SOUTHEAST ALASKA POWER AGENCY

Regular Board Meeting
AGENDA

Nolan Center | Wrangell, Alaska

June 19, 2019 (9 AM – 5 PM AKDT) | June 20, 2019 (9 AM to 12 NOON AKDT)

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

June 19, 2019

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
   - A. Agenda for June 19-20, 2019 Board Meeting

3. Persons to be Heard

4. Review and Approve Minutes
   - A. February 28, 2019 Minutes of Regular Board Meeting
   - B. March 4, 2019 Minutes of Special Board Meeting
   - C. March 11, 2019 Minutes of Special Board Meeting
   - D. March 18, 2019 Minutes of Special Board Meeting
   - E. April 22, 2019 Minutes of Special Board Meeting
   - F. May 29, 2019 Minutes of Special Board Meeting

5. Financial Reports
   - A. CEO Financial Cover Memo
   - B. Controller's Memo
   - C. Disbursements
   - D. kWh Graph
   - E. Grant Summary
   - F. Financial Statements – April, March, February & January 2019
   - G. R&R Report

6. CEO Report

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

B. Consideration and Approval of 2019 Revised Operations Plan

8. New Business

A. Consideration and Approval of R&R 19311 Swan Lake Gangway & Pier Replacement Contract
B. Consideration and Approval of Alaska Department of Transportation Easement Request
C. Consideration and Approval of 457B Administration Change
D. Executive Session Re:
- Flight Operations
- Cyber Security Discussions
- Hydrosite Analysis
- InTandem LLC Presentation of SEAPA's Compensation Plan

June 20, 2019

9. Call to Order
A. Roll Call

Item 8: New Business (continued):

E. Presentation, Consideration, and Approval of 6-Month July through December 2019 Budget
F. Consideration and Approval of Hydropower Site Investigations Contract
G. Consideration and Approval of Carroll Inlet Crossing Marker Ball Replacement Contract
H. Consideration and Approval of Wholesale Power Rate

10. Staff Reports
A. Power System Specialist Report *(Schofield)*
B. Director of Engineering & Technical Services Report (*Siedman)*
C. Operations Manager Report *(Hammer)*

11. Next Meeting Date(s):
June 27, 2019 Special Board Meeting (telephonic) Re:
- Swan Lake Transition Documents
- Consideration and Approval of Swan Lake Powerhouse Station Service System Design Upgrade Contract
- Any other business that may be necessary

September 26-27, 2019 (Thurs/Fri) in Petersburg, Alaska
December 12, 2019 (Thurs) in Ketchikan, Alaska

12. Director Comments

13. Adjourn

Minutes of Regular Meeting
February 28, 2019

The Landing Hotel
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 Prysunka called the meeting to order at 9:00 a.m. AKST on February 28, 2019. The following directors and alternates were present, thus establishing a quorum of the board:

Director	Alternate	Representing	
Karl Amylon	Andy Donato	Swan Lake	Ketchikan
Robert Sivertsen		Swan Lake	Ketchikan
	Cliff Skillings	Swan Lake	Ketchikan
Bob Lynn	Robert Larson	Tyee Lake	Petersburg
Stephen Prysunka	Lisa Von Bargen	Tyee Lake	Wrangell

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

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

B. *Communications/Lay on the Table Item(s):*

- Minutes of February 5, 2019 Special Board Meeting
- CEO Report
- Consideration and Approval of Alaska Municipal Bond Bank Financing
- Work Session Agenda and documents

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

2) Approval of the Agenda

➢ ***Motion***	M/S (Sivertsen/Lynn) to approve the agenda as presented.	Action 19-712

Mr. Acteson recommended that Item A of New Business on the agenda (Executive Session) be amended to include discussions on financial impacts of reservoir management as that topic was advertised publicly and is also a part of the suggested motion in the board packet. He also recommended that a new Item B be inserted after Item A under New Business for action items following the executive session with the remaining items moved forward accordingly.

➢ ***Motion***	M/S (Sivertsen/Lynn) to amend the agenda to include discussions on the financial impacts of reservoir management to the Executive Session topics and to add a new Item B to be inserted after Item A under New Business for action items to be heard following the executive session with the remaining items under New Business moved forward accordingly. Motion approved unanimously by polled vote.	Action 19-713

A vote was taken to accept the agenda as amended and passed unanimously.

3) Introduction of Board Members: Board members exchanged introductions.

4) Election of Officers

A. *Chairman.*

Mr. Amylon moved to nominate Mr. Prysunka to serve another 12-month term. Mr. Prysunka declined the nomination and the motion was withdrawn. It was determined an interested director could self-nominate for the position and a second to a motion for a nomination is unnecessary.

