housing. Working in-house with Tye crew. (E.Wolfe)
Total 257-15 Pressure-Reducing Valve TYL				<u>-</u>	
258-15 System Control Improvem			\$116,800		Two-year project to increase reliability at both plants; coordinate facilities' operations. RFP in May 2015. (E.Wolfe)
Total 258-15 System Control Improvements SWL-TYL				<u>-</u>	
259-15 Turbine Shutoff Valves TYL			\$575,240		Replace existing water-based system with oil-based system. Contract awarded to HDR. (E.Wolfe)
07/15/14	51855	Sunrise Aviation Inc		650	
08/22/14	28997	Taquan Air		156	
08/27/14	51932	Sunrise Aviation Inc		313	
08/28/14	51935	Sunrise Aviation Inc		360	
11/11/14	57709	Wrangell Sentinel		50	
Total 259-15 Turbine Shutoff Valve TYL				<u>1,529</u>	
260-15 Exciters SWL			\$816,500		Replaces 1997 generators; coordinate with RR261-15. Segrity LLC is developing specifications for purchase of exciters and switchgear. (S.Henson)
06/30/14	INV14012	Segrity LLC		1,500	
Total 260-15 Exciters SWL				<u>1,500</u>	
261-15 Generator Switch Gear SW			\$946,800		Replace existing gear; includes spare breaker. Coordinate with RR260-15. Segrity LLC is developing specifications for purchase of exciters and switchgear. (S.Henson)
06/30/14	INV14012	Segrity LLC		1,000	
Total 261-15 Generator Switch Gear SWL				<u>1,000</u>	
Total WIP R&R Capital Projects		\$	8,715,350	\$	2,606,997

SOUTHEAST ALASKA POWER AGENCY

NOVEMBER & DECEMBER 2014 DISBURSEMENTS

<u>ACCOUNTS</u>	<u>TOTAL</u>
Revenue Fund	\$ 1,951,157.00
R&R Fund	131,212.74
New Generation Fund	\$ 78.00
TOTAL	<u>\$ 2,082,447.74</u>

SUGGESTED MOTION

I move to approve disbursements for the months of November and December, 2014 in the amount of \$2,082,447.74.

Invoice No.	Company (vendor)	Revenue Fund	R&R Fund	New Gen.
APCM201410	Alaska Permanent Capital Inc	1,678.68		
APCM201411	Alaska Permanent Capital Inc	1,681.16		
2934	Alaska Power Association	5,624.00		
3015	Alaska Power Association	500.00		
ASL201412	Alaskan Sourdough Lodge, LLC	520.00		
20141	Allen, Penny	230.00		
297851	Anderes Oil	288.82		
309950	Anderes Oil	239.74		
1903	Arrowhead LP Gas WRG	27.60		
1125	Ascent Law Partners, LLP	245.00		
1126	Ascent Law Partners, LLP	10,255.00		
1127	Ascent Law Partners, LLP	10,080.00		
1143	Ascent Law Partners, LLP	4,165.00		
1144	Ascent Law Partners, LLP	9,695.00		
1145	Ascent Law Partners, LLP	665.00		
1146	Ascent Law Partners, LLP	14,306.00		
1147	Ascent Law Partners, LLP	1,785.00		
2652511507	AT&T Alascom 5019	305.34		
2652628058	AT&T Alascom 5019	305.34		
2652744163	AT&T Alascom 5019	305.34		
1795839	Austin Powder	350.00		
1598348	Automated Valve & Control	1,445.19		
50038	Bay Company Enterprises, LLC	56.23		
51190	Bay Company Enterprises, LLC	27.90		
51202	Bay Company Enterprises, LLC	17.90		
150551	Bay Company Enterprises, LLC	1,717.62		
467181	BDO USA, LLP	19,000.44		
219579	Best Western Landing Hotel	240.00		
219642	Best Western Landing Hotel	260.00		
BW20141218	Best Western Landing Hotel	280.61		
BLUE201412	Blue Water Charter & Tackle	750.00		
BLUE201501	Blue Water Charter & Tackle	750.00		
1039	BW Enterprises	5,600.00		
2225	Cape Fox Lodge	21.37		
265111	Cape Fox Lodge	505.30		
157689	City Market	22.30		
157692	City Market	216.67		
167853	City Market	61.89		

SOUTHEAST ALASKA POWER AGENCY

Invoice No.	Company (vendor)	Revenue Fund	R&R Fund	New Gen.
176057	City Market	284.32		
176669	City Market	198.61		
177223	City Market	22.17		
217819	City Market	146.52		
231032	City Market	204.09		
40594	Commonwealth Associates, Inc.	362.25		
40912	Commonwealth Associates, Inc.	684.25		
23480	Control Engineers	62.50		
23533	Control Engineers	281.25		
227621	Control Factors	1,060.88		
10345	DHittle & Associates, Inc.	1,548.00		
10346	DHittle & Associates, Inc.	2,064.00		
10374	DHittle & Associates, Inc.	2,752.00		
EE201411	E&E Dining	1,464.00		
4896	Electric Power Systems Inc.	-	16,039.00	
4900	Electric Power Systems Inc.	764.34		
5309	Electric Power Systems Inc.	-	3,981.50	
1067	Financial Engineering Company	8,426.79		
64736474	Futaris	6,145.00		
65976598	Futaris	6,145.00		
SEAPA00414	G2Risk Consulting	877.50		
61656645	GE Capital	140.00		
61657950	GE Capital	595.00		
61824175	GE Capital	140.00		
61826044	GE Capital	595.00		
1412	Glenn Brewer Consulting Engineer	3,378.35		
9555241695	Grainger	108.80		
9579359770	Grainger	62.68		
9595048027	Grainger	256.11		
9595468498	Grainger	412.52		
9602502073	Grainger	23.17		
1001	Green Coffee Bean	240.00		
138609	Harris Air	235.00		
139148	Harris Air	2,300.00		
90511264	Hatch Associates Consultants, Inc	13,055.00		
90513727	Hatch Associates Consultants, Inc	7,560.00		
3783	I Even Do Windows	300.00		
3822	I Even Do Windows	300.00		
154088	Interface Inc	1,620.00		
51490009	Jacobs Associates	18,733.79		
514900007	Jacobs Associates	30,571.97		
514900008	Jacobs Associates	28,552.50		
15358	Jud's Office Supply	247.67		
15627	Jud's Office Supply	76.66		
161735	Juneau Empire	199.90		
Rebate KTN FY14	Ketchikan City of 334	462,411.00		
30222	Ketchikan Daily News	94.00		
KDN201411	Ketchikan Daily News	1,734.00		
KDN201412	Ketchikan Daily News	212.25		
KGB201412	Ketchikan Gateway Borough	3,861.00		
KGB201501	Ketchikan Gateway Borough	3,925.35		
167962IN	Lake Country	740.42		
L&H201412	Liv and Heidis Kjekken Catering	1,794.00		
LK201412	LK Storage	156.00		

SOUTHEAST ALASKA POWER AGENCY

Invoice No.	Company (vendor)	Revenue Fund	R&R Fund	New Gen.
LK201501	LK Storage	78.00		78.00
91983	LNM Services	94.70		
92078	LNM Services	122.94		
92109	LNM Services	54.80		
92121	LNM Services	62.00		
288849128473	Marsh USA Inc.	26,388.94		
404	May Engineering Services LLC	1,100.00		
405	May Engineering Services LLC	700.00		
503	May Engineering Services LLC	8,200.70		
4416	McMillen LLC	4,655.82		
4417	McMillen LLC	30,114.09		
4418	McMillen LLC	43,173.01		
4472	McMillen LLC		539.75	
4473	McMillen LLC	508.00		
4487	McMillen LLC	5,059.50		
4488	McMillen LLC	30,096.75		
4502	McMillen LLC	2,327.37		
4503	McMillen LLC	259.40		
4504	McMillen LLC	39,940.05		
4534	McMillen LLC	4,033.00		
4849	Meridian Environmental	684.00		
4850	Meridian Environmental	9,943.63		
4899	Meridian Environmental	9,637.00		
4900	Meridian Environmental	5,738.00		
MKC201411	Morris Kepler Consulting LLC	15,400.15		
MKCL201410	Morris Kepler Consulting LLC	10,106.46		
1412116792	Murray Pacific	1,764.73		
M15136	National Hydropower Association	19,329.00		
112219	Northwest Public Power Assn	715.00		
1278228	NRECA 758777 Deferred	2,302.00		
15018046	NRECA 775670 RSP	27,268.60		
14120630	NRECA 798185 Group Ins	(1,135.03)		
15010630	NRECA 798185 Group Ins	16,012.47		
14120630A	NRECA 798324 Group Ins Admin	(101.20)		
15010630A	NRECA 798324 Group Ins Admin	1,397.81		
14118046A	NRECA 798330 RSP Admin	448.82		
14128046A	NRECA 798330 RSP Admin	448.82		
15018046A	NRECA 798330 RSP Admin	516.44		
58717	Ottesen's Inc	37.98		
358066	Ottesen's Inc	77.95		
358082	Ottesen's Inc	36.40		
358120	Ottesen's Inc	18.77		
358212	Ottesen's Inc	23.98		
358231	Ottesen's Inc	3.29		
358258	Ottesen's Inc	20.50		
358767	Ottesen's Inc	25.99		
359492	Ottesen's Inc	25.99		
359555	Ottesen's Inc	4.99		
359588	Ottesen's Inc	35.99		
359611	Ottesen's Inc	(35.99)		
359951	Ottesen's Inc	141.98		
359972	Ottesen's Inc	142.16		
359997	Ottesen's Inc	12.99		
360028	Ottesen's Inc	101.97		

SOUTHEAST ALASKA POWER AGENCY

Invoice No.	Company (vendor)	Revenue Fund	R&R Fund	New Gen.
360073	Ottesen's Inc	23.47		
360605	Ottesen's Inc	49.08		
360735	Ottesen's Inc	37.92		
360799	Ottesen's Inc	9.49		
360949	Ottesen's Inc	10.98		
7325445	Pape Material Handling	36.74		
Rebate PSG FY14	Petersburg Borough	212,301.00		
32242	Petersburg Bottled Gas	61.00		
55	Petersburg Elks Lodge 1615	181.00		
40827	Petro Marine Services-WRG	738.30		
57866	Pilot Publishing, Inc.	2,230.89	60.75	
624	Ray Matiashowski and Associates	4,000.00		
0632	Ray Matiashowski and Associates	4,000.00		
S039WWRA01I	Samson Tug & Barge	303.12		
S046KET03I	Samson Tug & Barge	303.26		
S052WRA02I	Samson Tug & Barge	303.12		
S062WRA15N	Samson Tug & Barge		1,120.69	
S072KET08N	Samson Tug & Barge	196.86		
S074-KET-18-N	Samson Tug & Barge	124.12		
S075-KET-05-I	Samson Tug & Barge	81.20		
S075-WRA-10-N	Samson Tug & Barge	58.00		
S075-WRA-19-N	Samson Tug & Barge	418.31		
S075-WRA-20-N	Samson Tug & Barge	1,160.00		
S079KET03I	Samson Tug & Barge	112.87		
S080KET03I	Samson Tug & Barge	465.76		
410563	Satellite & Sound Inc	550.00		
410601	Satellite & Sound Inc	300.00		
1112110203A	Scandia House Hotel	226.00		
1112110306A	Scandia House Hotel	203.00		
1112110307A	Scandia House Hotel	206.00		
1112110312A	Scandia House Hotel	103.00		
1113110206A	Scandia House Hotel	100.00		
1113110207A	Scandia House Hotel	100.00		
1113110212A	Scandia House Hotel	100.00		
1113110215A	Scandia House Hotel	100.00		
1113110301A	Scandia House Hotel	110.00		
1113110309A	Scandia House Hotel	100.00		
1113110311A	Scandia House Hotel	113.00		
40478613096	Schweitzer Engineering Laboratories Inc	254.83		
315113	SE Business Machines	80.60		
315138	SE Business Machines	80.40		
315166	SE Business Machines	89.00		
INV14021	Segrity LLC	9,197.19		
403261	Sentry Hardware & Marine	49.99		
403264	Sentry Hardware & Marine	(49.99)		
403265	Sentry Hardware & Marine	49.99		
403389	Sentry Hardware & Marine	115.06		
403460	Sentry Hardware & Marine	20.97		
403528	Sentry Hardware & Marine	4.80		
403529	Sentry Hardware & Marine	4.80		
403531	Sentry Hardware & Marine	(4.80)		
403620	Sentry Hardware & Marine	71.24		
404043	Sentry Hardware & Marine	138.04		
404044	Sentry Hardware & Marine	51.98		

SOUTHEAST ALASKA POWER AGENCY

Invoice No.	Company (vendor)	Revenue Fund	R&R Fund	New Gen.
404342	Sentry Hardware & Marine	59.52		
404711	Sentry Hardware & Marine	5.99		
404768	Sentry Hardware & Marine	49.68		
405393	Sentry Hardware & Marine	17.36		
405743	Sentry Hardware & Marine	97.40		
2693	Sign Pro	133.86		
551938	Southeast Auto & Marine Parts, Inc	37.15		
553006	Southeast Auto & Marine Parts, Inc	27.51		
553491	Southeast Auto & Marine Parts, Inc	95.90		
85432	Southern States LLC	-	103,063.95	
24082367	Spenard Builders Supply	431.52		
51997	Sunrise Aviation Inc	4,170.00		
52030	Sunrise Aviation Inc	3,770.00		
52035	Sunrise Aviation Inc	435.00		
52039	Sunrise Aviation Inc	285.00		
52044	Sunrise Aviation Inc	145.00		
52059	Sunrise Aviation Inc	940.00		
52074	Sunrise Aviation Inc	435.00		
52075	Sunrise Aviation Inc	1,277.50		
29546	Taquan Air	467.45		
29556	Taquan Air	467.45		
29563	Taquan Air	3,767.45		
28459	Temsco Helicopters, Inc.	-	2,431.10	
28463	Temsco Helicopters, Inc.	1,435.60		
50855139	Tetra Tech Inc	-	251.55	
50855141	Tetra Tech Inc	21,663.60		
50855145	Tetra Tech Inc	-	302.90	
50865495	Tetra Tech Inc	21,326.82		
50865543	Tetra Tech Inc	-	270.40	
15858	TexRus	7,339.30		
50120	Tongass Business Center	6.70		
51265	Tongass Business Center	196.57		
493720	Tongass Business Center	69.68		
494590	Tongass Business Center	119.93		
494591	Tongass Business Center	47.18		
494880	Tongass Business Center	58.77		
499560	Tongass Business Center	6.16		
500740	Tongass Business Center	21.40		
501740	Tongass Business Center	2.67		
13201-19	Tongass Engineering	-	2,887.50	
6B146482-4	Travelers	1,843.00		
9828E9178	Travelers	16,674.60		
K42095	Tyler Rental, Inc.	3,824.71		
BF100522R0008	USDA Forest Service	80,052.53		
116435	Van Ness Feldman PC	24,858.85		
WF201411	Wells Fargo Bank-Corporate Trust	113,280.43		
WF201412	Wells Fargo Bank-Corporate Trust	113,280.43		
574409	Wesco Distribution	8,011.74		
580582	Wesco Distribution	3,948.00		
580904	Wesco Distribution	298.27		
IN87715	WesSpur Tree Equipment, Inc.	588.75		
IN87716	WesSpur Tree Equipment, Inc.	396.84		
IN87804	WesSpur Tree Equipment, Inc.	260.00		
218	Woffinden, Jeimi	246.00		

SOUTHEAST ALASKA POWER AGENCY

Invoice No.	Company (vendor)	Revenue Fund	R&R Fund	New Gen.
Rebate WRG FY14	Wrangell City & Borough	189,878.00		
TBPA201411	Wrangell City & Borough	2,490.12		
WRGPORT201410	Wrangell City & Borough	22.00		
57709	Wrangell Sentinel	1,408.00	49.50	
228338	Yanke Machine Shop	9,644.00		
201410	Bank of America Credit Card	24,508.14		
201411	Bank of America Credit Card	15,960.44	214.15	
WOL201410	Employee Reimbursement	128.68		
		1,951,157.00	131,212.74	78.00
Total Disbursements		\$2,082,447.74		

* Bank of America credit card charges include all travel, most telecom and some utility:
 AT&T Mobility, ACS, AP&T, GCI, Globalstar, KPU, Roadpost, PSG Borough.
 Telecom & utility charges are approximately \$10,000/month.
 October also included training/travel expense and Juneau Energy Summit for staff and some Board members.



Southeast Alaska Power Agency CEO Report

DATE: January 28, 2015
TO: SEAPA Board of Directors
FROM: Trey Acteson, CEO

LEGISLATIVE AFFAIRS

State of the State and Budget: Governor Walker presented his State of the State speech on January 21st and State of the Budget the following evening. As anticipated, he highlighted strong headwinds for the next couple of years. The preliminary forecasts indicate \$3-4 billion deficits for FY15 and FY16, with significant budget cuts yet to be announced. There are indications that the capital budget will be shelved while they attempt to get control of the run-away operating budget. This does not bode well for our lobbying efforts during this legislative session and I anticipate funding requests will not be well received. With this in mind, we will also be weaving policy issues and long-term initiatives into our discussions. I still believe it is important to maintain a presence in Juneau during the session and keep our initiatives at the forefront. We will also continue work to bolster our position as a technical resource leader on regional power issues and this will pay dividends down the road. We have a good message to communicate regarding the importance of continued development of our rural energy infrastructure to support sustainable economic growth in our region. SEAPA entered the Swan Lake Expansion Project into CAPSIS again this year.

Legislative Lunch & Learn: The Alaska Power Association (APA) (our statewide trade association) presented another Lunch and Learn session this afternoon hosted by the House Energy Committee. SEAPA has a seat on the APA Board of Directors and I also regularly participate in the manager's forum working group comprised of utility managers from across the state.

House Bill 78: The APA manager's forum is meeting with a slate of prominent legislators this week to discuss energy issues in Alaska. One item of specific importance is House Bill 78 "Alaska Competitive Energy Act of 2015" that is sponsored by Rep. Tammie Wilson (with Rep. Munoz as a co-sponsor) (see, Attachment 1). HB78 is a reincarnation of the Independent Power Producers (IPP) draft bill that I reported on last year (SB217) and again as a draft last fall sponsored by Senator Coghill. This is a very lengthy and complex bill that seeks to unfairly advantage IPP's in the market place which will trickle down as higher costs for rate payers. It attempts to expand RCA powers and specifically adds Joint Action Agencies. This legislation attempts to circumvent SEAPA's current RCA exemption and impose new regulatory burden. It exposes electric utilities to financial risk related to interconnection, joint use studies, and cost

recovery disallowance. It also seeks to expand costly reporting requirements under avoided cost. We are actively working to educate legislators on the shortcomings of this bill.

BEST PRACTICES AND PROCESS IMPROVEMENTS

Policies Handbook Update: Per the Board's request, the Policies Handbook update has been provided in a single consolidated document for your review and consideration for approval. A "redlined" copy and a "clean" copy with all proposed changes accepted was provided two weeks in advance of the scheduled meeting. The Handbook is a compilation and summary of key provisions of the basic agreements related to the formation and financing of the Agency and the Long-Term Power Sales Agreement. There was considerable editing required to bring the document up to date. Special attention was given to providing accurate references where appropriate and the procurement process was simplified in a table for easier interpretation.

System Operating Standards: SEAPA is taking the lead to advance system-wide Operating Standards for our interconnected system. There was an earlier effort to formalize these important standards, but they were never formally adopted. This renewed effort is being facilitated through the Reliability Committee and will establish clear protocol for the interconnected system. This is critically important to protecting personnel and infrastructure, as well as ensuring the highest level of reliability and availability to consumers. I encourage all parties to work together and make this a priority.

Valuation of Capital Assets: As reported in November, a draft assessment of replacement values for SEAPA owned facilities was received and under review. The report has since been finalized and has confirmed that current replacement values are lower than earlier estimates. Previous assessments did not include an itemized list of equipment, so this effort will establish a credible baseline for future comparisons. With this report in hand, we were able to obtain a modest mid-term credit on our insurance in the amount of \$11,476. It also puts us in a position of strength when we renegotiate insurance premiums next year.

KAKE - PETERSBURG INTERTIE (KPI)

The KPI project reached a significant milestone on December 29th when the USDA Forest Service issued a Notice of Availability seeking public review of the Draft Environmental Impact Statement (DEIS).

The USDA Forest Service (FS) is the lead agency for the KPI EIS process that assesses the potential environmental impacts of the proposed project in accordance with the National Environmental Policy Act (NEPA). The release of the DEIS is the culmination of decades of effort which has seen several starts and stops along the way. SEAPA assumed the lead role as project proponent back in 2012, memorialized in a Memorandum of Understanding (MOU) between the Alaska Energy Authority (AEA), Inside Passage Electric Cooperative (IPEC), and SEAPA. In this agreement, SEAPA committed to leading the effort to advance the project through permitting and design (essentially "shovel ready" status). If constructed, it would extend SEAPA's existing 175 mile transmission system an additional 60 miles overland northwest of Petersburg to Kake. SEAPA would own and operate the line.

It is important to highlight that provisions in the MOU specifically state that SEAPA's member utilities will not incur additional costs due to development of the KPI. Thus far, our work on the KPI has been entirely grant funded and it is envisioned that construction will subsequently require 100% State funding. Although the State is currently in a dramatic economic downturn

cycle, a Record of Decision (ROD) authorizing construction would favorably position this project for future funding and development.

Kake is primarily served by diesel generation and their cost of power is near 65 cents/kWhr. Although their retail power rate is subsidized by the State through the Power Cost Equalization Program (PCE), it is still more than twice as high as their neighbors and capped at 500 kWh/month. Commercial rates are currently not eligible for PCE and continue to have a stifling effect on economic development.

The DEIS public comment period is 45 days and a plethora of supporting information is available to the public on the SEAPA website. SEAPA participated with the FS during public comment meetings in Kake and Petersburg on January 13th and 14th respectively.

PUBLIC RELATIONS

The Board recently received a SEAPA Community Flyer. SEAPA circulates these quarterly newsletters to better inform our member utility communities on important issues. I have included flyers from the past year as an attachment for our incoming Board members (see, Attachment 2). I usually attempt to address commonly asked questions and compliment them with good visual aids. It has proven to be a good communications tool and we continue to receive positive feedback from all three communities. The SEAPA Community Flyers are available on our website and we also issue similar periodic updates specific to the KPI as part of stakeholder engagement for that effort.

RECRUITMENT

SEAPA's recent recruiting push was very successful. We were able to fill three positions with talented and experienced people. These employees have integrated very quickly and are all executing their job functions at a high level of competency. Please join me in welcoming our new team members:

Lisa Maddocks - Administrative Assistant (Ketchikan)
Ed Schofield - Power System Specialist (Ketchikan)
Robert Robbins - Brushing Technician (Wrangell)

We still have one vacancy for a Relief Operator/Electrician at Tyee and interviews are ongoing.

ATTACHMENTS:

Attachment 1: HB78
Attachment 2: Community Flyers

ATTACHMENT 1

HOUSE BILL 78

HOUSE BILL NO. 78

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES WILSON, Muñoz

Introduced: 1/23/15

Referred: House Special Committee on Energy, Labor and Commerce

A BILL

FOR AN ACT ENTITLED

1 "An Act bearing the short title of the 'Alaska Competitive Energy Act of 2015'; and
2 relating to the Regulatory Commission of Alaska."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 SHORT TITLE. This Act may be known as the Alaska Competitive Energy Act of
7 2015.

8 * **Sec. 2.** AS 29.35.070(a) is amended to read:

9 (a) The assembly acting for the area outside all cities in the borough and the
10 council acting for the area in a city may regulate, fix, establish, and change the rates
11 and charges imposed for a utility service provided to the municipality or its inhabitants
12 by a utility that is not subject to regulation under AS 42.05 unless that utility is
13 exempted from regulation under AS 42.05.711(a), (d) - (k), [(o),] (p), or (r) [, OR IS
14 EXEMPTED UNDER REGULATIONS ADOPTED UNDER AS 42.05.810 FROM

1 COMPLYING WITH ALL OR PART OF AS 42.05.141 - 42.05.721].

2 * **Sec. 3.** AS 42.05.141(c) is amended to read:

3 (c) In the establishment of electric service rates under this chapter the
4 commission shall promote the conservation of resources used in the generation of
5 electric energy and the competitive and nondiscriminatory procurement of
6 electrical energy from and by public utilities, qualifying facilities, and
7 independent power producers.

8 * **Sec. 4.** AS 42.05.141 is amended by adding new subsections to read:

9 (e) The commission shall make regulatory decisions consistent with the state
10 energy policy declared in AS 44.99.115. In addition, the commission shall

11 (1) promote the competitive procurement and market-driven
12 development of renewable and alternative energy resources, including geothermal,
13 wind, solar, hydroelectric, hydrokinetic, tidal, and biomass energy, for use by residents
14 of the state and for export;

15 (2) promote the competitive procurement and market-driven
16 development, transport, and efficient use of energy resources, including fossil,
17 alternative, and renewable energy resources, for use by residents of the state and for
18 export;

19 (3) work to identify and assist with development of long-term, market-
20 driven sources of energy for each community statewide; and

21 (4) streamline, including reducing the time and cost of, permitting and
22 regulatory processes to promote private investment and encourage independent power
23 producers to develop, finance, own, operate, and manage qualifying facilities and
24 independent power producers.

25 (f) The commission shall require the owner of a transmission asset located in
26 the state to provide a qualifying facility, independent power producer, or public
27 facility fair, nondiscriminatory access to a transmission asset, including for joint use or
28 interconnection, in accordance with AS 42.05.311 and 42.05.321.

29 * **Sec. 5.** AS 42.05.151(a) is amended to read:

30 (a) The commission **shall** [MAY] adopt regulations, **consistent** [NOT
31 INCONSISTENT] with **state** [THE] law, including the provisions of

1 AS 42.05.141(e) and the state energy policy declared in AS 44.99.115, necessary or
 2 proper to exercise its powers and to perform its duties under this chapter.

3 * **Sec. 6.** AS 42.05.175(e) is amended to read:

4 (e) The commission shall issue a final order in a rule-making proceeding

5 (1) not later than 365 [730] days after a complete petition for adoption,
 6 amendment, or repeal of a regulation under AS 44.62.180 - 44.62.290 is filed; or

7 (2) [,] when the commission initiates a rule-making docket, not later
 8 than 365 [730] days after the order initiating the proceeding is issued.

9 * **Sec. 7.** AS 42.05.211 is amended to read:

10 **Sec. 42.05.211. Annual report.** The commission shall, by November 15 of
 11 each year, publish an annual report reviewing its activities during the previous fiscal
 12 year and notify the legislature that the report is available. The report must

13 (1) address the regulation of public utility service in the state as of
 14 June 30;

15 (2) [AND MUST] contain details about the commission's compliance
 16 with the requirements of AS 42.05.175(a) - (e), with the timeline extensions made by
 17 the commission under AS 42.05.175(f), and with other performance measures
 18 established by the commission; **and**

19 (3) list the avoided cost of each public utility issued a certificate
 20 under AS 42.05.221, including reporting the costs of production, capital, debt,
 21 fuel, operation, and maintenance for each source of electrical generation.

22 * **Sec. 8.** AS 42.05.221(d) is amended to read:

23 (d) In an area where the commission determines that two or more public
 24 utilities are competing to furnish **an** identical utility service **to end users** and that this
 25 competition **does not lower electrical costs for end users** [IS NOT IN THE PUBLIC
 26 INTEREST], the commission shall take appropriate action to **limit access to the retail**
 27 **market and** eliminate [THE COMPETITION AND] any undesirable duplication of
 28 facilities, **but the commission may not limit wholesale competition.** This
 29 appropriate action may include [, BUT IS NOT LIMITED TO,] ordering the
 30 competing utilities to enter into a contract that, among other things, would [:]

31 (1) delineate the service area boundaries of each in those areas of

1 competition;

2 (2) eliminate existing duplication and paralleling of infrastructure
3 servicing end users to the fullest reasonable extent;

4 (3) preclude future duplication and paralleling of infrastructure
5 servicing end users;

6 (4) provide for the exchange of customers and facilities for the
7 purpose [PURPOSES] of providing lower electrical costs for end users [BETTER
8 PUBLIC SERVICE AND OF ELIMINATING DUPLICATION AND
9 PARALLELING]; and

10 (5) provide [SUCH] other mutually equitable arrangements to lower
11 electrical costs for end users, including, when appropriate, a requirement that a
12 public utility purchase electric energy or energy capacity from a qualifying
13 facility or independent power producer at the avoided cost of the public utility or
14 at a mutually agreed upon rate [AS WOULD BE IN THE PUBLIC INTEREST].

15 * **Sec. 9.** AS 42.05.221 is amended by adding a new subsection to read:

16 (g) In this section, "end user" does not include a purchaser of electricity for
17 wholesale or industrial use or a bulk buyer of electricity.

18 * **Sec. 10.** AS 42.05.311(a) is amended to read:

19 (a) A public utility having sewers, conduits, utilidors, poles, pole lines, pipes,
20 pipelines, mains, or electric or other distribution or transmission facilities shall, for
21 [A] reasonable compensation, permit another public utility, a qualifying facility, or
22 an independent power producer to use them when the use is consistent with public
23 convenience and necessity [REQUIRE THIS USE] and the use will not result in a
24 demonstrated and substantial injury to the owner, or in a demonstrated and
25 substantial detriment to the service of [TO] the end users [CUSTOMERS OF THE
26 OWNERS]. The actual cost of modifications or additions necessary to accommodate
27 a joint use shall be at the expense of the public utility, qualifying facility, or
28 independent power producer requesting the use of the facilities. Except as provided
29 in (d) of this section, if a public utility and another party requesting use under
30 this section cannot agree on terms of use or reasonable compensation, the
31 commission may determine and require a public utility to comply with the terms

1 **of service and compensation for the use for up to 90 days.**

2 * **Sec. 11.** AS 42.05.311 is amended by adding new subsections to read:

3 (d) Upon receiving a request for joint use or interconnection from a public
4 utility, qualifying facility, or independent power producer, a public utility having
5 electric distribution or transmission facilities shall, within a reasonable time, permit
6 the joint use or interconnection to be made if the joint use or interconnection

7 (1) is consistent with public convenience and necessity;

8 (2) is consistent with AS 42.05.141(e) and the state energy policy
9 declared in AS 44.99.115;

10 (3) will not result in demonstrated and substantial injury to the owner
11 or other users of the facilities of the entities making the connection;

12 (4) will not result in demonstrated and substantial detriment to the
13 service provided by the entities making the connection; and

14 (5) will not create safety hazards.

15 (e) If a request for interconnection or joint use is made to a public utility for
16 use of a facility located in the state that was financed in whole or in part with federal
17 or state grants or loans and an interconnection or joint use study has not been
18 performed in the five years immediately preceding the request, the public utility shall
19 pay for the applicable study. If an interconnection or joint use study has been
20 completed in the five years immediately preceding the request, the entity requesting
21 interconnection or joint use may procure the applicable study at its own expense.

22 (f) When providing access to a transmission asset, a public utility may not

23 (1) discriminate between users of the transmission asset;

24 (2) employ an anticompetitive practice with a transmission asset; or

25 (3) use its management, ownership, or control of a transmission asset
26 to increase the cost of or prevent use by a utility, qualifying facility, or independent
27 power producer attempting to use a transmission asset.

28 (g) A public utility may assess reasonable integration charges or credits to
29 another public utility, qualifying facility, or independent power producer connecting to
30 its system.

31 (h) A benefit resulting from a connection described in this section shall be

1 credited toward the connecting entity.

2 (i) Upon request of the commission or the connecting entity, the owning
3 public utility shall

4 (1) disclose the basis for the interconnection or integration charges or
5 credits;

6 (2) bear the burden of demonstrating that the interconnection or
7 integration charges or credits comply with this section;

8 (3) demonstrate that the interconnection or integration charges and
9 credits are fair, reasonable, and nondiscriminatory and comply with this chapter.

10 (j) The commission may fine a public utility for failure to comply with this
11 section.

12 * **Sec. 12.** AS 42.05.321 is amended to read:

13 **Sec. 42.05.321. Failure to agree upon joint use or interconnection.** (a) In
14 case of failure to agree upon the joint use or interconnection of facilities or the
15 conditions or compensation for joint use or interconnections, a qualifying facility, an
16 independent power producer, a [THE] public utility, including any municipality, or
17 an interested person may apply to the commission for an order requiring the
18 interconnection. If, after investigation and opportunity for hearing, the commission
19 finds that the joint use or interconnection is consistent with public convenience and
20 necessity [REQUIRE THE JOINT USE OR CONNECTION], that the use or
21 connection is consistent with AS 42.05.141(e), 42.05.311, and the state energy
22 policy declared in AS 44.99.115, and that the use or connection will not result in
23 demonstrated and substantial injury to the owner utility having a transmission asset
24 or [ITS] customers of an owner utility, [OR] in demonstrated and substantial
25 detriment to the services furnished by the owner utility having a transmission asset,
26 or in the creation of safety hazards, the commission [IT] shall

27 (1) order that the use be permitted;

28 (2) prescribe reasonable conditions and compensation for the joint use;

29 (3) order the interconnection to be made;

30 (4) determine the time and manner of the interconnection;

31 (5) determine the apportionment of costs and responsibility for

1 operation and maintenance of the interconnection.

2 (b) Notwithstanding an exemption from other regulation, this [THIS]
 3 section and AS 42.05.311 apply to a utility, qualifying facility, or independent
 4 power producer [ALL UTILITIES WHETHER OR NOT THEY ARE EXEMPT
 5 FROM OTHER REGULATION UNDER AS 42.05.711].

6 * **Sec. 13.** AS 42.05.321 is amended by adding new subsections to read:

7 (c) The commission shall ensure that a fee charged under this section for joint
 8 use or interconnection by a public utility owning a transmission asset is reasonable and
 9 that system charges constitute reasonable integration charges and are determined in the
 10 same manner that the public utility owning the transmission asset charges or allocates
 11 those costs to itself. The commission may temporarily set a fee charged under this
 12 section to zero if a public utility does not provide sufficient information for the
 13 commission to determine whether a fee charged under this section is reasonable.

14 (d) Within 90 days after a request for an order requiring joint use or
 15 interconnection is filed with the commission under (a) of this section, the commission
 16 shall issue a temporary order requiring joint use or interconnection or a statement
 17 explaining why the order was denied and actions that may be taken to facilitate the
 18 approval of a subsequent request for joint use or interconnection.

19 (e) Within 365 days after a request for an order requiring joint use or
 20 interconnection is filed with the commission under (a) of this section, the commission
 21 shall issue a permanent order requiring joint use or interconnection or a detailed
 22 finding explaining why the order was denied.

23 * **Sec. 14.** AS 42.05.381(a) is amended to read:

24 (a) All rates demanded or received by a public utility, or by any two or more
 25 public utilities jointly, for a service furnished or to be furnished shall be just and
 26 reasonable; however, a rate may not include an allowance for costs of political
 27 contributions, costs of [OR] public relations, or costs related to formal or informal
 28 adjudicatory proceedings or judicial actions against a qualifying facility or
 29 independent power producer except for reasonable amounts spent for

30 (1) energy conservation efforts;

31 (2) public information designed to promote more efficient use of the

1 utility's facilities or services or to protect the physical plant of the utility;

2 (3) informing shareholders and members of a cooperative of meetings
3 of the utility and encouraging attendance; [OR]

4 (4) emergency situations to the extent and under the circumstances
5 authorized by the commission for good cause shown; or

6 (5) a mediator, independent expert, or similar impartial analyst
7 used in good faith negotiations with a qualifying facility or independent power
8 producer if the negotiations result in a mutually agreed upon resolution of the
9 formal or informal adjudicatory proceeding or judicial action, including a
10 settlement or a power purchase agreement.