➢ ***Motion***	M/S (Sivertsen) to nominate Bob Sivertsen to serve as Chairman for calendar year 2019. Motion approved unanimously by polled vote.	Action 19-714

B. *Vice Chairman*

➢ ***Motion***	M/S (Sivertsen) to nominate Bob Lynn to serve as Vice Chairman for calendar year 2019. Motion approved unanimously by polled vote.	Action 19-715

C. *Secretary-Treasurer*

➢ ***Motion***	M/S (Sivertsen) to nominate Karl Amylon to serve as Secretary-Treasurer for calendar year 2019. Motion approved unanimously by polled vote.	Action 19-716

Chairman Prysunka turned the Chair over to Mr. Sivertsen to preside over the meeting as the new Chairman. Chairman Sivertsen thanked Mr. Prysunka for his service.

5) Persons to be Heard: None.

6) Introduction to SEAPA (Joel Paisner)

Mr. Paisner presented a PowerPoint slideshow for the benefit of new board members, which provided Agency orientation.

7) Work Session Re 2018 Operations and Curtailment Review

A lengthy work session was held. Staff and Directors held informal discussions on the Agency's operations plans, curtailment review, SEAPA after curtailment review, the Power Sales Agreement operational review, future management guidelines, the Agency's diesel protocol history, and ended with Mr. Acteson's presentation of a PowerPoint slideshow on options for

diesel reimbursement. During the work session discussions, the meeting recessed at 10:27 a.m. and reconvened at 10:36 a.m. for a short break and at 11:55 recessed for lunch and reconvened at 1:06 p.m.

Following the work session, the Chair announced that in the best interest of time, Agenda Item 11A (Executive Session) should be moved ahead of Items 8, 9, and 10 under the Agenda.

➢ ***Motion***	M/S (Prysunka/Lynn) to move Agenda Item 11A (Executive Session) forward in the Agenda ahead of Agenda Items 8, 9, and 10. Motion approved unanimously by polled vote.	Action 19-717

11) New Business

A. *Executive Session*

The Chair requested a motion on the executive session.

➢ ***Motion***	M/S (Prysunka/Lynn) to recess into Executive Session to be conducted pursuant to SEAPA's Bylaws consistent with Alaska Statute 44.62.310 for discussions on the financial impacts of reservoir management and the potential acquisition of property, which is a matter the immediate knowledge of which would clearly have an adverse effect on the finances of the Agency, the Projects, or any of the Member Utilities represented on the Board. Motion approved unanimously by polled vote.	Action 19-718

The meeting recessed for the executive session at 2:38 p.m. and reconvened at 4:48 p.m.

Chairman Sivertsen announced the meeting was back into regular session.

B. *Action Items Following Executive Session*

1. Option (3) for Diesel Reimbursement

➢ ***Motion***	M/S (Prysunka/Lynn) to select Option (3) of the options for diesel reimbursement presented by the Agency's CEO during the February 28, 2019 board meeting whereby SEAPA reimburses Petersburg and Wrangell for the cost of their supplemental diesel fuel and overtime, minus 6.8 cents/kWh starting from February 15, 2019 through to March 28, 2019, at which time SEAPA will hold a Special Board Meeting and the supplemental diesel campaign will be reviewed. Motion approved unanimously by polled vote.	Action 19-719

2. Offer of Property for SEAPA Office

Chairman Sivertsen announced that the offer of property for a SEAPA office was discussed during the executive session and the Agency's CEO received direction for follow-up on the offer.

3. Lake Levels and Protocol

Chairman Sivertsen announced that the Agency's lake levels and protocols were also discussed with the CEO receiving direction to shut Swan Lake down until it's at the 285 level and at 285, the communities would share the power equally 50-50 through the Agency's operating policy.

C. *Consideration and Approval of RR19322 for Intake Gate Stem, RR19323 for Tunnel Lights at Tyee Lake and RR 19324 for Swan Lake Unit 1 Stuffing Box*

➢ ***Motion***	M/S (Prysunka/Lynn) to amend the FY2019 R&R Budget, increasing it by $31,443 for RR19322 Intake Gate Stem Phase I, $27,000 for RR19323 Tunnel Lights Tyee Lake; and $87,400 for Stuffing Box Unit 1 at Swan Lake. The combined projects will increase the FY19 R&R budget by $145,843, bringing the R&R Budget total to $3,173,009. Motion approved unanimously by polled vote.	Action 19-720

D. *Consideration and Approval of Resolution No. 2019-072 Re Capitalization Threshold Change*

➢ ***Motion***	M/S (Prysunka/Lynn) to adopt Resolution 2019-072, amending SEAPA's Capitalization Policy by reducing the Capitalization Threshold from $25,000 to $10,000 effective July 1, 2019, and further move to amend Section 6.4.6 of SEAPA's Policy Handbook to concur with the Capitalization Policy, as both documents are presented in the February 28, 2019 board packet. Following an explanation by Mr. Acteson that the Agency has a lot of items that don't reach the $25,000 threshold that should be capitalized and would be if the threshold was reduced to $10,000 the motion was approved unanimously by polled vote.	Action 19-721