11 * **Sec. 15.** AS 42.05.411 is amended by adding a new subsection to read:

12 (d) Upon the filing of a new or revised tariff, the commission shall review the
13 entire tariff for consistency with AS 42.05.141(e) and the state energy policy declared
14 in AS 44.99.115. If the new or revised tariff is not consistent with AS 42.05.141(e)
15 and the state energy policy, the commission shall direct the utility to revise the tariff to
16 be consistent with AS 42.05.141(e) and the state energy policy and submit the revised
17 tariff to the commission for approval under this section.

18 * **Sec. 16.** AS 42.05.431(c) is amended to read:

19 (c) Notwithstanding (b) of this section,

20 (1) a wholesale agreement for the sale of power from a project licensed
21 by the Federal Energy Regulatory Commission on or before January 1, 1987, and
22 related contracts for the wheeling, storage, regeneration, or wholesale repurchase of
23 power purchased under the agreement, entered into between the Alaska Energy
24 Authority and one or more other public utilities or among the utilities after October 31,
25 1987, and before January 1, 1988, and amendments to the wholesale agreement or
26 related contract, and the wholesale agreement or related contract assigned by the
27 Alaska Energy Authority to a joint action agency formed under AS 42.45.310 that
28 purchases the project from the Alaska Energy Authority, are not subject to review or
29 approval by the commission until all long-term debt incurred for the project is retired,
30 or, for a wholesale agreement or related contract assigned to a joint action agency
31 formed under AS 42.45.310, until all long-term debt incurred to pay the purchase price

1 to the Alaska Energy Authority is retired, except that an agreement under this
 2 paragraph or related contracts or amendments are not exempt from
 3 AS 42.05.311 or 42.05.321; [AND]

4 (2) a wholesale agreement or related contract described in (1) of this
 5 subsection may contain a covenant for the public utility to establish, charge, and
 6 collect rates sufficient to meet its obligations under the contract; the rate covenant is
 7 valid and enforceable;

8 (3) a wholesale agreement between a public utility and a qualifying
 9 facility or independent power producer for the sale of power at or below the
 10 avoided cost of the public utility is valid and enforceable; and

11 (4) a wholesale agreement for the purchase and sale of electricity is
 12 not subject to review or approval by the commission if, at the time the initial
 13 agreement is made, the entity providing the electricity is not a utility and the
 14 purchaser is located outside the certificated service area of a utility, regardless of
 15 whether the purchaser later becomes part of the certificated service area of a
 16 utility.

17 * Sec. 17. AS 42.05.431(e) is amended to read:

18 (e) Validated costs incurred by a utility in connection with the related
 19 contracts described in (c)(1) of this section must be allowed in the rates charged by the
 20 utility. In this subsection, "validated costs" are the actual costs that a utility uses, under
 21 the formula set out in related contracts described in (c) of this section, to establish
 22 rates, charges for services and rights, and the payment of charges for services and
 23 rights. This subsection does not grant the commission jurisdiction to alter or amend
 24 the formula set out in those related contracts, except that the commission may alter
 25 or amend the formula to ensure that the contracts are consistent with
 26 AS 42.05.141(e) and the state energy policy declared in AS 44.99.115.

27 * Sec. 18. AS 42.05.511(a) is amended to read:

28 (a) The commission may

29 (1) investigate the management of a public utility, including [BUT
 30 NOT LIMITED TO] staffing patterns, wage and salary scales and agreements,
 31 investment policies and practices, purchasing and payment arrangements with

1 affiliated interests, for the purpose of determining inefficient or unreasonable practices
2 that adversely affect the cost or quality of service of the public utility;

3 (2) review emergency backup, mid-term, and long-term fuel
4 supply plans of a public utility for reasonableness;

5 (3) investigate suspected discriminatory or anticompetitive
6 practices in the procurement of wholesale power from a qualifying facility or
7 independent power producer by a public utility.

8 * Sec. 19. AS 42.05.711(b) is amended to read:

9 (b) Except as otherwise provided in this subsection [AND IN (o) OF THIS
10 SECTION], public utilities owned and operated by a political subdivision of the state,
11 or electric operating entities established as an [THE] instrumentality of two or more
12 public utilities owned and operated by political subdivisions of the state, are exempt
13 from this chapter, other than AS 42.05.221 - 42.05.281 and 42.05.385. However,

14 (1) the governing body of the [A] political subdivision may elect to be
15 subject to this chapter; and

16 (2) a utility or electric operating entity that is owned or [AND]
17 operated by a political subdivision and that directly competes with another public
18 utility, joint action agency, qualifying facility, independent power producer,
19 transmission utility whose primary function is to control, operate, and maintain
20 transmission facilities of 69 kilovolts or more, or electric operating entity is subject
21 to this chapter [AND ANY OTHER UTILITY OR ELECTRIC OPERATING
22 ENTITY OWNED AND OPERATED BY THE POLITICAL SUBDIVISION IS
23 ALSO SUBJECT TO THIS CHAPTER; THIS PARAGRAPH DOES NOT APPLY
24 TO A UTILITY OR ELECTRIC OPERATING ENTITY OWNED AND
25 OPERATED BY A POLITICAL SUBDIVISION THAT COMPETES WITH A
26 TELECOMMUNICATIONS UTILITY].

27 * Sec. 20. AS 42.05.711(l) is amended to read:

28 (l) A person, utility, joint action agency established under AS 42.45.310, or
29 cooperative that is exempt from regulation under (a), (d) - (k), [(o),] or (r) of this
30 section is not subject to regulation by a municipality under AS 29.35.060 and
31 29.35.070.

1 * **Sec. 21.** AS 42.05.711(r) is amended to read:

2 (r) A plant or facility **owned or operated by an independent power**
 3 **producer** [THAT GENERATES ELECTRICITY ENTIRELY FROM RENEWABLE
 4 ENERGY RESOURCES] is exempt from regulation under this chapter if **the plant or**
 5 **facility sells more than 50 percent of the net electricity it generates to purchasers**
 6 **located outside the state or**

7 (1) the plant or facility

8 [(A)] is first placed into commercial operation on or after
 9 August 31, 2010, and before January 1, **2025** [2016];

10 **(2) the plant or facility** [AND (B)] does not generate more than **80**
 11 [65] megawatts of electricity; **and**

12 **(3) [(2)] the net** electricity generated by the plant or facility is sold
 13 only to one or more electric utilities that are regulated by the commission **or to one or**
 14 **more purchasers who are located outside a certificated service area of a utility**
 15 **and who are not the public, as that term is defined in AS 42.05.990** [; AND

16 (3) THE PERSON THAT CONSTRUCTS, OWNS, ACQUIRES, OR
 17 OPERATES THE PLANT OR FACILITY HAS NOT RECEIVED FROM THE
 18 STATE

19 (A) A GRANT THAT WAS USED TO GENERATE THE
 20 ELECTRICITY FROM THE RENEWABLE ENERGY RESOURCES; OR

21 (B) A TAX CREDIT RELATED TO THE GENERATION OF
 22 ELECTRICITY FROM THE RENEWABLE ENERGY RESOURCES].

23 * **Sec. 22.** AS 42.05.711 is amended by adding a new subsection to read:

24 (u) A qualifying facility is exempt from regulation under this chapter.

25 * **Sec. 23.** AS 42.05.990(6) is amended to read:

26 (6) "public utility" or "utility" includes every corporation whether
 27 public, cooperative, **joint action agency**, or otherwise, company, individual, or
 28 association of individuals, their lessees, trustees, or receivers appointed by a court, that
 29 owns, operates, manages, or controls any plant, pipeline, or system for

30 (A) furnishing, by generation, transmission, or distribution,
 31 electrical service to the public for compensation;

1 (B) furnishing telecommunications service to the public for
2 compensation;

3 (C) furnishing water, steam, or sewer service to the public for
4 compensation;

5 (D) furnishing by transmission or distribution of natural or
6 manufactured gas to the public for compensation;

7 (E) furnishing for distribution or by distribution petroleum or
8 petroleum products to the public for compensation when the consumer has no
9 alternative in the choice of supplier of a comparable product and service at an
10 equal or lesser price;

11 (F) furnishing collection and disposal service of garbage,
12 refuse, trash, or other waste material to the public for compensation;

13 (G) furnishing the service of natural gas storage to the public
14 for compensation;

15 (H) furnishing the service of liquefied natural gas storage to the
16 public for compensation;

17 * **Sec. 24.** AS 42.05.990 is amended by adding new paragraphs to read:

18 (14) "anticompetitive practice" means

19 (A) a practice that directly or indirectly manipulates the
20 purchase or sale of electric energy, access to an electric transmission facility,
21 the cost of electric energy, the price paid for wholesale electric energy, or the
22 charges or credits allocated to a qualifying facility or independent power
23 producer, including interconnection, integration, wheeling, and demand ratchet
24 charges or credits;

25 (B) an act, practice, or scheme by a utility to defraud; or

26 (C) making an untrue statement or omitting a material fact in a
27 communication published by a public utility for use by the commission, a
28 qualifying facility, an independent power producer, or the customers of the
29 utility;

30 (15) "avoided cost" means the incremental cost to an electric utility of
31 electric energy or electric capacity or both that, but for the purchase of that unit from a

1 qualifying facility or independent power producer, the utility would have to generate
2 itself or purchase from another source;

3 (16) "distribution lines" means low voltage transmission lines that
4 deliver power to retail customers;

5 (17) "independent power producer" means a corporation, person,
6 agency, authority, or other legal entity other than a qualifying facility that owns or
7 operates facilities for the generation of electricity for wholesale delivery to a public
8 utility or for use by customers outside the certificated service area of a utility;

9 (18) "joint action agency" means an entity established under
10 AS 42.45.300;

11 (19) "qualifying facility" means

12 (A) a small power production facility located in the state that
13 generates 80 megawatts of electricity or less and whose primary energy source

14 (i) is a renewable or alternative energy resource,
15 including geothermal, wind, solar, hydroelectric, hydrokinetic, tidal, or
16 biomass energy; or

17 (ii) originates in the state; or

18 (B) a cogeneration facility located in the state that sequentially
19 produces electricity and another form of useful thermal energy, including
20 steam or heat, in a manner that is more efficient than the separate production of
21 both forms of energy;

22 (20) "reasonable compensation" means the cost of maintenance plus a
23 return on the private equity of the owning public utility or joint action agency for the
24 portion of the sewer, conduit, utilidor, pole, pole line, pipe, pipeline, main, or other
25 distribution or transmission facility that is jointly used;

26 (21) "reasonable integration charges or credits" means the fair,
27 nondiscriminatory costs that are directly attributable to the system connection,
28 reasonably necessary to maintain safe and reliable operations of the utility system, in
29 excess of the corresponding costs that the public utility would have otherwise
30 incurred, not duplicative of costs already charged related to the system connection,
31 offset by credits for benefits attributable to the system connection, and determined in

1 the same manner as the utility allocates the charges to itself;

2 (22) "transmission asset" means an asset used to move bulk electricity
3 from where it is produced or generated to distribution lines.

4 * **Sec. 25.** AS 42.45.300 is amended to read:

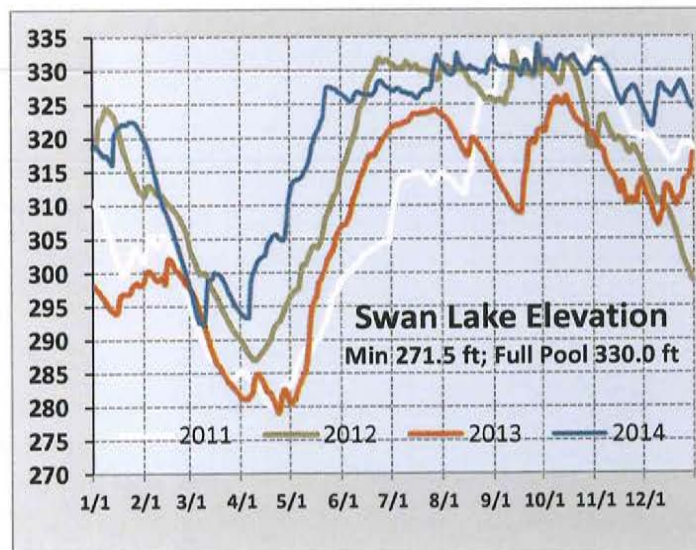
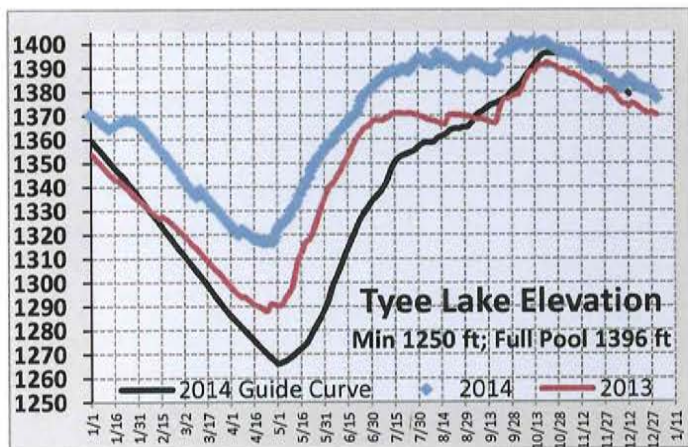
5 **Sec. 42.45.300. Joint action agencies.** Two or more public utilities may form
6 a joint action agency for the purpose of participation in the design, construction,
7 operation, and maintenance of a generating or transmission facility and to secure
8 financing for carrying out the design, construction, operation, and maintenance of the
9 facility. A joint action agency may request the Alaska Industrial Development and
10 Export Authority to issue revenue bonds for projects of the agency. A joint action
11 agency may be regulated as [HAS THE POWERS OF] a public utility under
12 AS 42.05.

13 * **Sec. 26.** AS 42.05.711(o) is repealed.

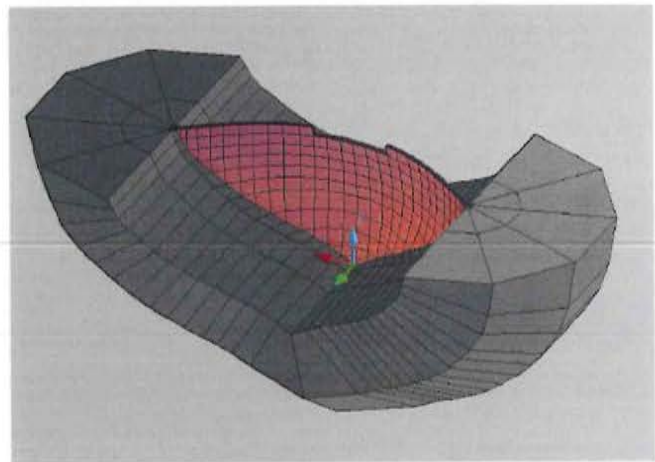
ATTACHMENT 2
SEAPA
COMMUNITY FLYERS

RESERVOIR LEVELS: Warm and wet weather trends continued through year-end, resulting in above average reservoir levels. This is good news and will help carry the system through the winter months with minimal exposure to supplemental diesel generation. On the flip side, snowpack is currently below average. SEAPA will conduct periodic snow surveys toward the end of winter to forecast spring inflows and assist in reservoir water management optimization. As shown below, our reservoirs were unable to capture all of the heavy inflows during last fall, resulting in significant spill (lost energy). SEAPA's Swan Lake Reservoir Expansion Project is slated to be in service by the end of 2016 and will provide additional storage to help capture energy from future inflow events.

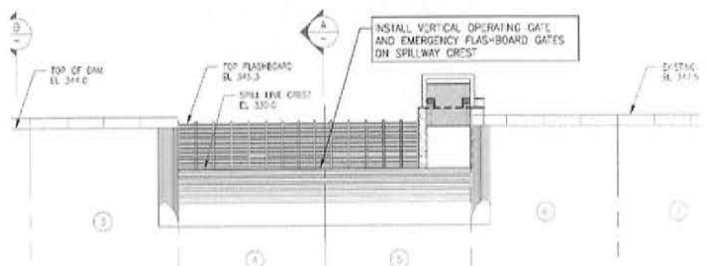
FISCAL CHALLENGES AHEAD: The precipitous drop in the price of oil over the last six months is anticipated to have a big impact on State budgets for the next few years. Although consumers will enjoy lower fuel prices at the pumps, the State's severe revenue shortfall will stall many important capital projects statewide. SEAPA is not immune to the looming fiscal crisis and efforts to obtain additional State contributions toward the Swan Lake Reservoir Expansion will face strong headwinds. This project remains SEAPA's number one priority for serving the near-term energy needs of our interconnected region. We are actively pursuing potential lower cost design alternatives and funding opportunities to help ensure this important project stays on schedule.



Modeling for the Swan Lake Reservoir Expansion Project has advanced through seismic and structural desktop analysis to actual scaled live testing of specific design components for filling the existing arched 100' spillway slot. This process is a collaborative effort with direct oversight by our Federal Energy Regulatory Commission (FERC) approved Board of Consultants. The team is comprised of seasoned hydro engineering experts.



Swan Structural Modeling



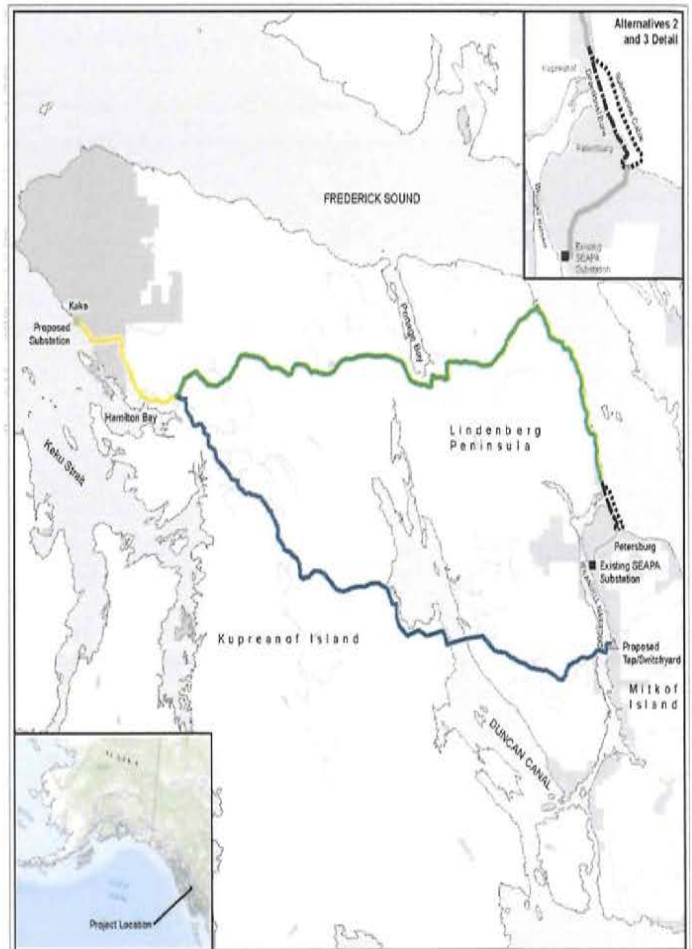


Swan Lake Aerial View (Intake Structure to Right)

KAKE-PETERSBURG INTERTIE (KPI): The KPI project reached a significant milestone on December 29th when the USDA Forest Service issued a Notice of Availability seeking public review of the Draft Environmental Impact Statement (DEIS).

The USDA Forest Service is the lead agency for the KPI EIS process that assesses the potential environmental impacts of the proposed project in accordance with the National Environmental Policy Act (NEPA). The release of the DEIS is the culmination of decades of effort which has seen several starts and stops along the way. SEAPA assumed the lead role as project proponent back in July 2012, memorialized in a Memorandum of Understanding (MOU) between the Alaska Energy Authority (AEA), Inside Passage Electric Cooperative (IPEC), and SEAPA. If constructed, it would extend SEAPA's existing 175 mile transmission system an additional 50-60 miles (depending on route selected) northwest of Petersburg to Kake. SEAPA would own and operate the line.

It is important to highlight that the MOU specifically states that SEAPA's "... existing ratepayers and member



Proposed KPI Route Alternatives

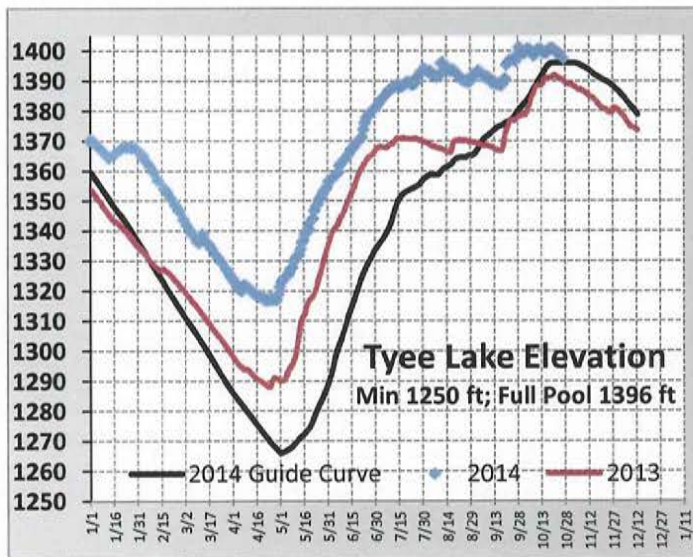
utilities must not be negatively impacted". It also states KPI annual operations and maintenance costs will be borne by IPEC through rates. Thus far, SEAPA's work on the KPI has been entirely grant funded and there are adequate funds remaining to carry us through permitting and final design to "Shovel Ready" status. It is envisioned that execution of the construction phase will be contingent upon State funding. Although the State is currently in a dramatic economic downturn cycle, a Record of Decision (ROD) authorizing construction would favorably position this project for future development.

Kake is primarily served by diesel generation and their cost of power is near 65 cents/kWhr. Although their retail power rate is subsidized by the State through the Power Cost Equalization Program (PCE), it is still more than twice as high as their neighbors and capped at 500 kWh/month. Commercial rates are currently not eligible for PCE and continue to have a stifling effect on economic development.

The DEIS public comment period is 45 days. We encourage interested parties to participate. Please visit the SEAPA website at www.seapahydro.org and navigate to the "Projects" tab for detailed information on the proposed Kake-Petersburg Intertie.

RESERVOIR LEVELS: Swan Lake and Tye Lake reservoirs have been spilling frequently since August due to early heavy inflows and lower loads. Weather trends going into fall have been warmer and wetter on average. It's anticipated that this trend will continue and reservoirs will be topped off a little later this year prior to being locked up for the winter. The historical plots below show the precipitous decline in the reservoir levels that typically begins in late October. This is due to lack of inflows as precipitation transitions to snow at higher elevations. Ambient temperature generally declines about the same time and system loads increase due to higher electric space heating demand.

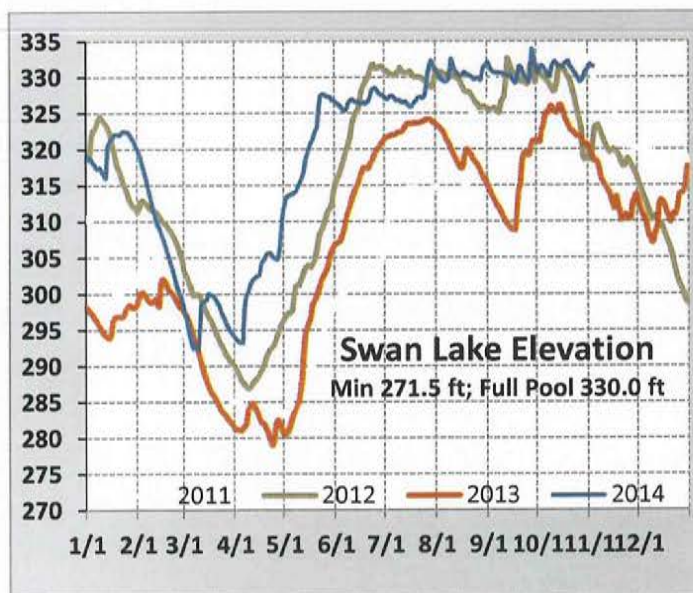
SWAN LAKE RESERVIOR EXPANSION: The SEAPA interconnected system of Petersburg, Wrangell, and Ketchikan needs more hydro storage. The picture below of Swan Lake spilling is a good illustration of losing hydro energy because the existing reservoir does not have the capacity to capture all of the inflows that occur in the drainage basin. The Swan Lake Reservoir Expansion Project is focused on capturing this water so it can be converted to clean hydroelectric power.



Swan Lake 10/16/14

Frequently asked questions:

1. Why are you increasing the reservoir storage at Swan Lake instead of building a "new" hydro project or adding a third turbine at Tye? The Swan Lake Reservoir Expansion is the lowest cost near-term option to enhance energy storage in our region. Unlike a new project, it has a short development timeline and simply enhances an existing facility. The expensive core infrastructure such as powerhouse, penstock, tunnel, turbines, generators, transmission lines, and switchyard are already in place.
2. How much of a storage increase will there be? Active storage in the reservoir will be increased by 25%. This will provide up to 12,000 MWhrs of additional energy annually. In terms of offsetting diesel generation, it will displace up to 800,000 gallons of expensive diesel fuel consumed by our member utilities and elimi-



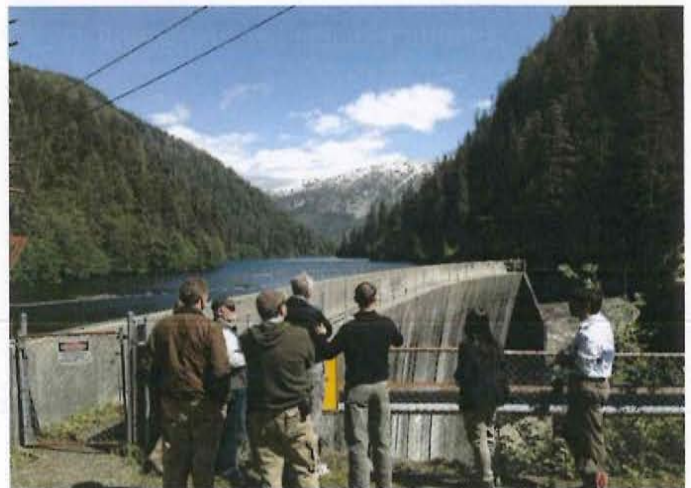
nate 17,904,000 pounds of CO2 from being emitted into the atmosphere.

3. How much will it cost? The original total project estimate was \$13.3 million. However, SEAPA is currently working to simplify the design for filling the existing spillway slot which will help lower construction costs. These proposed enhancements will be modeled and tested as part of the design approval process.
4. How will the project be funded? SEAPA invested \$717,500 to advance the project through permitting and preliminary design. We have also received two direct legislative appropriations totaling \$3.9 million. SEAPA has requested an additional \$2.8 million in grants for the next legislative session and will investigate funding for the remaining balance of the project through a bond offering.
5. Will this project increase my power rates? SEAPA's wholesale power rate has remained stable at 6.8 cents/kWh for 17 years and our goal is to continue that trend. Although some of our member utilities have recently adjusted their retail rates upward to cover the higher cost of delivering power, this is not a result of an increase in SEAPA's wholesale power rate.
6. How will this impact future rebates? Rebates are a mechanism to disburse excess revenues after the business needs of the organization have been met. They are not guaranteed and are influenced by a number of financial drivers including power sales (revenue), operations & maintenance expense (O&M), general & administrative costs (G&A), renewal & replacements (R&R), and new project development initiatives. The SEAPA Board of Directors regularly reviews the finances and objectives of the organization, and at their sole discretion, determines annually whether a rebate is prudent for the previous fiscal year.
7. How does the project collectively benefit SEAPA's three member communities (Petersburg, Wrangell, and Ketchikan)? The Long-Term Power Sales Agreement defines Swan Lake as a dedicated Ketchikan resource and Tyee Lake as a Petersburg and Wrangell dedicated resource. Although Ketchikan has first rights to any additional energy at Swan, the reservoir expansion will benefit the entire SEAPA region by improving dispatch flexibility,

increasing overall energy availability, and providing storage for new projects such as run-of-the-river hydro or wind. The Swan Lake Reservoir Expansion Project will also enhance future revenues, which will support improvements across the entire system. It is important to recognize that SEAPA is a "regional" organization working for the collective benefit of our interconnected member utilities.

8. What is the status of the project? SEAPA filed a non-capacity license amendment application with FERC in April 2014 after completing two years of required field studies, and is now in the process of refining the dam design in consultation with its FERC approved Board of Consultants (a panel of experts).
9. When will the Swan Lake Reservoir Expansion Project be completed? The scheduled completion date is the end of calendar year 2016.

SWAN LAKE TOUR: SEAPA provided a tour of the Swan Lake Hydroelectric facilities for the Alaska Energy Authority (AEA). The State of Alaska and the AEA are key supporters of the Swan Lake Reservoir Expansion and the visit provided a first-hand look at the planned dam and intake structure modifications.



Alaska Energy Authority visits Swan Lake

TYEE LAKE OPERATIONS: SEAPA assumed daily operations of its Tyee Lake facilities on August 16th. The final hand-off was seamless due to the dedicated upfront efforts of multiple parties. We greatly appreciate the value and commitment of everyone involved, especially the existing employees that transferred over to SEAPA as part of the transition.

Thank you for the opportunity to serve as your regional wholesale power provider.

RESERVOIR LEVELS: SEAPA's reservoir levels are trending above average, which puts us in a favorable position heading into the fish processing season. As discussed in our previous Community Flyer, reservoirs are managed following SEAPA's Board approved operations plan. The guidelines are established based on historical inflow data, long-term weather predictions, and system load forecasts. The actual day-to-day reservoir management is a dynamic process that uses real-time system data and current weather information to maximize water resource efficiency. As part of this process, SEAPA chairs a weekly meeting with our three member utilities and provides load tables to shape power generation output across the system.



Tyee Lake Power Plant & Employee Housing

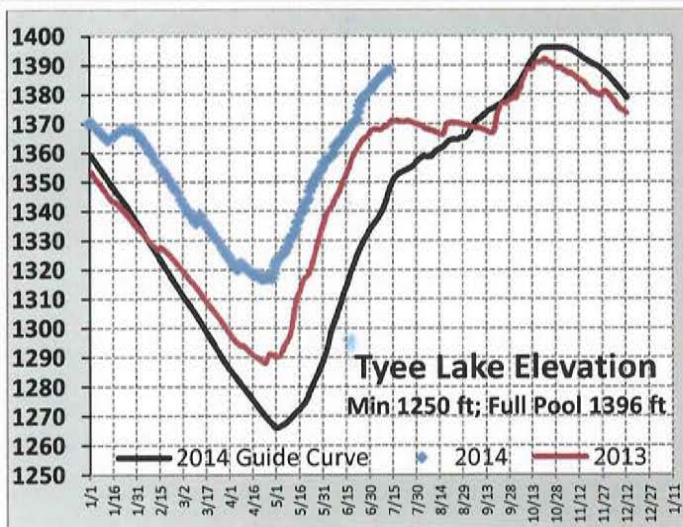
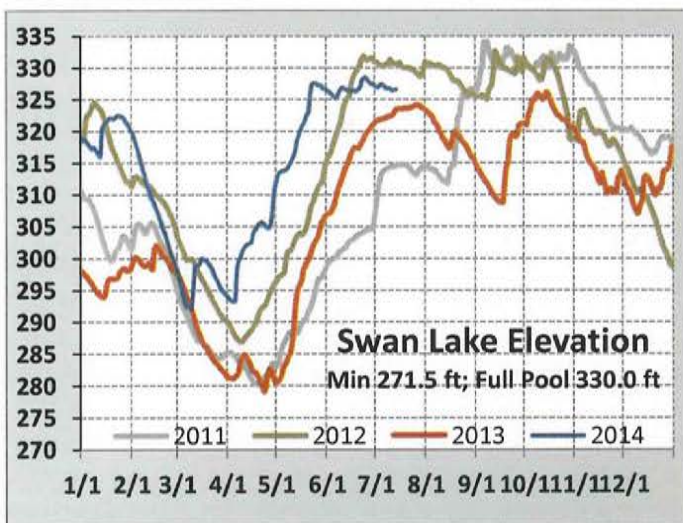
TYEE LAKE OPERATIONS: SEAPA is poised to assume daily operations of the Tyee Lake facilities. We have worked closely with Petersburg and Wrangell to facilitate a smooth transition and anticipate completing the final handover in August. Additionally, a tentative agreement with the International Brotherhood of Electrical Workers (IBEW) has been pre-negotiated. When ratified, the new IBEW labor agreement will provide the necessary framework for SEAPA to make offers of employment to the existing TBPA employees. SEAPA has also made a commitment to hire a second "regular" employee on the Brushing Crew, which is currently filled by a part-time "temporary" employee. SEAPA will continue to staff our Wrangell office.

NEW WEBSITE: SEAPA recently launched its new website at www.seapahydro.org. We encourage everyone to visit and discover the wealth of information available at your fingertips.

The user friendly site is loaded with great photos and includes the following:

BOARD: Meet the SEAPA Board of Directors. These are local volunteer representatives, appointed by the Mayors of SEAPA's member utility communities.

- Download upcoming meeting agendas
- View meeting archives
- Listen to audio recordings of meetings



ABOUT US: This section underscores SEAPA's transparency and commitment to public engagement. It provides a broad range of foundational documents and supporting information. It also showcases the member utilities that we serve.

- Governance
 - SEAPA Bylaws
 - Joint Action Agency Agreement
 - Power Sales Agreement
 - SEAPA 101
- Financials
 - Last 3 years of Audited Financials
 - Various presentations
- Member Community Profiles
 - Ketchikan, Petersburg and Wrangell
- Photo Gallery
- Community Flyer Archives

HISTORY: A brief summary of how SEAPA evolved. We are also working on a detailed timeline that will be added to this tab when complete.

FACILITIES: Details regarding SEAPA owned facilities.

- Swan Lake Hydro and Transmission
- Tyee Lake Hydro and Transmission
- Swan-Tyee Intertie (STI) Transmission

SYSTEM INFO: A real-time snapshot of the SEAPA interconnected system.

PROJECTS: Provides details on SEAPA's larger renewal and replacement projects.

- Swan Lake Reservoir Expansion
- Helipad Replacements
- Tyee Weir Installation
- Supervisory Control & Data Acquisition (SCADA) Upgrade
- Communications System Upgrade
- Regional Hydrosite Evaluation

LEARN: This is a great new section that lets visitors learn about energy consumption, the basic differences between a lake tap and a dam, and also a list of definitions to help understand the terminology of the power industry.

CONTACT US: This tab provides important information and allows visitors to conveniently ask a question or make a comment.