E. *Consideration and Approval for Authorization to Pursue Alaska Municipal Bond Bank Financing*

➢ ***Motion***	M/S (Prysunka/Lynn) to authorize SEAPA staff to begin the process to participate in the Alaska Municipal Bond Bank financing to refinance the remainder of the Series 2009 Bonds, to ratify the loan application provided to the Alaska Municipal Bond Bank, and to take any necessary actions to work with the Alaska Municipal Bond Bank to secure the benefits of refinancing. Mr. Acteson explained that since the Agency's 2009 bonds were eligible for early refunding it is prudent to pursue refinancing a portion of the debt at a lower rate through the Alaska Municipal Bond Bank which will net immediate savings on the debt, reduced administrative costs. Mr. Amylon received assurance from the Agency's counsel that since the agreement between SEAPA and KPU remains in place regarding the Whitman Lake true-up, that the refinancing will eliminate the bond covenant. The motion was approved unanimously by polled vote.	Action 19-722

The Chair announced the Agenda will now be moved back to Agenda Item 8.

8) Review and Approve Minutes

➢ ***Motion***	M/S (Prysunka/Lynn) to approve the minutes of December 12-13, 2018 of the regular meeting and minutes of February 15, 18, and 25, 2019 respectively of special board meetings. Motion approved unanimously by polled vote.	Action 19-723

9(A-H) Financial Reports

➢ ***Motion***	M/S (Prysunka/Amylon) to accept disbursements for December 2018 and January 2019 totaling $1,846,512.48 and financial statements for December and November 2018, as presented. Following a brief overview by Mr. Acteson of the Agency's financial position, rebates, revenue and expenses and renewal and replacement projects, the motion was approved unanimously by polled vote.	Action 19-724

10) Old Business

A. *Swan Lake Transition Update/Discussions*

Mr. Acteson announced that the core transition documents had been prepared and provided to KPU for review. He noted that a key component of the transition was completion of the union contract and that three existing Swan Lake plant employees had expressed an interest in transferring to SEAPA which left an operator/electrician position vacant. He advised the position was advertised. He discussed two pole attachment agreements that had been drafted as part of the transition, one of which was between SEAPA and KPU Telecom, which would involve a reasonable cost recovery. Mr. Paisner advised that because telecom carriers are entitled to qualified equal treatment under the law, granting one telecom provider free access to SEAPA poles would allow other competitors to request the same. The pole agreement between SEAPA and KPU Electric would not realize a cost recovery due to in-kind contributions between the parties. He announced that lines of demarcation at the Bailey yard were discussed and a schematic of the switchyard prepared to facilitate discussions, together with a data exchange document indicating what points would be shared between KPU and SEAPA so the two parties could function efficiently for the benefit of the ratepayers.

11) New Business [all topics discussed earlier under the approved amended agenda]

12) CEO Report

In the interest of brevity due to a full agenda, Mr. Acteson referred the board to the written report he provided for the board packet and gave a short summary of external affairs issues he was involved in which included the State Specific Roadless Rule which he announced was currently in a draft EIS process. There were no questions from the directors.

13) Staff Reports

A. *Operations Manager's Report (Hammer)*

Mr. Hammer offered brief narratives on the Tyee Road Access to Tidewater, ATV Use on the Tyee Transmission System, Eagle River Crossing Marker Balls, TSV Actuator Pistons, and

Cleveland Peninsula Helipad Projects. He advised staff was still waiting for a final report from the submarine cable ROV consultant who inspected the Agency's cables. He also provided updates on MET tower data collection efforts, wooden pole testing, and issues SEAPA experienced with the 34' Svendsen landing craft powerheads on the outboard motors. He outlined work the Tyee crew had performed and provided a list of tasks accomplished at the plant. He noted KPU's Swan Lake Report was provided in the packet for review.

B. *Power System Specialist (Schofield)*

Mr. Schofield provided details on a gangway and pier replacement project at Swan Lake that was currently in the 90% design stage and announced that it was discovered that power ring bushings had exceeded their limit during mechanical inspections at Swan Lake and required corrective action. He advised that a mechanical water seal called a 'stuffing box' showed excessive leakage and should be repaired the same time as the power ring bushings because of their location. Mr. Schofield announced that the wastewater project at Swan Lake had been completed, final design of new fabric storage buildings were also complete with manufacturing underway for delivery and construction by May 2019. He advised that as a safety precaution work was delayed on the Swan Lake reservoir access ladders because of low lake levels. He also provided updates on the Tyee Intake Gates HPU Upgrades Project and Flash Board Gate Trigger Modification issues.

C. *Director of Engineering & Technical Services (Siedman)*

Mr. Siedman announced the Tyee Lake microwave link failed on February 8th and that troubleshooting of the issues appeared to indicate problems at Burnett Peak. A contractor performed a spectrum analysis and conducted other investigations concluding the issues likely resulted from snow and ice on the satellite dish. He discussed issues experienced during low lake levels with the Swan Lake governors and efforts to determine the root cause, and provided updates on the Tyee and Swan Governor Pressure System Projects, the Swan Lake Distribution Valve Controller and Manifold, Station Service Switchgear and Tyee Lake Level Remote RF-Modem Projects.

14) Calendar Year 2019 Meeting Dates

There were no comments on the next meeting dates suggested in the board packet.

15) Director Comments

Directors provided brief comments.

16) Adjourn

Chairman Sivertsen requested a motion for adjournment. Mr. Prysunka so moved with Mr. Lynn seconding the motion. The Chair adjourned the meeting at 5:52 p.m.

Signed: **Attest:**

_____ _____

Secretary/Treasurer **Chairman**

SOUTHEAST ALASKA POWER AGENCY

Minutes of Special Meeting

Monday, March 4, 2019

Southeast Alaska Power Agency Offices
via Teleconference | Ketchikan, Alaska

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

1) Call to Order

A. *Roll Call*.

Chairman Sivertsen called the meeting to order at 3:00 p.m. AKST on March 4, 2019. The following directors and alternates were present, thus establishing a quorum of the board:

Directors	Present *Telephonic (T) In Person (IP)*	Alternates	Present *Telephonic (T) In Person (IP)*	Representing	
Karl Amylon	IP	Andy Donato	IP	Swan Lake	Ketchikan
Bob Sivertsen	IP			Swan Lake	Ketchikan
		Cliff Skillings	IP[1]	Swan Lake	Ketchikan
Bob Lynn	T	Robert Larson	T	Tyee Lake	Petersburg
Stephen Prysunka	T	Lisa Von Bargen	T	Tyee Lake	Wrangell

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

Staff	Present *Telephonic (T) In Person (IP)*	Staff/Counsel	Present *Telephonic (T) In Person (IP)*
Trey Acteson, CEO	IP	Kay Key, Controller	IP
Clay Hammer, Operations Manager	T	Sharon Thompson, Ex. Asst./CA	IP
Ed Schofield, Power Sys. Specialist	IP	Joel Paisner, Counsel	T
Robert Siedman, Dir. Tech. Services	IP		

2) Approval of the Agenda

➢ ***Motion***	M/S (Amylon/Lynn) to approve the agenda as presented. Motion approved unanimously by polled vote.	Action 19-725

3) New Business: None.

4) Old Business

A. *Reservoir Management Discussions*

Mr. Siedman reported that Tyee Lake's level was at 1259.6 and Swan's at 280.3. He advised that Tyee was drafting two-tenths to approximately three-tenths per day and at that rate would reach the 1258 draft limit within eight to nine days. He discussed operational changes that were being made to reduce the draft rate even further and provided a very in-depth explanation of why MVArs are an issue.

[1] Mr. Skillings joined the meeting after the polled vote on the motion to approve the agenda.

Discussion followed on the current weather outlook and whether Tyee's current draft limit affords the Agency enough leeway to provide power to Tyee without having to call a special board meeting.

➢ ***Motion***	M/S (Lynn/Prysunka) to amend SEAPA's 2019 Operations Plan to reduce the draft limit for Tyee Lake from 1258 to 1257. Motion passed unanimously by polled vote.	Action 19-726

5) Adjourn

➢ ***Motion***	M/S (Amylon/Lynn) to adjourn the meeting. No vote was taken; Chairman Sivertsen adjourned the meeting at 3:22 p.m.	Action 19-727

Signed:

Secretary/Treasurer

Attest:

Chairman

SOUTHEAST ALASKA POWER AGENCY

Minutes of Special Meeting

Monday, March 11, 2019

Southeast Alaska Power Agency Offices
via Teleconference | Ketchikan, Alaska

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

1) Call to Order

A. *Roll Call*.

Chairman Sivertsen called the meeting to order at 3:00 p.m. AKDT on March 11, 2019. The following directors and alternates were present, thus establishing a quorum of the board:

Directors	Present *Telephonic (T) In Person (IP)*	Alternates	Present *Telephonic (T) In Person (IP)*	Representing	
Karl Amylon	IP	Andy Donato	IP	Swan Lake	Ketchikan
Bob Sivertsen	IP			Swan Lake	Ketchikan
		Cliff Skillings	IP	Swan Lake	Ketchikan
Bob Lynn	T	Robert Larson	T	Tyee Lake	Petersburg
Stephen Prysunka	T	Lisa Von Bargen	T	Tyee Lake	Wrangell

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

Staff	Present *Telephonic (T) In Person (IP)*	Staff/Counsel	Present *Telephonic (T) In Person (IP)*
Trey Acteson, CEO	IP	Kay Key, Controller	IP
Clay Hammer, Operations Manager	T	Sharon Thompson, Ex Asst/CA	IP
Ed Schofield, Power Sys Specialist	IP	Joel Paisner, Counsel	T
Robert Siedman, Dir Tech Services	IP		

2) Approval of the Agenda

➢ ***Motion***	M/S (Lynn/Prysunka) to approve the agenda as presented. Motion approved unanimously by polled vote.	Action 19-728

3) New Business: None.