- Emergency contacts
- Office hours and location
- Key staff contact information
- Careers

TRANSMISSION LINE MAINTENANCE: SEAPA's transmission system spans 175 miles, from Petersburg, to Wrangell, Tyee Lake, Swan Lake, and down to Ketchikan. It traverses extremely rugged terrain and for the most part is only accessible by helicopter. SEAPA works closely with our line maintenance contractor Chatham Electric to plan and coordinate annual maintenance activities. This year's activities included aerial visual inspections, tower climbing inspections, pole cap and dampener installations, and a variety of other general repairs. SEAPA's contractor also completed the Heritage Harbor pole realignment in Wrangell and a pole replacement in the Petersburg substation.



Wrangell Pole Realignment

The existing poles near Heritage Harbor were located in the sidewalk path and were also susceptible to damage by road maintenance equipment.



Look close and you'll see a line maintenance worker!

EMPLOYMENT OPPORTUNITIES: For anyone interested in exciting new job opportunities, please link to seapahydro.applicantpro.com/jobs/ Thank you!

Reservoir Levels: SEAPA owns two hydropower facilities, Swan and Tyee. We often get questions regarding reservoir levels and whether reserves will meet current load demand. Both reservoirs are relatively steep and inflows resulting from rain and snowmelt can be volatile. With this in mind, we need to maintain prudent reserves at Tyee because it serves as the backbone of our interconnected system, providing critical load following and voltage support.



SEAPA conducting snow survey

Reservoirs are managed following SEAPA's Board approved operations plan. The guidelines are established based on historical inflow data, long-term weather predictions, and system load forecasts. The actual day-to-day reservoir management is a dynamic process that uses real-time system data and current weather information to maximize water resource efficiency. As part of this process, SEAPA chairs a weekly meeting with our three member utilities and provides load tables to shape power generation output across the system. It's important to note that we get more energy out of the same amount of water when there is higher head pressure (reservoir level). When long-

term weather forecasts indicate a prolonged dry cycle, more energy can be extracted out of the existing known water reserves by utilizing preemptive diesel generation to help preserve head. Fortunately, recent storms have brought strong inflows and reservoir levels are currently above average. Snow-pack depth and water content will be measured over the next couple of months to forecast expected spring run-off. This data will be modeled to help optimize resources going into summer.

Tyee Lake Operations: Petersburg and Wrangell have both passed formal resolutions paving the way to transition operations of the Tyee Lake hydro facilities to SEAPA. Rather than simply terminating the existing O&M agreement, the parties have agreed to work together to craft a transition plan. This will require navigating through the details of three unique healthcare and retirement plans. There are also overlapping governing documents and labor contracts that add complexity to the process. The goal is to facilitate a smooth transition that consolidates management of the Tyee Lake hydro facilities under a single entity.



Tyee Lake Power House

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



Swan Lake Dam

SEAPA continues to actively pursue funding for the Swan Lake Reservoir Expansion Project. We submitted a capital appropriations request through CAPSIS on February 7th for \$12.3MM. We also traveled to Juneau on February 24th with Ketchikan's executive lobbying committee to help promote the project. The Swan Lake Reservoir Expansion Project has broad regional support. It was selected as Ketchikan's #1 community priority and has supporting resolutions from both Petersburg and Wrangell. We are making every effort to reduce the financial impact of this important storage enhancement project.

Please visit the SEAPA website at www.seapahydro.org for further information on these and other interesting topics. Thank you.

Tyee Lake Operations and Maintenance (O&M):

The Southeast Alaska Power Agency (SEAPA) is working with the communities of Wrangell and Petersburg to facilitate a transition of daily O&M responsibilities for the Tyee Hydroelectric Project to SEAPA. This change will streamline management of the facility and consolidate all facets of the project under a single entity. SEAPA already plans all major maintenance including renewal & replacement projects, equipment upgrades, and design enhancements. We hold the Federal Energy Regulatory Commission (FERC) License for the project and are solely responsible for regulatory compliance. SEAPA is also responsible for power dispatch coordination, substation and transmission line maintenance, outage planning, reservoir water management, insurance, risk management, and debt service commitments.

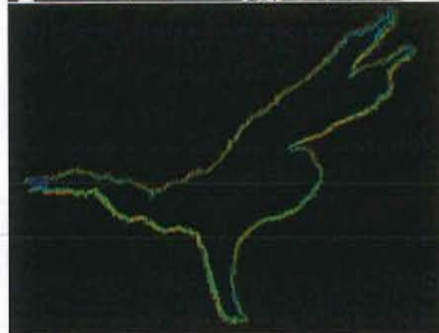
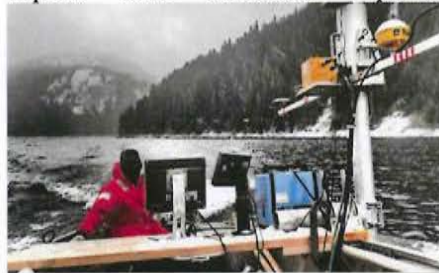
Petersburg and Wrangell have both passed formal resolutions in support of SEAPA assuming the daily O&M duties. The local communities will retain oversight of the Tyee Project through their SEAPA Board appointments. Measures such as this Community Flyer and longer retention of Board meeting recordings have been implemented to enhance regional communications. Final details of the transition will unfold over the next couple of months and we look forward to a seamless transition.

Swan Lake Expansion:

- \$13.3 million dollar cost
- 6 foot raise on dam crest

- Gates will be installed in existing fixed spillway slot
- Reservoir full pool elevation will increase by 15 feet
- 25% more active storage
- Offsets up to 12,000 MWhrs of diesel generation annually, which is equivalent to 800,000 gallons of expensive diesel.

SEAPA's consultant Tetra-Tech conducted LIDAR and bathymetric studies of the Swan Lake reservoir in October. This data will be used for both preliminary engineering inputs and resource reports.

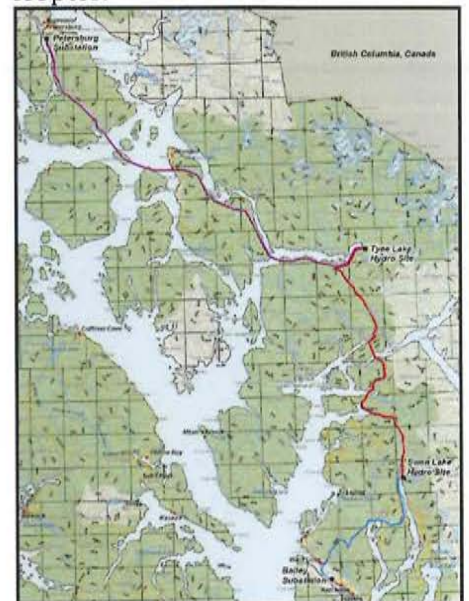


(Swan Lake preliminary LIDAR returns - Overview of 310' to 350')



SEAPA plans to submit its FERC non-capacity license amendment application for the Swan Lake Expansion in April 2014. Project completion is scheduled for 2016.

Helicopter Pad Project: SEAPA owns, operates, and maintains approximately 175 miles of transmission lines that traverse extremely rugged terrain. In most cases, the only way to access these transmission facilities for emergency repairs and scheduled maintenance inspections is via helicopter.



SEAPA has undertaken a multi-year project to design, test, and install over 100 new helicopter pads along our transmission path. Most of the existing pads are primitive log structures that were installed during original line construction and have deteriorated.



This is an important project that will enhance worker safety and improve access to our transmission facilities. To date we have

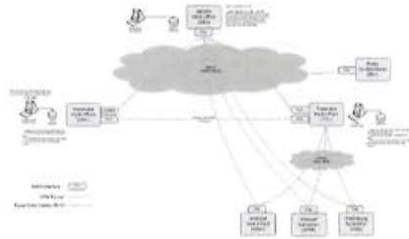
conducted individual helicopter pad site field surveys. Also completed, are installation of two new pads with prototype riser configurations as proof of concept on slopes of varying degree. These efforts have resulted in design refinements and substantial project cost reductions. We anticipate significant deployment of new helicopter pads in 2014.

Satellite Communications System Upgrade: SEAPA is in the process of upgrading to a “full mesh” satellite communications system. This will provide a robust secure private link between the SEAPA office, Tye Lake Plant, Petersburg Substation, Wrangell Substation, Wrangell Switchyard, and the Swan Lake Plant. Satellite dishes were recently installed at Swan Lake and the SEAPA office.



Satellite dishes will also be installed at the Tye Plant, Wrangell Switchyard, and the Petersburg Substation. Final commissioning is anticipated in the second quarter of 2014.

Supervisory Control and Data Acquisition (SCADA) Upgrade Project: This complex project will standardize the backbone of our regional control network and enhance access to remote field data critical to system operations.



Phase 1 is 85% complete and includes replacement of the north end SCADA system (Tye, Petersburg, and Wrangell).



(GE IFix SCADA screen, Tye Units)

Phase 2 includes Swan Lake SCADA, Programmable Logic Controller (PLC) replacements, and installation of data storage in the SEAPA office. The new SCADA system is scheduled to be fully commissioned and operational in the second quarter of 2014.

Tye Lake Outlet Weir (stream gaging) Project: The weir installation is complete and awaiting final installation of stream gaging equipment. The new weir replaces the existing USGS gaging station which has deteriorated over time. SEAPA’s FERC license requires accurate measurement of reservoir outlet flows. This will also allow us to better assess the basin as we evaluate expanding the Tye Project.



(Tye weir, downstream side)



(Tye weir, upstream side)

Legislative Affairs: SEAPA has been actively pursuing State funding support for the Swan Lake Reservoir Expansion Project. As anticipated, the Governor’s budget released in December foreshadowed a very challenging road ahead. The State has a large fiscal gap and capital dollars will be extremely hard to come by for the foreseeable future. The Swan Lake project is still moving forward, but we will continue to maintain a strong presence in Juneau to make sure this important enhancement remains in the queue for potential funding opportunities. I encourage you to engage your representatives to help support this project.

Roadless Rule: The Roadless Rule continues to have a detrimental effect on our region. It directly and adversely affects SEAPA’s ability to maintain our existing generation and transmission infrastructure in the most cost effective manner. It also inhibits our ability to develop new renewable hydroelectric resources as an alternative to diesel generation. On December 2, 2013, SEAPA joined forces with the State of Alaska and filed an Amici Curiae Brief (friend of the court) in the U.S. Court of Appeals, Case No. 13-5147. This Brief supports the State of Alaska’s appeal of its challenge to the Roadless Rule.

Please visit the SEAPA website at www.seapahydro.org for further information on these and other interesting topics.

Thank you.

The Southeast Alaska Power Agency is providing this “high level” summary of ongoing activities to enhance communications with our three member communities of **Ketchikan, Petersburg, and Wrangell**. Additional detail on these and other topics is available on the SEAPA website. Future Community Flyers will be coordinated with our bi-monthly Board meetings and distributed to the Mayors and City Managers of our member communities.

The **Swan Lake Reservoir Expansion Project** will provide 25% additional water storage, offsetting up to 12,000 MWhrs of diesel generation annually (equivalent to 800,000 gal/diesel or \$2.75 million @ 3.44/gal). This \$13.3MM project has a long-term benefit (100 years) and is scheduled to be completed in 2016. SEAPA has received strong support from all three member communities and is actively pursuing State funding to minimize any impact to our base wholesale power rate.



SEAPA is rapidly advancing the **Tyee Lake Outlet Weir (stream gaging) Project**. This challenging project is being supported by BAM Construction out of Ketchikan and includes manually clearing part of

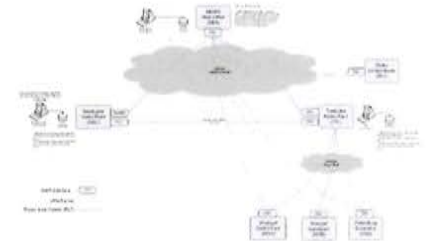
an enormous log jam at the lake outlet, removing several feet of debris and sediment with five gallon buckets down to bedrock, and then constructing a 3' thick concrete weir to accurately measure outlet flows as required by our FERC license.



This is a remote project requiring helicopter transport of small batch concrete in a suspended ½ yard bucket. The weir will be poured in early September and provides an additional 4,000 MWhrs annually.



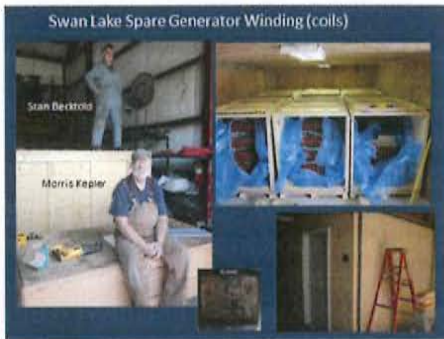
Fiber Fusion has been selected as our replacement and integration contractor for the **Supervisory Control and Data Acquisition (SCADA) Upgrade Project**. This project will standardize the backbone of our regional control network. Phase I is the replacement of the north side SCADA system (Tyee, Petersburg, and Wrangell). Phase II includes Swan Lake SCADA, PLC replacements, and installation of data storage in the SEAPA office. A factory acceptance test is scheduled in October and project completion is anticipated in February 2014.



SEAPA’s **Regional Hydrosite Analysis Project** is fully underway. McMillen Engineering was selected as our project lead and a field team has recently been deployed to Annette Island. This is a multi-year effort that will span our region from Kake to Metlakatla. It is a follow-up to the Southeast Integrated Resource Plan and is funded through a portion of our \$3MM DCCED grant. This process will catalog critical information necessary to determine the highest value hydropower projects to meet the growing needs of our region. It is important that we invest in projects that provide maximum long-term benefit for the ratepayers.

As part of our ongoing risk mitigation efforts, SEAPA purchased a

spare set of **Generator Windings** for the Swan Lake Hydroelectric Plant. This will allow periodic aggressive pass/fail testing of the existing windings in both machines during scheduled maintenance, thus reducing the risk of failure during peak demand periods. These coils have a long-lead time and had to be custom manufactured to fit our generators. Although expensive (\$872K), it is much better to be proactive than risk burning diesel for three months while waiting on replacement parts. The coils are stored onsite in a climate controlled environment.



Our transmission line contractor, Chatham Electric, completed Tower 252 guy anchor repairs in June. The original single guy anchor broke near ground penetration. The anchor has been repaired and two additional guys have been added. Chatham also made line repairs to correct what appears to be damage caused by a firearm to the Swan-Tyee Intertie (STI). Human caused damage can seriously impact system reliability and is very expensive to repair. Additional ongoing transmission line maintenance includes bank stabilization near Structure 76-1. This work is being performed by Reid Brothers of Petersburg and supported by Tongass Engineering of Ketchikan. Project completion is expected by the end of September.



SEAPA is leading preliminary development efforts for the **Kake – Petersburg Intertie (KPI)**. We have approximately \$5MM in State grant monies to permit and design this project, advancing it to construction ready status. The line would transmit power to Kake at either 69 or 138 kilovolts (kV) and consist primarily of single wood pole structures. The length of the line varies depending on final route selection, but will be approximately 50-60 miles. This project will require full State funding for construction and estimates are in the range of \$60-72MM. The Environmental Impact Statement (EIS) and Record of Decision (ROD) are anticipated in June 2014.



We are in the process of upgrading to a "full mesh" **Satellite Communications System**. This will provide a secure private link between the SEAPA office, Tyee Lake Plant, Petersburg Substation, Wrangell Substation, Wrangell

Switchyard, and the Swan Lake Plant. It is essential that we have a robust communications system to support our interconnected regional assets. Cyber security is of critical importance to our industry and SEAPA is proactively taking measures to thwart intrusion.

SEAPA recently completed the **Tyee Lake Hydroelectric Facility Tidewater Dock Replacement Project**. We are continuously updating aging infrastructure to ensure safe, reliable delivery of power and energy to our valued member utilities.



Helicopter pads are required to safely access much of SEAPA's critical infrastructure. We will be installing two new prototypes by the end of October to address different terrain applications. Upon proof of concept, SEAPA has plans to replace approximately 120 decaying helipads over the next two years.



Although there is not adequate space to cover all of our projects, we hope this cross-section provides a foundation to build upon. We look forward to providing future updates and encourage people to visit the SEAPA website at www.seapahydro.org. Thank you.



SOUTHEAST ALASKA POWER AGENCY

Operations Manager Report

Steve Henson | February 2015

Date: January 26, 2015
To: Trey Acteson
From: Steve Henson, Operations Manager
Subject: Operations Update for February 4-5, 2015 Board Meeting

REGULATORY

Federal Energy Regulatory Commission (FERC)

All FERC related matters have been assigned to Ed Schofield, Power System Specialist, who will cover these matters in his report to the board.

MAJOR CONTRACTS

Wrangell Reactor

The Wrangell Reactor replacement project management, engineering, and design were awarded to Electric Power Systems, Inc. (EPS). Bids were solicited for the supply of one 2.5 MVAR reactor and one 5.0 MVAR reactor to replace the ailing 7.5 reactor. The bid was awarded to ABB. Engineering by EPS is ongoing for the construction and installation phase. 90% construction drawings have been received and approved.

Factory acceptance testing has been completed. Delivery of the reactors to Wrangell is now scheduled for April 5, 2015. A Request for Proposals (RFP) for installation of the reactor is being drafted.

Satellite Communications System

A task order was issued to Tetra Tech to facilitate the permitting for the Tyee satellite dish. We have submitted permit applications and have received the CORPS and U.S. Fish & Wildlife Service permits. We are now waiting on the Department of Natural Resources for approval.

Swan-Tyee Intertie Helipads

We received U.S. Forest Service approval of the design change for the helipads, and plan to install 12'x12' "land in any direction" helipads with fiberglass pre-colored decking, which saves on the cost of painting. The paint scheme has been changed to an epoxy primer coat which also saves on labor for the painting of the support structure.

An RFP for the supply of the helipads will be released 1/28/15. A separate RFP will issue for the installation of the helipads. The bids will be available for the Board to make a decision of award at its March 2015 board meeting.

Wrangell Circuit Switcher

The new circuit switcher for the Wrangell Spur has been received.



Installation will be sometime between April and June 2015.

All-Terrain Vehicle (ATV) Use on the Tye Transmission System

Meridian Environmental (Meridian) was selected for the permitting effort required by the USFS for the use of the ARGO vehicle on select areas of the Tye transmission line right-of-way.

Field work was completed by Meridian in early August and they are now in the public scoping phase.

The following is a synopsis from Meridian of the permitting effort through December 2014:

Project Milestones

May 2014

1. The project team obtained GIS data from the Forest Service and reviewed existing information about the site and maintenance procedures.

June 2014

1. The project team had a general discussion with Forest Service project staff to obtain an understanding of resource issues and concerns that would influence how the field studies would be completed.
2. The primary issues to address with field studies were identified to be:
 - a. Rare plants
 - b. Sensitive soils and wetlands
 - c. Non-native plant species
 - d. Fish-bearing streams
 - e. Cultural and historical resources

July 2014

1. Additional discussions with Forest Service technical staff to obtain more detailed information on resource issues and concerns.
2. Plan field logistics and prepare a plan for coordinating all field survey work.

August 2014

1. Conduct field studies on nine discrete segments of the T-Line right-of-way.
 - a. Two fish biologists documented all streams (and fish presence) crossing the ROW.
 - b. Two cultural resource specialist evaluated all moderate and high probability areas for potential historical and cultural use.
 - c. Three vegetation ecologists surveyed for rare plants and noxious weeds, and evaluated potential impacts to sensitive soils and wetlands.
2. Survey results
 - a. No rare plants found.
 - b. Weeds found throughout the project. Weed presence greatest in areas with public access and at shoreline terminals. Weed presence least in areas with limited or restricted access.
 - c. Identified new unmapped streams
 - d. Identified orphaned streams (streams mapped in GIS but not present on the ground).
 - d. Documented all streams for fish presence or absence.
 - e. Recorded GPS locations of approximately 90 percent of all towers in survey area.
 - f. Identified no new cultural resource sites within the survey area.

September 2014

1. Completed Biological Evaluation for Plants and Invasive Species Report. Currently being reviewed by the Forest Service.
2. Prepared fisheries collection report documenting stream electro-shocking results.

October 2014

1. Draft preparation of biological evaluation for fish and wildlife; and soils and wetland resource reports.

November 2014

1. Prepared public involvement newsletter for the project.

December 2014

1. Distributed newsletter to 33 stakeholders:
 - 3 - Private businesses
 - 4 - Native corporations
 - 12 - State and Federal legislative staff
 - 9 - Federal, State, and municipal agencies
 - 5 - Conservation organizations
2. Completed Cultural Resources Report; ready for client review.

Operator Training

First aid training was provided to Tyee employees, Brent Mill and Randy Rasler, on November 5, 2014.

OSHA safety training to bring the Tyee employees into compliance is scheduled the first week of February 2015.

Standard operating and switching procedures for the Tyee system are being reviewed.

Tyee Needle Restoring Mechanism

Staff is working with Gerler Engineering and Design engineer, Tim Gerler, to resolve seal leakage issues in the design of the upper plate of the nozzle needle restoring mechanism.



Tyee employee, Brent Mill, and Tim Gerler of Gerler Engineering and Design, review seal leakage issues at Tyee.

Annual Maintenance

Work has begun on the annual shutdown maintenance schedule. In conjunction with normal transmission line inspection and tower climbing we will be testing transformers at all locations in

the SEAPA system and performing an infrared survey at the plants and substations along with the transmission line.

The Swan-Tyee Intertie (STI) climbing inspections was completed by Chatham Electric. No major discrepancies were noted. Chatham still has a major concern with the way the guy systems are connected to the towers and the lack of redundant tower guying.

Gregg Huffman of Dryden and Larue is evaluating a fix for the concerns of guy connections. This effort will require a budget adjustment to the annual line maintenance contract or will be a new line item for SEAPA's Fiscal Year 2016 budget.



Marine Terminal Gage Replacement and Communication Upgrade

Poseidon Engineering conducted an assessment of the undersea cables and marine terminals. Two recommendations stemming from this assessment were to replace the present pressure gages, which will not hold their calibration parameters, and to add pressure transducers which would allow the pressures of all of the submarine cables to be read and alarmed from the new Tyee SCADA system.

Gerler Engineering and Design is scheduled to do a field reconnaissance of the terminals and come up with a design for mounting and connection of the new gages and pressure transducers.

James Volk of Segrity LLC is scheduled to reconfigure the data controllers at the terminals and do the integration of the pressure signals and data into the SCADA system at Tyee.

SEAPA will purchase new solar panels and battery charging hardware for the marine terminals as the present ones are 30 years old and do not have the capacity for the new equipment.

Other Projects

The following is a list of other projects currently in the works or an update of their status:

1. Day-to-day business of operations and maintenance of the Tyee Lake System
2. Wood helicopter pad repair on the Swan and Tyee Transmission Lines: RFP's being developed
3. Upgrade or replace SEAPA's existing planned maintenance system: cost evaluation is underway
4. System drawings: May Engineering presently working on the Tyee system
5. Operator training: sending operators to Golden, Colorado as time allows
6. Arc Flash Study: RFP required
7. Turbine flow meter at Tyee: new instrument will be installed the last week of February
8. New dam movement survey instruments for Swan Lake - after reservoir raise is complete, re-evaluate for need
9. Swan Lake line clearing: RFP being developed
10. Tyee piezometer replacement: researching instrument suppliers
11. Contaminated water disposal: working with Full Cycle of Ketchikan to process barrels of oily water from the Wrangell shop area
12. Buss insulation for substations: researching manufacturers and materials
13. Document retention at Wrangell office: records management of stored documents from previous contractor
14. Standard Operating Procedures: working with the Tyee crew to assess and update switching procedures
15. Repair of Tyee microwave bench helipad: to be completed in May 2015
16. Replacement of Tyee governor touch screens: scheduled for first week of February

End of Report



SOUTHEAST ALASKA POWER AGENCY

Director of Special Projects Report
Eric Wolfe, P.E. | February 2015

Date: January 27, 2015
To: Trey Acteson, CEO
From: Eric Wolfe, Director of Special Projects
Subject: Special Projects Update for February 4-5, 2015 Board Meeting

Supervisory Control and Data Acquisition (SCADA) and Ongoing Communication Issues

At our last Board meeting we reported the SCADA contract with Fiber Fusion is essentially complete and that we had moved into maintenance of the system. We are in the maintenance phase, and definitely still planning on retaining Fiber Fusion for the maintenance portion of the contract, but we will also write a task order this month using FY15 budgeted funds for Fiber Fusion to improve the system. The delay in writing this task order was necessary as it takes time to fully utilize the system and expose weaknesses, unit and plant start & stops, system restoration actions. Maintenance outages on the lines and the substations all expose the difference between intended and actual SCADA performance. Additionally, some of the previously reported communication issues which impede SCADA performance have been correctly identified as non-Fiber Fusion components. This allows us to better direct Fiber Fusion's efforts toward software configuration instead of component configuration and unnecessary fault detection.

LAN-WAN Communication Issues

At our last board meeting we reported phone/data communication issues that were difficult to trace. Since that November Board meeting we have traced some of the communication failures to the Moxa switches and routers (Industrial substation quality) that were installed during the 2012-2013 LAN-WAN project. Moxa's response to our inquiries regarding the interruption of service are less than helpful, so we are investigating whether the SEL 3622 communication gateway connected to a Rugged Com router can replace the Moxa switches as part of the control network cyber security system. There may be a follow-up O&M task order written for this change at our next Board Meeting in March.

Alarm Improvements and Alarm-Trip Review

This R&R project will be scoped and an RFP issued during the late March to early April time frame. The alarm-trip review is closely related to the ongoing Tyee TSV and SCADA improvement tasks as results of those projects affect how we organize the scope of work for the Alarm & Trip protection review.

Swan Lake Reservoir Expansion

At our last meeting staff presented a project review that included the license amendment process and the FERC design review process, which includes oversight by a Board of Consultants (BOC). We also discussed upcoming modeling efforts to take place in December 2014 and January 2015. A project schedule was presented but the project construction cost was not yet available. Our design engineering firm, Jacobs Associates, is updating the construction cost estimate in conjunction with the results of the modeling effort as the modeling effort impacts our final design; we expect a new construction cost estimate to be complete and reviewed by mid-February. We have included the November update later in this report as many new board members may find this beneficial.

Since our last Board meeting, McMillen LLC, our feasibility study and licensing consultant, merged with Jacobs Associates. McMillen provided construction management and engineering services at Sitka's Blue Lake Project, and Jacobs Associates was a subcontractor to McMillen. McMillen is also the design-build contractor on Copper Valley's Allison Lake Project, and again Jacobs is a subcontractor. The implications of this merger mean our designer will be a bidder on the construction. SEAPA staff therefore is working to close out the Jacobs task order, hopefully by the end of February. Also at the end of February, we plan to present model results to the BOC and then continue with the design and contract administration process. We have not decided on how the project will be managed - EPC (engineering, procurement, construction as one contractor) or a more traditional design, then build, process. Staff will discuss the schedule and cost implications of both paths at the Board meeting, and we will also present a summary of the project benefits.

Modeling Effort

A quarter scale model was requested by the BOC to verify the failure concept that arch action of the flash panel system would not plug the spillway during a flood release and that a sequential brace system would fail as intended. We have successfully demonstrated the brace system concept. A final model test is required (scheduled for Feb. 11th) to verify the columns and panels will clear the spillway slot.





Quarter scale model designed by SEAPA and fabricated by Kepler Consulting in Boise, Idaho; operated December 2014 through February 2015.

A full-scale model of the trigger mechanism and friction block was also requested by the BOC. This steel frame was designed by SEAPA and fabricated by Yanke Machine; the full-scale model is operated at the Kepler Consulting shop.



Full-scale model, placing the load cell (blue) to measure the resultant brace force from the friction block in the left photo; the kicker brace replaced and partially loaded in the right-hand photo above.

Regulatory Process Review

There are two major administrative processes required (outside of financing and the power sales agreement) to get a project ready for construction:

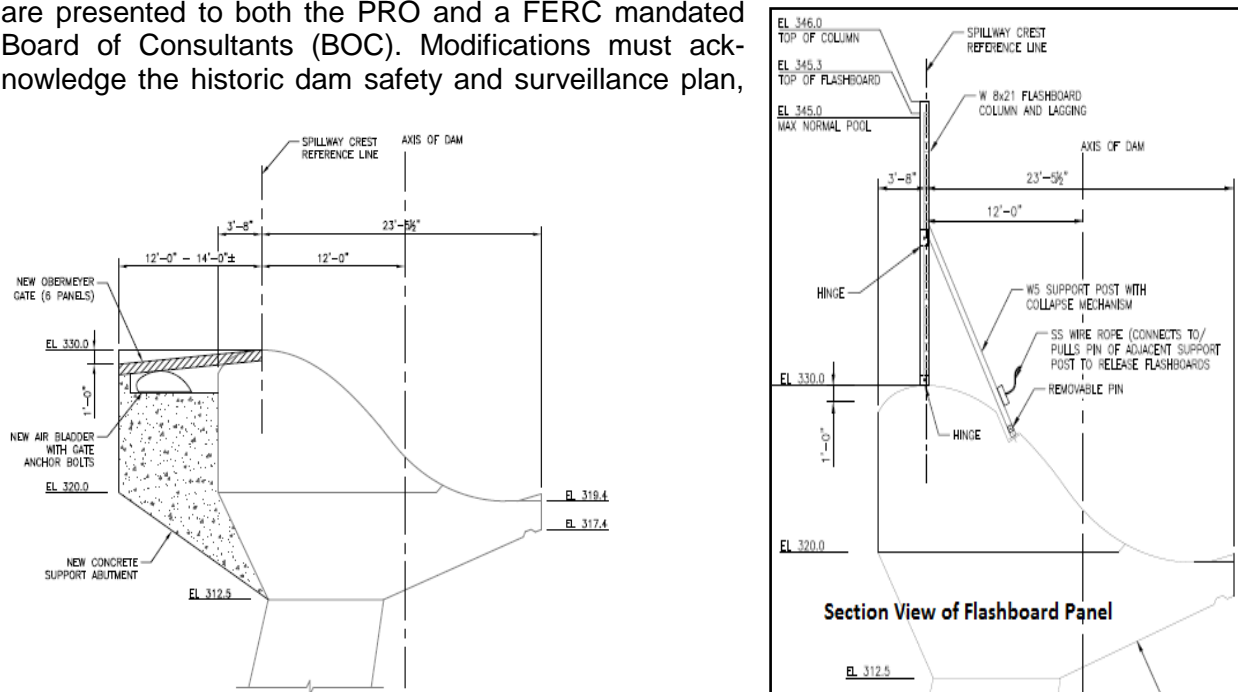
- 1) Filing the license amendment with the FERC Division of Hydropower Administration and Compliance (DHAC) Washington DC,
- 2) Engineering design submittal and design review with the FERC Division of Dam Safety and Inspections (D2SI), Portland Regional Office.

License Amendment History and Status

The Swan Lake raise project was proposed to the SEAPA Board of Directors during the 2011 December Board Meeting. By June 2012, we had a feasibility study completed, and proposed a plan and budgeted for license amendment work during this time period. Most environmental studies were fast tracked into the summer of 2012 using a shortened collaboration process agreed to by the Tongass National Forest (TNF) and the Alaska Dept. of Fish & Game (F&G). The laborious process of writing the study reports and back and forth consultation commenced during the fall of 2012 and culminated with the Initial Consultation Document submittal in September of 2013. After report format procedural changes imposed by the TNF were incorporated into the document (a 3-month delay), the ICD was accepted and the preliminary draft environmental impact statement and draft environmental impact statement flowed to and then from FERC. From this process we filed our license amendment on July 21, 2014. The final day for receiving motions to intervene as dictated by the FERC process and administered by DHAC was October 27, 2014. On the 27th FERC received three motions to intervene from Cape Fox Corporation, the City of Saxman, and AP&T, specifics of which will be discussed during a scheduled executive session. TNF intervention terms were of the standard procedural nature with no project operating restrictions. F&G chose not to intervene; overall this is an outstanding positive response from the Agencies. We responded to the intervention letters by the December 7, 2014 deadline, and expect FERC to include all parties as interveners but the intervention to affect the project only in a cursory manner. We continue to plan and execute the project as if we will receive our license amendment by the earliest expected date of March 13, 2015. Our new design allows us to receive the license amendment as late as October 2015 and still complete construction by the end of 2016.

Engineering Review Process

Swan Lake Dam safety compliance is administered by the FERC Division of Dam Safety and Inspection; our region is covered by the Portland Regional Office (PRO). Modifications to a dam are presented to both the PRO and a FERC mandated Board of Consultants (BOC). Modifications must acknowledge the historic dam safety and surveillance plan,



The original design from the feasibility study utilized Obermeyer type gates and is shown on the left; this design is more complex, heavier, and more costly than the revised design shown on the right.

previous Part 12 inspections¹, and previous collaborative probable failure mode analysis conclusions. All of this prior work, as well as the proposed modifications are reviewed by the BOC. During our first BOC meeting last February, after review of site geotechnical conditions, the BOC agreed to our design criteria and design process. This process included a linear finite element structural model and a hydraulic conveyance model.

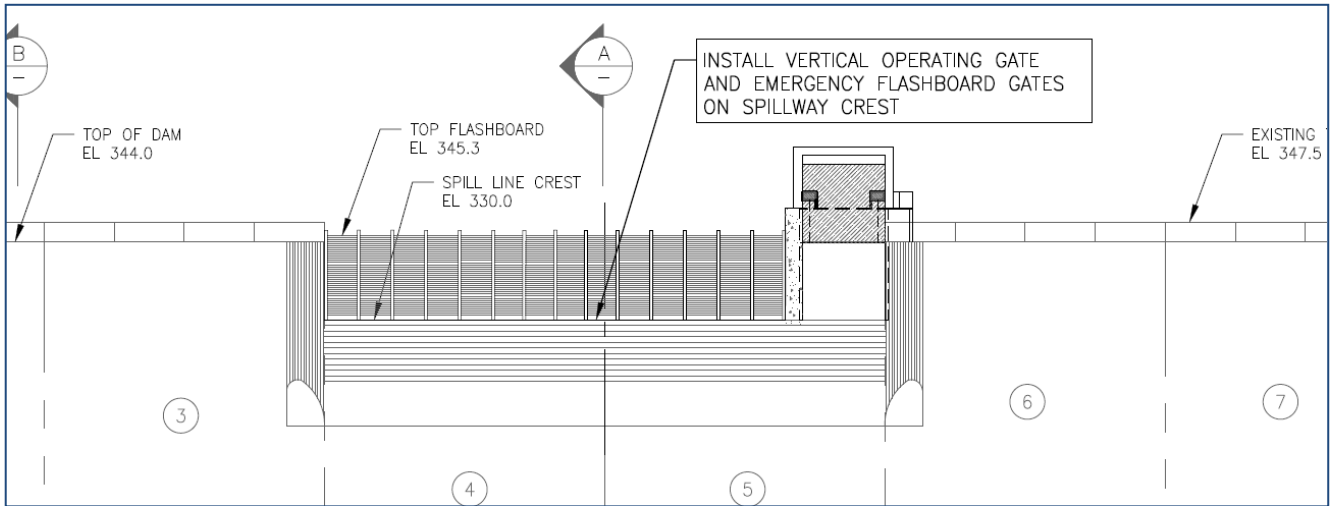
Our second BOC meeting occurred September 8th just after our last Board Meeting in Ketchikan and analysis results were accepted by FERC and the BOC. At this meeting we gained BOC acceptance for the proposed spillway modification which now allows for an over-topping by 2 feet prior to release (Elevation 347 ft.). The BOC also stated that as long as there are two modes of triggering a flash board release, the proposed flash board alternative would be acceptable. Since there are very few flashboard designs of this size or complexity in the United States, the BOC required two model tests. While we expected one model test using the University of Idaho's (U of I) flume, this site would only accommodate 2 bays of flashboards at a ¼ scale. We did not expect two model requirements, a ¼ scale hydraulic, and a full scale mechanical.