4) Old Business

A. *Reservoir Management Discussions*

Mr. Acteson reported that Swan Lake's level was at 280.8 and Tyee's at 1259.2. He explained that Tyee is holding steady and responding as expected drafting approximately a tenth a day, and that staff is not asking for any changes in draft limits. He reported the lakes were starting to get some inflows and there may be more may be on the horizon, but these are not major turns in the reservoirs so maintaining the status quo until there is a major turn in the weather is prudent.

Mr. Siedman reported that the load started to rise from 300 kw to 4.5 MW on the Swan Lake line on March 10th over the course of approximately two-to-three minutes and discussed the cause and how staff would

approach the issue. Discussion followed on an update at the Swan and Tyee Lake basins. Mr. Siedman reported that the Tyee basin has approximately 100 inches with about a 35% to 45% density which is approximately equal to what it was in 2017, and that Swan Lake has about 55 to 60 inches with about the same density as Tyee, which is a little less than last year at this time.

There was no formal action taken following the discussions.

5) Adjourn

Mr. Lynn moved to adjourn the meeting. Chairman Sivertsen adjourned the meeting at 3:22 p.m.

Signed: Attest:

_____ _____

Secretary/Treasurer Chairman

SOUTHEAST ALASKA POWER AGENCY

Minutes of Special Meeting

Monday, March 18, 2019

Southeast Alaska Power Agency Offices
via Teleconference | Ketchikan, Alaska

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

1) Call to Order

A. *Roll Call*.

Chairman Sivertsen called the meeting to order at 3:00 p.m. AKDT on March 18, 2019. The following directors and alternates were present, thus establishing a quorum of the board:

Directors	Present *Telephonic (T) In Person (IP)*	Alternates	Present *Telephonic (T) In Person (IP)*	Representing	
Karl Amylon	IP	Andy Donato	IP	Swan Lake	Ketchikan
Bob Sivertsen	IP			Swan Lake	Ketchikan
				Swan Lake	Ketchikan
Bob Lynn	T	Robert Larson	T	Tyee Lake	Petersburg
				Tyee Lake	Wrangell

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

Staff	Present *Telephonic (T) In Person (IP)*	Staff/Counsel	Present *Telephonic (T) In Person (IP)*
Trey Acteson, CEO	IP	Kay Key, Controller	IP
Clay Hammer, Operations Manager	T	Sharon Thompson, Ex Asst/CA	IP
Ed Schofield, Power Sys Specialist	IP	Joel Paisner, Counsel	T
Robert Siedman, Dir Tech Services	IP		

2) Approval of the Agenda

➢ ***Motion***	M/S (Lynn/Amylon) to approve the agenda, as amended, to add an item to the agenda to address the date of the next special board meeting. Motion approved unanimously by polled vote.	Action 19-729

3) New Business:

A. *Consideration and Approval of Bond Resolution No. 2019-073.*

➢ ***Motion***	M/S (Amylon/Lynn) to adopt Resolution No. 2019-073 authorizing the issuance of electric revenue refunding bonds of the Agency to refund for savings the Agency's outstanding Electric Revenue Refunding Bonds, Series 2009; approving an amended and restated indenture, an escrow deposit agreement, and other documents to be executed, delivered, or distributed in connection therewith, and authorizing the sale of	Action 19-730

[redacted]	the refunding bonds to the Alaska Municipal Bond Bank on the terms and conditions provided in the resolution.	[redacted]

The Agency's bond counsel, David Thompson, explained that the resolution on the floor for consideration was a follow-up to action the Agency took in 2015 when part of the 2009 bonds were refinanced. The difference is that instead of selling bonds in the public market place they are sold through the Alaska Municipal Bond Bank, which buys bonds of local governments then issues its own bonds in the public market place, and then uses those proceeds to make a loan. He explained that the resolution authorizes refinancing existing debt to save on debt service costs. A single bond would be issued to the bond bank, a loan agreement would be entered into setting forth the terms for repayment of the bond, and proceeds of the loan from the bond bank would be set aside in an escrow to make a payment on June 1 to retire the 2009 bonds. Mr. Acteson explained that the Agency would realize an estimated savings of $343,333 by going through the bond bank and an additional $30,000 may also be saved through the issuance process because the bond bank's processes are much simpler than selling in the public market place. Mr. Paisner confirmed that once the bonds are refinanced, the Whitman true-up is no longer hampered by bond covenants made in 2009 to bond holders and the insurer, so any action related to the true-up would be determined by a unanimous vote of SEAPA's directors. Mr. Acteson noted there could potentially be a negative financial impact to the Agency if the board elected to terminate the Whitman True-up.

The motion on Resolution No. 2019-073 was approved unanimously by polled vote.

4) Old Business

A. *Reservoir Management Discussions*

Mr. Acteson reported that Swan Lake's level was at 284 and Tyee's at 1260.1 and recommended maintaining the status quo on the operations plan. Following discussion, no action was taken to change the current status of the operations plan.