The BOC directive specifically stated a full-scale model of the release mechanism, and a ¼ scale hydraulic model of at least 3 bays to demonstrate the cascading release mechanism. This directive meant we could no longer use the U of I flume, and that a structural steel frame capable of withstanding 50,000 lb. has to be constructed. We have designed the model works and are in the process of building these structures with model runs scheduled for the second week of December.

Waiting for the November Board meeting to approve this work would have delayed model runs into late February with the potential of delaying the issue of the construction RFP an additional two months. Staff appreciates the board allowing for expeditious project management.

Original Plan for 15 ft raise	New Plan for 15 ft. raise
Obermeyer Gates all across the spillway raise the intake structure raise and re-grade the road raise the dam elevation 6 ft significant ogee concrete added for gates short concrete piers required for each Obermeyer right abutment mass added (rock or concrete)	one 20 ft vertical operating gate no intake structure raise no road changes raise the top of the dam 6 inches no ogee mass concrete required one pier wall required no abutment changes

¹ PART 12 of 18 CFR- SAFETY OF WATER POWER PROJECTS AND PROJECT WORKS, <http://www.ferc.gov/industries/hydropower/safety/guidelines.asp>



The above drawings and table compare the original feasibility study concept (shown on the left of the above table) and our proposed flashboard concept which was recently approved pending successful model results (shown on the right of the above table). The drawing directly above shows the flashboard system and vertical gate, which fit in the existing slot shown in the photo to the right.



Design Team:

Jacob Associates, Portland, Oregon Office

Subcontractors:

Quest Structures
Northwest Hydraulic Consultants

Board of Consultants (BOC):

Glenn Brewer, P.E.
Kim De Rubertis, P.E.
Eric Kollgaard, P.E.

FERC Portland Regional Office

Mr. Glenn Koester
Mr. Walt Davis

The following is a revised Schedule (1-22-15) to reflect BOC approval of model results, contract administration, and modeling considerations:

	Traditional		New Common	
	Design-Then		Approach	
	Construct		EPC	
	start	finish	start	finish
Modeling Effort	11/15/14	2/27/15	11/15/14	2/27/15
Complete 30% design & BOC Review	2/6/15	3/6/15	2/6/15	3/6/15
Issue RFP for design or EPC based on 30% Design	3/2/15	3/20/15	3/2/15	4/10/15
Conform Contract	4/22/15	5/1/15	6/12/15	7/3/15
Design Project	5/4/15	12/28/15	7/6/15	12/21/15
Gain License Amendment	3/20/15	9/25/15	3/20/15	9/25/15
Apply for Construction permits	6/15/15	9/25/15	7/17/15	9/25/15
Bid then Order Equipment	8/14/15	10/23/15	10/14/15	12/23/15
Issue RFP For Construction	10/9/15	10/29/15	-	-
Conform Construction Contract	12/28/15	1/15/16	-	-
Equipment Delivery	4/20/16	6/4/16	6/16/16	7/31/16
Construction	3/25/16	9/30/16	12/15/15	9/30/16
Commissioning	10/3/16	11/18/16	10/3/16	11/18/16
Timber Harvest & Removal	4/17/17	10/27/17	4/17/17	10/27/17

The project schedule will be covered at the Board Meeting.

Tyee Lake Cooling Water (CW) Conversion

Engineering review of the CW system to take place by SEAPA staff during the last week of January; a Request for Proposals (RFP) or purchase order should be issued by end of April.

Tyee Lake Turbine Shutoff Valve (TSV) –Control Valve Retrofit (FY15 Project)

Both Tyee Turbine spherical valve control systems have small, close tolerance water driven control valves and aging electrical components. This R&R contract scope includes services to review the valve function, controls, and operational characteristics of Tyee; then make recommendations for control improvements.

RFP responses were received this November and the Board awarded the contract to HDR to perform the engineering review. The review site visit is scheduled for Jan 28-30, 2015; the alternatives report is due March 24, 2015, with an inspection scheduled for the annual outage. Depending on the control improvement alternative selected, this project could be completed as late as mid-October 2015 depending on Tyee unit availability.

Load Forecasting

In September 2014 we issued an RFP to provide services to conduct load forecasting and load studies, the RFP also included a smaller percentage of effort to review Demand Side Management alternatives for loads judged unlikely to be met in the future with hydropower. The Board did not award the contract as presented and gave guidance to staff to review the scope and offer alternatives for consideration. With that feedback, staff reassessed the core objectives and adjusted the scope accordingly. I have outlined some of the key purposes and need elements below to better communicate the importance and value of this project. As a reminder, funding for the project was approved in the FY15 budget. Purpose and need:

- Load forecasts are the single most important planning tool a utility executes for future capital expansions. Timing a renewable capacity expansion is difficult as the new resource must be ready for service such that it's not too late (excessive thermal generation) or too early (under- utilized). The load forecast methodology conducted over time is used to quantify need which is then conveyed to the public.
- Load forecasting for peak is not easy; we need to understand not only our long-term energy exposure (monthly kWh), but also how the load will likely increase over a day as the general load increases slowly across our control area. This is largely a capacity issue (kW).
- There was very little science to Arlin Mire's, consultant with Black & Veatch (B&V), Load forecast; there was a great deal of experience inside this forecast. The B&V load forecast has little-to-no hourly resolution; peak load growth was based on historic incremental increases experienced nationally and then scaled to SE Alaska. The B&V load forecast was completed in 2010 and published early in 2011, very little quantitative analysis on peak load growth has been completed since that publication, but we all keep repeating the results.
- Peak loads vary widely with weather. A better load forecasting ability in the short term (based on 7-day weather) will allow the three communities to schedule water and maintenance more effectively.
- Most utilities have ongoing load forecasting programs. SEAPA suggests that individually the municipal utilities may have trouble supporting this effort; collectively there may be solutions.

Staff will seek the Board's guidance during the meeting on the best approach regarding load forecasting.

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

Brief History

In 2012, the DCCED awarded SEAPA a Fiscal Year 2013 Designated Legislative Grant of \$3,000,000. Of that \$3,000,000, \$578,000 was designated for SEAPA's Swan Lake Reservoir Expansion Project expenditures for hydroelectric storage.

In 2014, the DCCED awarded SEAPA a Fiscal Year 2015 Designated Legislative Grant of \$3,320,000 to complete Phase III of the project (final design and permitting) and begin Phase IV (construction and commissioning) of the Swan Lake Reservoir Expansion Project.

Kay Key monitors the grants and manages our submittals to the DCCED. McMillen LLC was selected as the site evaluation contractor in July 2013. We have five years from July 2012 to execute our grant, and have initiated the following three aspects to date.

1. Business Analysis Task (RFO)
2. Hydro Site Evaluation
3. Storage (Swan Lake) - a portion of the Swan Lake Reservoir Expansion Project is covered by the grant (\$575,750 of the estimated \$13M) - discussed above

Hydro Site Analysis Accomplishments to Date

- In-depth reviews of potential hydro sites on Annette Island and Sunrise Lake are complete; final reports on these reviews are nearing completion.
- A database is under construction that contains Site Definition Documents that are compositions of history, geologic characteristics, delivery value, construction cost, environmental reviews, and hydrologic assessments; a demonstration of this beta version will be provided at the Board Meeting.
- This past year we completed preliminary civil engineering surveys, and then environmental surveys of Spur Mountain, Eagle Lake, Sunrise Lake, Virginia Lake, Orchard Lake, Lake Shelokum, Connell Lake, Maude Lake, and Rowena Lake.
- In early January 2015, discussions were initiated with the Alaska Department of Fish & Game to establish a more proactive working arrangement to be developed in addition to the standard NEPA process; staff will elaborate further at the Board Meeting.
- We are actively engaged with the USFS to revise the forest service plan for renewable energy inclusion on top of existing land use designation; staff will elaborate further at the Board meeting.

Hydro Site Analysis - the Next Six Months

- Continue with office-based engineering to organize the field work and research compiled to date
- Plan the next field season and determine where weather stations or stream gauges should be located and start the permitting process for these hydrologic data sites
- Continue with the database application for easier end user access



SOUTHEAST ALASKA POWER AGENCY

Power System Specialist Activities Report

Ed Schofield | February 2015

Date: January 26, 2015
To: Trey Acteson
From: Ed Schofield, Power System Specialist
Subject: Activities Report for February 4-5, 2015 Board Meeting

Swan Lake Water Storage Tank Coating Repair

SEAPA staff requested the services of a consulting engineer to develop a scope of work (SOW) and budgeting estimate for the refurbishing of the Swan Lake 30,000 gallon potable water storage tank outer surface coating. The consultants developed a SOW requiring complete removal of the existing outer coating by means of sandblasting to bright metal and applying new primer and primary coatings. The consultant also established that the present tank outer coatings contained a lead base paint product. The engineer's estimate established a budget appropriations cost for the project at \$69,200. SEAPA staff performed a due diligence review by contacting a local contractor that traditionally responds to these types of tasks; responses suggested that the budgetary estimate for the work would not cover the intended SOW. Responses received from contractors far exceeded the budgeted amount with estimates as high as \$240,000. A contract was not awarded. Staff requested a new SOW from the project engineer to provide for the removal of the existing 30,000 gallon tank and replace with it with a 10,000 gallon High-Density Polyethylene (HDPE) tank.

The project was re-assigned to SEAPA's Power System Specialist staff, who after review of the project with the Operation's Manager and the Project Engineer has determined that replacement of the existing tank to a smaller tank would not be a prudent option. Water consumption during maintenance facility upgrades could exceed 3,500 gallons daily. There may be many occasions when scheduled outages maintenance facility upgrades will require the dewatering of the Power tunnel, which supplies the domestic water. In this case a smaller water storage tank would greatly hamper or inflate maintenance costs.

All options and the SOW were again reviewed by staff with the goal of retaining the existing water storage tank or, if necessary, replacing it with a similar capacity tank. A review of past tank preventative maintenance records indicate the existing tank is in sound condition other than the outer protective coating. Replacement of a comparable size would be at a minimum of \$150,000 if the existing mounting pad and plumbing could be adapted.

A more reasonable solution appears to be recoating the existing tank without sandblasting the old coating to eliminate the high risk and high cost lead abatement requirements. A former Alaska Ship and Drydock painting foreman in Ketchikan was consulted. He traveled to Swan Lake to assess the condition of the tank coating and provide refurbishing solutions. Recommendations provided were to encapsulate the existing outer coating and not remove the existing outer coating. An analysis of the lead test results determined the lead content was actually under the EPA standards that would require health evaluation and it was determined the deficiencies (paint blistering) of the existing coating could be removed with a high pressure water gun, which eliminates the need for sandblasting.

The new SOW will include cleaning of the existing tank coating with high pressure water, catching all the coating particulates that will be removed with a perforated ground covering trap, and encapsulating the tank with a new sealer and primary coating. The cost estimate is \$15,000 to \$20,000.



Swan Lake Water Tank

Tyee Lake Weir

The Tyee Lake Outlet Weir Project was assigned to Power System Specialist staff. In 2014, a concrete weir approximately 18' high x 12' wide was constructed within a narrow rock canyon at the outlet of the Tyee Lake. The weir is required to accurately measure lake spills and is a requirement of the Federal Energy Regulatory Agency (FERC) license. With the first spillage after weir construction it was determined that the weir had substantial abutment water leakage. During construction we chose to limit log removal and construction as a cost saving measure knowing we may have to return to address subsurface work. It is now apparent subsurface work should be undertaken to reduce abutment leakage. SEAPA staff tasked McMillen LLC this past October with inspection and design modifications, which are complete. The SOW consists of filling the abutment voids with bentonite and concrete.

SEAPA staff recently filed an application with the Army Corps of Engineers “Nation Wide” NW#3 permit which will enable the project to be completed as a maintenance item under the original NW#5 permit issued for the Tye Lake weir. This work is scheduled to take place in the summer of 2015. Hopefully the weather will clear for a few days to allow an inspection before the reservoir drops below elevation 1390.



Photos of Tye outlet from Summer of 2014; water surface elevation approximately 1395 ft.; leakage occurring at and under the right abutment

Swan Lake Powerhouse Roof Replacement

This project has been assigned to Power System Specialist staff. The intent of the project is to replace the existing roof membrane covering that was installed in 1996 over a hot tar roofing system. The membrane roofing system installed in 1996 has been compromised by condensation. This system was poorly designed and did not contain any vapor barriers. The trapped condensation has created extensive leaks within the Powerhouse whenever the roof is subjected to direct sunlight. The design and SOW were tasked to a local civil engineer, draft designs were submitted and rejected by staff because of the lack of a proper vapor barrier. Staff

will seek the assistance of an architect familiar with Southeast Alaska roofing designs. Architect finding and design updates will be reported at the next scheduled board meeting.



Swan Lake Powerhouse Roof

Federal Energy Regulatory Commission (FERC) License Requirements

FERC licensing requirements have been assigned to Power System Specialist staff. The FERC Part 12 report was completed and submitted to the Portland FERC office. FERC has responded to the letter and additional action items may be required as a result of their review. The Dam Safety Surveillance and Monitoring Report (DSSMR) will be completed by the end of January. This will conclude FERC reporting requirements for 2014. Staff is reviewing all reporting requirements and working with HDR consultants to assure all requirements are met. The Chief Dam Safety Coordinator letter has also been submitted.

End of Report



KETCHIKAN PUBLIC UTILITIES

Swan Lake Project Report

Andy Donato, Electric Division Manager | February 2015

SAFETY | ENVIRONMENTAL | SECURITY

- “Dam Failure Test” completed January 26, 2015 - all O.K.
- Safety Training for Dec. 2014/Jan. 2015: MSDS, Ops Manual updates, Fall arrest/restraint
- Visitors for Dec. 2014 /Jan. 2015 include: Brandon Englebroch- Yukon Fire, R&M Surveyors, Ed Schofield w/ Paint Contractor (water tank, fuel lines), Joe May (prints & roof)
- Nine (9) CO₂ fire suppression bottles filled and returned for service (18 in system)
- Evergreen odorizer replacement canister procurement in progress
- 4 x 1-1/2”, 3 x 2-1/2” fire hoses needed testing, completed all but two 2 x 2-1/2”, limited with test procedure
- (place holder) Hill side boulder/slough-off issue, Engineers from BC did survey

OUTAGES | UNIT CONSTRAINTS | RESERVOIR LEVEL

- Forced outages: None
- Planned station outages (coordinated with single unit operation)
 - Unit #1 & #2 air admission valve replacements complete
 - Unit #1 drip pans (stator air coolers)
- Reservoir level: spilling @ 333.9 ft. on January 21, 2015
- Emergent work:
 - Logging SCADA alarm issues & implementation (ongoing)
 - Log boom clearing & repair (ongoing)
 - Slide survey along lake in progress
 - Roof leaks - continues

MAINTENANCE (REGULAR)

- SF6 Breaker gas testing complete - all good
- Substation vegetation removal - burned, waiting on spray
- Backup Diesel Generator “A” – replaced cooling & fuel lines.
- Boat trailer delivered; boat zincs changed out
- Ditch work from slide of Jan. 22, 2015 along road to dam
- Lighting upgrades, replacing T12 w/high output T8 and miscellaneous LED fixtures
- Fabricated excavator cab cage
- New Boiler in House 101

COMPLIANCE

- Dam deflection survey Wednesday Jan. 28th (Quarterly)
- FERC Part 12d with Hatch consulting is in progress

NEW PROJECTS

- Initiate a “conex” storage expansion
- Load of D1 gravel (open)
- Water tank remediation
- Replace Emergency/Evac shed
- Paint fuel tanks
- Fencing around satellite dish, current roped-off.
- In need of a band saw.

PHOTOS



Drip pan under cooler



Air admission valve & actuator



Excavator cab cage



Log boom snag one day before spill



SOUTHEAST ALASKA POWER AGENCY
TYEE LAKE PROJECT UPDATE
Steve Beers, Foreman | February 2015

Date: January 26, 2015
To: Steve Henson, Operations Manager
From: Steve Beers, Tyee Lake Foreman
Subject: Tyee Lake Project Update for February 4-5, 2015 Board Meeting

1) SAFETY

Yukon Fire performed the annual fire extinguisher and fire alarm system maintenance at the Tyee Plant.

CPR and First Aid refresher training for Brent Mill and Randy Rasler were completed on November 5, 2014. This training occurs on a two-year cycle.

2) BUDGET

Eric Wolfe and HDR Engineering are scheduled for the week of January 26, 2015 for a field visit for the evaluation of the new control system for the turbine shutoff valve (TSV).

3) TRAINING

OSHA related training has been scheduled for February 3-5, 2015 at the Tyee plant by ESCI, Inc. Employees Beers, Mill, Rasler, Looman, and Roberts will be in attendance. This will be a comprehensive session to get the crew up-to-date on required OSHA topics. Monthly training will be conducted at the site by the contractor for the next year at which time the program will be evaluated and restructured if necessary.

4) MISCELLANEOUS

Joe May of May Engineering Services was at the plant for a week working on drawing issues. This is part of the process to bring the SEAPA documents and drawings up to current status.

Tim Gerler of Gerler Engineering and Design and Steve Henson visited Tyee to assess the oil seal leakage on the needle restoring mechanism for the turbine nozzles. It was discovered that an orifice plug was missing in the top plate. Proper plugs were installed and the crew will observe the mechanisms to determine if the leakage stops.

The line clearing crew was in Petersburg for ten days clearing trees and brush between Towers 60-1M and 70-3M. They were working with members of the Petersburg line crew and another

contract cutter provided by Petersburg Municipal Power & Light (PMPL). This effort will continue as time allows.

Monthly and quarterly work orders were performed at the plant.

Painting of the Power House generator housings, floors, and walls is underway.

Southeast Alaska Power Agency

DATE: January 27, 2015
TO: SEAPA Board of Directors
FROM: Trey Acteson, CEO
RE: SEAPA Policy Handbook Revisions

A 'redlined' draft and a 'clean' draft of the Agency's Policies Handbook was provided to all board members on January 21, 2015, via email, to provide an early opportunity to review and consider the changes made to bring the policies up-to-date. Discussion of the changes is anticipated during the board meeting. In the event the changes are accepted in their entirety, please consider the following suggested motion:

SUGGESTED MOTION
I move for approval of the SEAPA Handbook Policy dated January 2015 presented to board members on January 21, 2015.

Southeast Alaska Power Agency

DATE: January 26, 2015
TO: Trey Acteson, CEO
FROM: Eric Wolfe, P.E., Director of Special Projects
RE: Water Management and SEAPA Operations Plan for 2015

We are experiencing wet, warm weather which depresses electrical demand, increases municipal hydro generation, and decreases SEAPA exports. Normally for late January, Tyee Lake is near 1355 ft and dropping $\frac{3}{4}$ of a foot per day. On January 23, 2015, Tyee Lake elevation was 1382.5 ft and rising by 2 ft per day; on the same day, Swan Lake was spilling (over-full).

We also have two major capital projects which will affect SEAPA reservoir levels; the follow-up weir work at Tyee, and the 2016 construction at Swan Lake. We need to keep water levels below elevation 1380 at Tyee until mid-September, and we need to keep Swan Lake from spilling after December 1, 2015, and stay below elevation 330 until construction is complete. Therefore Tyee will generate as much as possible without over-drafting through the summer, and Swan Lake will be loaded more than normal in November 2015. SEAPA operates generation-storage models for Tyee Lake and Swan Lake; these models require estimates for inflows and system loads for the determination of resulting water levels. Inputs are discussed below:

Electrical Loads

Electrical demand in the models is from municipal load forecasts for the January to April period; 2013 high fish processing loads were used for 2015 summer months; all other months were escalated slightly above last year. The total deliveries for the year are then 188,000 MWh which exceeds our FY15 forecast (172,000 MWh so a conservative measure is utilized to ensure water is available).

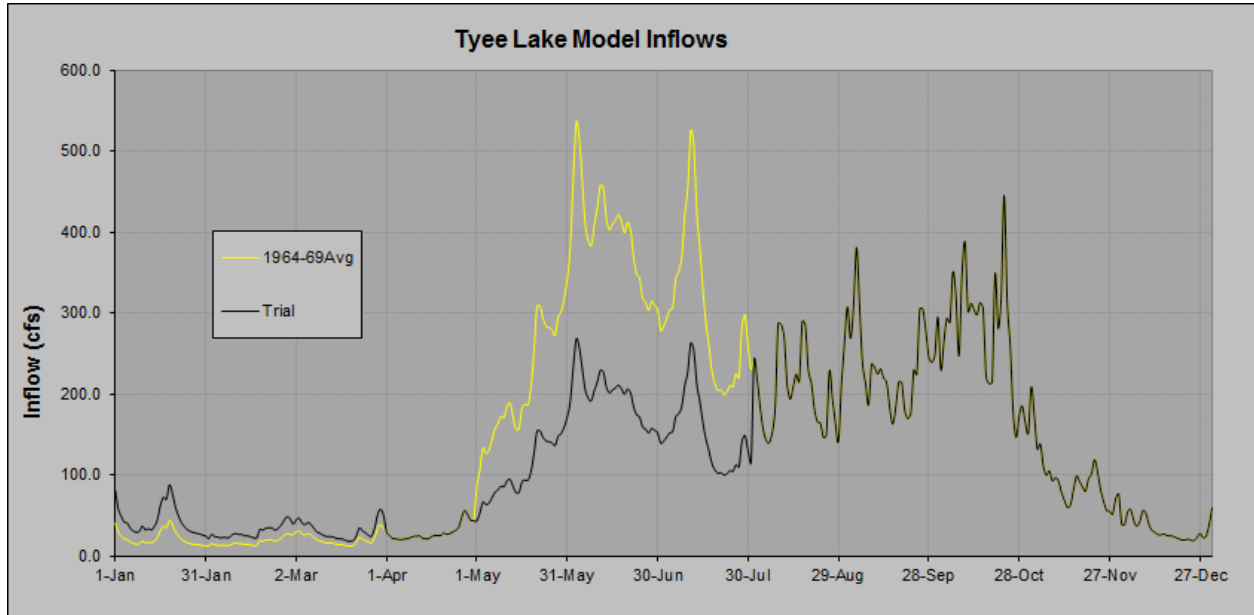
Energy for the Month as aMW or MWh								
Dec	KPU	PSG	WRG+PSG	T10	L1	SEAPA	Tyee	SWL
Jan	12.8	4725	9225	12.9	13.6	26.5	16	10.5
Feb	14.1	4725	9225	14.3	15.1	29.3	17	12.3
Mar	12.1	3990	7790	10.9	12.9	23.8	16	7.8
April	9.7	3675	7175	10.4	10.4	20.7	14	6.7
May	7.5		5859	8.2	8.0	16.2	10	6.2
Jun	8.0		6048	8.7	8.5	17.3	10	7.3
Jul	11.3		8828	11.0	12.0	23.0	15	8.0
Aug	13.0		9188	11.0	13.8	24.8	16	8.8
Sept	9.2		6293	7.0	9.8	16.8	8.5	8.3
Oct	7.7		5443	8.0	8.2	16.2	10	6.2
Nov	13.0		7488	10.8	13.8	24.7	16	8.7
Dec	14.5		8640	12.1	15.5	27.5	17	10.5
Deliveries								
aMW	11.1		91,201			Average Gen.	13.8	8.4
Total	97,047		<u>188,133</u>	<u>Total Deliveries</u>				

Table 1- Expected deliveries and generation for Tyee and Swan, deliveries increased to account for line losses.

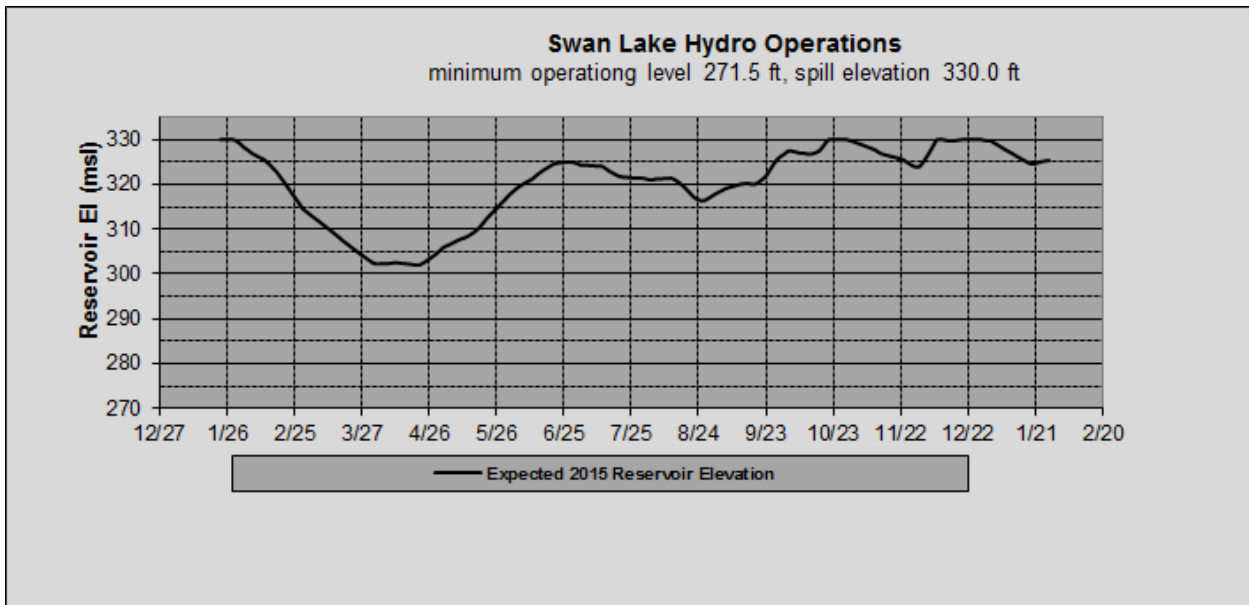
Southeast Alaska Power Agency

Inflows

This year we are deviating significantly from normal with respect to winter inflows. For the 2015 Operations plan, greater inflows for the first three months (January to March) were used in the model, then 50% less inflow for the May through July period to account for an expected low snow pack year; lacking any better information, we used average inflows from August through December, our traditional wet season

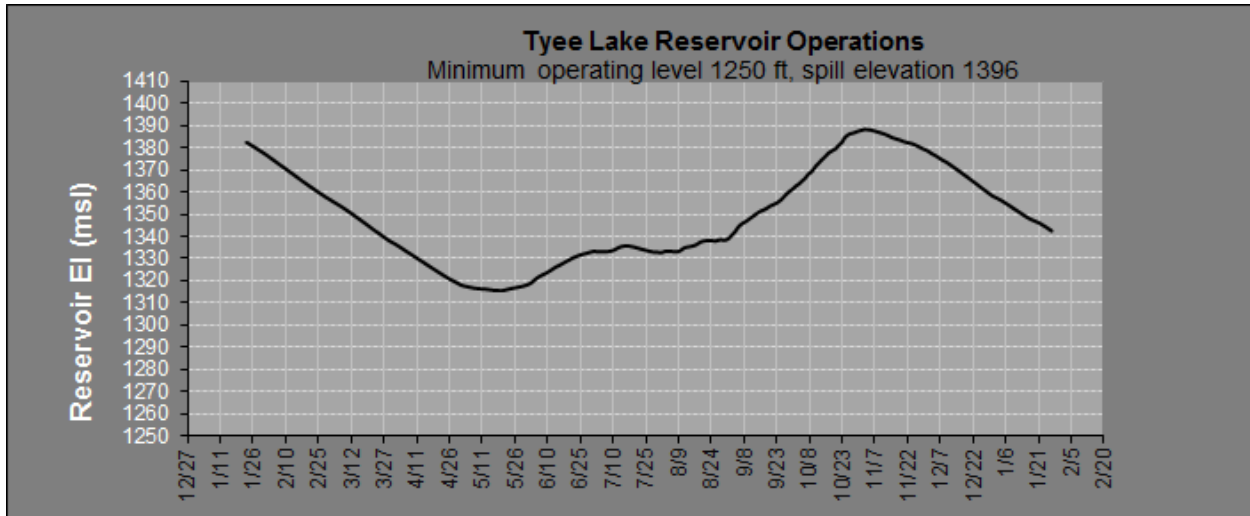


Tye Lake Model Inflows, above average for winter months, well below average for spring & summer months, average for July through December.



Expected Swan Lake elevations for 2015

Southeast Alaska Power Agency



Expected Tyee Lake Operating levels for 2015

Given this year’s wide variation in inflows, a storage contingency for loss of generation at Swan or Tyee, and our upcoming capital projects, our operations plan has a wide draft limit tolerance. We expect to draft Swan Lake to near 300 ft, but weak demand means that elevation could likely be higher. If we suffer a mechanical problem at Tyee, Swan would take up the difference until Tyee could return to full capacity and the extra Tyee storage would be delivered later in the season. We expect to draft Tyee Lake to elevation 1315 ft, but this elevation may not be attained for the same reasons - weak demand or larger spring inflows than expected.

2015 Operations Plan Reservoir Levels			
	Draft	-	+
	Elevation	Elevation	Elevation
	Target (msl)	ft	ft
SWL	300	15	15
TYL	1315	20	20

A more in-depth explanation of the process will be presented at the Board Meeting.

Please consider the following suggested motion:

SUGGESTED MOTION

I move to approve SEAPA’s operations plan for the following elevations:

Swan Lake to be drafted to elevation 300 ft plus or minus (+/-) 15 ft for a minimum of 285 ft and a maximum of 315 ft.

Tyee Lake to be drafted to elevation 1315 ft plus or minus (+/-) 20 ft for a minimum of 1295 ft and a maximum of 1335 ft.



PROPOSED SEAPA BOARD MEETING DATES 2015

Date(s)	Location	Comments
March 25-26 (Wed-Thurs)	Wrangell	Propose split meeting from 11 am-5 pm on Wednesday and 9 am-12 Noon on Thursday
May 28 (Thursday)	Ketchikan	9 am-5 pm
July 29-30 (Wed-Thurs)	Petersburg	Propose split meeting from 1 pm-5 pm on Wednesday and 9 am-1 pm on Thursday
September 24 (Thursday)	Ketchikan	9 am-5 pm
November 17-18 (Tues-Wed)	Wrangell	Propose split meeting from 11 am-5 pm on Wednesday and 9 am-12 Noon on Thursday

January 2015

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

February 2015

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

March 2015

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				

April 2015

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 2015

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						

June 2015

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				

July 2015

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

August 2015

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 2015

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			

October 2015

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

November 2015

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					

December 2015

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		

2015

January						
19: Martin Luther King Day						
February						
14: Valentine's Day						
16: Presidents' Day						
March						
April						
03: Good Friday						
05: Easter Sunday						
May						
10: Mother's Day						
25: Memorial Day						
June						
21: Father's Day						
July						
04: Independence Day						
August						
September						
07: Labor Day						
October						
12: Columbus Day						
31: Halloween						
November						
11: Veterans Day						
26: Thanksgiving Day						
December						
25: Christmas Day						

www.biankcalendar2015.net

(See attached for additional information on 2015 meeting dates and events)

2015 MEETING DATES | EVENTS

DATE	ORGANIZATION	EVENT LOCATION
JANUARY 1	SEAPA	HOLIDAY – New Years Day
28-29	APA	Manager’s Forum/Legislative Fly-in, Juneau
FEBRUARY 4-5	SEAPA	Board Meeting - Ketchikan
11-12	APA	Legislative Conference, Juneau
16	SEAPA	HOLIDAY – President’s Day
17-19	NORTHWEST HYDROELECTRIC ASSOCIATION	Annual Conference – Portland
SPRING 2015	APA	Federal Legislative Conf., Washington DC
MARCH 16-17	SOUTHEAST CONFERENCE	Mid-Session Summit - Juneau
25-26	SEAPA	Board Meeting - Wrangell
APRIL 27-29	NATIONAL HYDRO ASSOCIATION	Annual Conference - Washington, DC
MAY 17-21	NWPPA	75th Annual Conference and Membership Meeting - Anchorage
19-20	NORTHWEST HYDRO OPS FORUM	NW Hydro Operator’s Forum, Boise, Idaho
25	SEAPA	HOLIDAY – Memorial Day
28	SEAPA	Board Meeting, Ketchikan
JUNE 2-4	APA LEGISLATIVE FLY-IN	Washington, DC
JULY 4	SEAPA	HOLIDAY – Independence Day
14-17	HYDROVISION INTERNATIONAL	Conference - Portland, Oregon
20-23	AEGIS	Policyholders Conference - Tennessee
29-30	SEAPA	Board Meeting, Petersburg
AUGUST 25-28	ALASKA POWER ASSOCIATION	Annual Meeting - Ketchikan
SEPTEMBER 7	SEAPA	HOLIDAY – Labor Day
15-17	SOUTHEAST CONFERENCE	Annual Meeting – Prince Rupert
24	SEAPA	Board Meeting – Ketchikan
OCTOBER 8-9	APA	Accounting & Finance Workshop, Anchorage
19-23	AUDITORS	Annual SEAPA Audit
26-29	NWPPA/APA	Alaska Electric Utility Conference – Anchorage
NOVEMBER 11	SEAPA	HOLIDAY – Veteran’s Day
17-18	SEAPA	Board Meeting – Wrangell
25-26	SEAPA	HOLIDAY – Thanksgiving
DECEMBER (early)	APA	APA/AIE Dec Mtg Series, Anchorage
24-25	SEAPA	HOLIDAY – Christmas Eve & Christmas Day

OTHER EVENTS/MEETINGS


- Petersburg Borough Assembly
- City & Borough of Wrangell Assembly
- Ketchikan City Council

- 2nd & 4th Monday every month
- 2nd & 4th Tuesday every month
- 1st & 3rd Thursday every month



MEMORANDUM
CONFIDENTIAL ATTORNEY CLIENT COMMUNICATION

TO: John Jensen, Vice Chair,
Southeast Alaska Power Agency

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

DATE: January 27, 2015

RE: Suggested Motion for Proposed Executive Session for February 5, 2015

The proposed agenda for the February 5, 2015 meeting of the Board of Directors includes an Executive Session to discuss and update the Board regarding the Agency's safety program, and the recent filings and challenges against SEAPA at the Federal Energy Regulatory Commission (FERC) involving the Public Utilities Regulatory Policy Act (PURPA) and SEAPA's application before FERC related to the proposed raise of the Swan Lake Hydroelectric Project. I recommend the following motion be made:

I move to recess into Executive Session to facilitate discussions and update the board regarding the Agency's safety program, and on the status and legal strategies for two FERC actions; the first involving PURPA and avoided costs, and the second relating to SEAPA's application before FERC for a non-capacity amendment for its license on the Swan Lake Hydroelectric Project. The Executive Session will be conducted pursuant to SEAPA's Bylaws, which are consistent with Alaska Statute 44.62.310 as the discussions involve matters to be discussed with counsel retained by the board members, and the immediate knowledge of which could have an adverse effect on the legal position of the Agency, the Projects, or any of the Member Utilities represented on the Board.