5) Next Special Board Meeting Date

The board elected to hold the next special board meeting on Thursday, March 28, 2019.

6) Adjourn

Mr. Lynn moved to adjourn the meeting. Chairman Sivertsen adjourned the meeting at 3:45 p.m.

Signed: Attest:

_____ _____

Secretary/Treasurer Chairman

SOUTHEAST ALASKA POWER AGENCY

Minutes of Special Meeting

Monday, April 22, 2019

Southeast Alaska Power Agency Offices
via Teleconference | Ketchikan, Alaska

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

1) Call to Order

A. *Roll Call*.

Chairman Sivertsen called the meeting to order at 3:00 p.m. AKDT on April 22, 2019. The following directors and alternates were present, thus establishing a quorum of the board:

Directors	Present *Telephonic (T) In Person (IP)*	Alternates	Present *Telephonic (T) In Person (IP)*	Representing	
Karl Amylon	IP	Andy Donato	IP	Swan Lake	Ketchikan
Bob Sivertsen	IP			Swan Lake	Ketchikan
Dick Coose	IP			Swan Lake	Ketchikan
Bob Lynn	T	Robert Larson	T	Tyee Lake	Petersburg
Steve Prysunka		Lisa Von Bargen	T	Tyee Lake	Wrangell

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

Staff	Present *Telephonic (T) In Person (IP)*	Staff/Counsel	Present *Telephonic (T) In Person (IP)*
Trey Acteson, CEO	IP	Kay Key, Controller	IP
Clay Hammer, Operations Manager	T	Sharon Thompson, Ex. Asst./CA	IP
Ed Schofield, Power Sys. Specialist	IP	Joel Paisner, Counsel	T
Robert Siedman, Dir Eng Tech Svcs.	IP		

2) Approval of the Agenda

➢ ***Motion***	M/S (Lynn/Coose) to approve the agenda, as presented. Motion approved unanimously by polled vote.	Action 19-731

3) Minutes

➢ ***Motion***	M/S (Lynn/Coose) to approve the minutes of SEAPA's March 28, 2019 Special Board Meeting. Motion approved unanimously by polled vote.	Action 19-732

4) New Business:

A. *Consideration and Approval of Award of Audit Services.*

➢ ***Motion***	M/S (Coose/Von Bargen) to authorize staff to engage with BDO USA, LLP for professional auditing services for Fiscal Year 2019 with options to renew for FY2020 and FY2021. Motion approved unanimously by polled vote.	Action 19-733

5) Old Business

A. *Consideration of a Revised CY2019 Operations Plan*

Mr. Siedman announced that the Agency conducted snow surveys at both Swan and Tyee. He explained how the survey was performed, what equipment is used, how snow-water equivalent is calculated, and how the snow-water equivalent affects lake levels. He opened discussion on the Agency's Revised 2019 Operations Plan by explaining that staff considered the board's comments, suggestions, and approaches when developing revisions to the plan. He discussed pertinent numbers and explained the plan in detail while fielding various questions. Following much discussion, the board concurred it would be prudent to have additional discussions, direct suggestions and comments regarding the plan to Mr. Siedman and Mr. Acteson in writing, have staff adjust the plan accordingly, and seek board approval at the next regular board meeting.

B. *Consideration and Approval of Supplemental Diesel Costs for Reimbursement to Petersburg and Wrangell*

➢ ***Motion***	M/S (Lynn/Coose) to approve payment to the municipalities of Petersburg and Wrangell for reimbursement of supplemental diesel fuel and overtime, less $0.068 per kWh, in the amount of $841,785.38, as presented in the Diesel and Overtime Reimbursement Memo at SEAPA's April 22, 2019 Special Board Meeting.	Action 19-734

Mr. Acteson and Ms. Key explained that the since auditors were now selected for the Agency's fiscal year, the auditors should be consulted before payment is made to determine a legal structure for the payment. The board concurred.

➢ ***Motion***	M/S (Von Bargen/Lynn) to table the motion for payment to the municipalities until the Agency's auditors have confirmed a legal structure for the payment. Motion approved unanimously by polled vote.	Action 19-735

6) Next Special Board Meeting Date

It was determined there was no need to set a special board meeting date.

7) Adjourn

➢ ***Motion***	M/S (Coose/Amylon) to adjourn the meeting. Following no objections, Chairman Sivertsen adjourned the meeting at 5:02 p.m.	Action 19-736

Signed: Attest:

_____ _____

Secretary/Treasurer Chairman

SOUTHEAST ALASKA POWER AGENCY

Minutes of Special Meeting

Wednesday, May 29, 2019

Southeast Alaska Power Agency Offices
via Teleconference | Ketchikan, Alaska

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

1) Call to Order

A. *Roll Call*.

Chairman Sivertsen called the meeting to order at 3:00 p.m. AKDT on May 29, 2019. The following directors and alternates were present, thus establishing a quorum of the board:

Directors	Present *Telephonic (T) In Person (IP)*	Alternates	Present *Telephonic (T) In Person (IP)*	Representing	
Karl Amylon	IP	Andy Donato	IP	Swan Lake	Ketchikan
Bob Sivertsen	IP	Jack Davies	IP	Swan Lake	Ketchikan
Dick Coose	IP			Swan Lake	Ketchikan
				Tyee Lake	Petersburg
Steve Prysunka	T	Lisa Von Bargen	T	Tyee Lake	Wrangell

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

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

2) Approval of the Agenda

➢ ***Motion***	M/S (Coose/Prysunka) to approve the agenda, as presented. Motion approved unanimously by polled vote.	Action 19-737

3) New Business:

A. *Consideration and Approval of Change of SEAPA Fiscal Year.*

➢ ***Motion***	M/S (Coose/Amylon) to authorize staff to change the Southeast Alaska Power Agency's current fiscal year of July 1 to June 30 to a calendar year of January 1 to December 31 and further authorize staff to prepare a six-month budget covering July 1, 2019 through December 31, 2019 for Board consideration and a 12-month budget near the end of SEAPA's calendar year to finalize alignment with the new calendar period. The Agency's CEO is authorized to sign any documents necessary to effect the change of the fiscal year to a calendar year. Following an explanation supporting staff's request for the change by Mr. Acteson, the motion was approved unanimously by polled vote.	Action 19-738

6) Adjourn

Mr. Amylon moved to adjourn the meeting. Chairman Sivertsen adjourned the meeting at 3:14 p.m.

Signed: Attest:

_____ _____

Secretary/Treasurer Chairman

SOUTHEAST ALASKA POWER AGENCY
CEO FINANCIAL COVER MEMO

DATE: June 9, 2019

TO: SEAPA Board of Directors

FROM: Trey Acteson, CEO

SEAPA's financial position is relatively stable, especially considering the ongoing severe drought conditions in our region. The Agency has proactively adjusted work plans and reduced expenditures throughout the fiscal year to help offset an anticipated revenue shortfall. We have effectively managed cash flows to meet obligations, preserving the Rate Stabilization Fund for future use should revenues remain depressed for an extended period.

REVENUE & EXPENSES: Sales through the end of April were 119,000 MWh's, the lowest since the Swan-Tyee Intertie (STI) was energized in 2009 (see Sales Year-to-Year Comparison Chart). Converted to revenue, total power purchases through the end of April were $8,092,061 actual vs. $10,565,308 budget. Curtailment of sales out of Tyee to the south since last September, coupled with the diesel payment of $841,785 to Petersburg and Wrangell, will result in a Net Operating Loss of $416,876 for the period of January – March 2019. We expect the curtailment of sales out of Tyee to continue until the reservoir level recovers to the proposed sales curve.

Total administrative and operating expenses through the end of April were $4,644,509 actual vs. $5,788,861 budget. This was achieved even though we incurred additional labor costs resulting from Union contract wage increases and transitional costs associated with Swan Lake.

RENEWAL & REPLACEMENT PROJECTS: Total R&R expenditures through the end of April were $928,903 actual vs. $3,141,566 budget. R&R expenditures typically accelerate going into the construction season. As multi-year projects have closed out, we have capitalized $1.9M in FY2019. We will review the status of all R&R projects during budget discussions.

BOND REFUNDING: The Agency completed a $4.24M bond transaction through the Alaska Municipal Bond Bank on May 2nd. In layman's terms, this "refinanced" the Series 2009 bonds and replaced them with Series 2019 bonds at a savings to the Agency. Funds to pay off the 2009 bonds were held in escrow until their June 1st call date. The Fund Allocation Graph and summary sheet in your packets show the escrowed funds. These balances will normalize when the transaction is complete. It is important to note that this refunding eliminates the Deed of Trust and "springs" the springing amendments. It also restated the Indenture which will provide a cleaner document for future transactions.

GRANTS: The Agency has one open grant, the FY13 DCCED, with a balance as of the end of March totaling $475,823. The grant is scheduled to expire June of 2020.

SOUTHEAST ALASKA POWER AGENCY

CONTROLLER MEMO

Date:	June 5, 2019	From:	Kay Key
To:	Trey Acteson	Subject:	**FINANCIAL STATEMENTS**

SUGGESTED MOTION
I move to accept disbursements for February, March, April, and May 2019 totaling $1,853,143.81 and financial statements for January through April 2019, as presented.

Financial Statements in this board packet include:

- **Disbursements for February through May 2019**
- **kWh Graphs** (May 2019)
- **Fund Allocation Graph** (May 2018)
- **Grant Summary** (Quarterly, Jan-Mar 2019)
- **Monthly Financial Statements for April 2019** and
  Quarterly Financial Statements for January – March 2019
  - ✓ Financial Overview
  - ✓ Statement of Financial Position – Monthly prior year comparison
  - ✓ Statement of Activities – Monthly prior-year comparison, YTD prior-year comparison, YTD and annual budget
  - ✓ Statement of Activities – YTD Detail (April only)
- **R&R Summary**

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DISBURSEMENT SUMMARY

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

	Revenue Fund	R&R Fund	New Gen Fund
February 4, 2019	100,329.89	23,462.05	-
March 15, 2019	337,364.92	10,077.01	-
April 1, 2019	299,463.73	4,768.34	2,925.00
April 17, 2019	172,842.67	6,323.50	
April 30, 2019	147,106.49	220.00	
May 10, 2019		466,389.89	
May 20, 2019	124,039.68	118,935.65	
May 29, 2019	38,894.99		
TOTALS	1,220,042.37	630,176.44	2,925.00
	$1,853,143.81		

Revenue Fund - Operations and maintenance expenses, grant expenses.

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

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

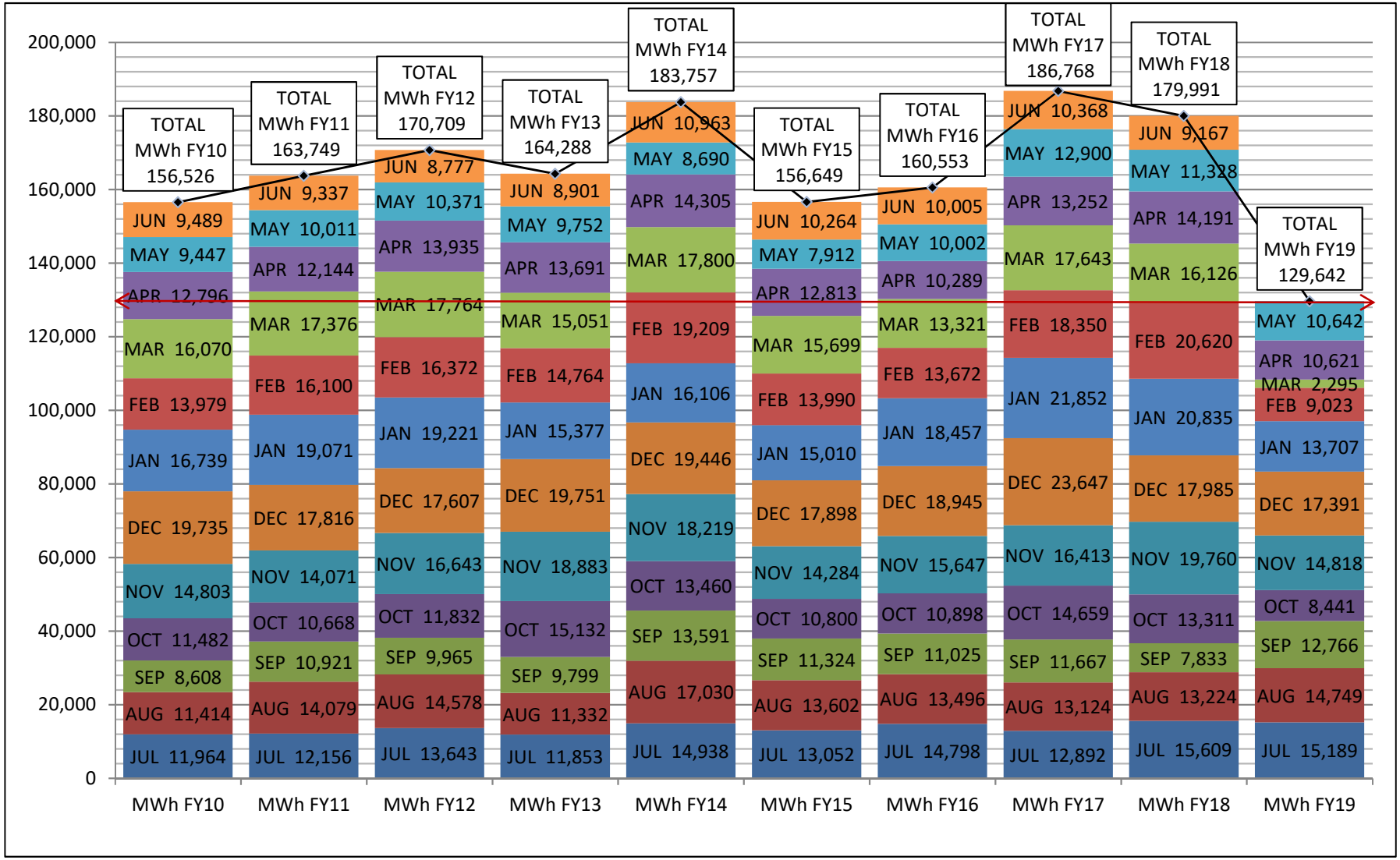
VENDOR	Revenue Fund	Dedicated R&R Fund	New Gen Fund	Southeast Alaska Power Agency Month Disbursements
ABB Inc. Total	3,606.00	-	-	
AK DNR 550 Total	150.00	-	-	
Alaska Broadcast Communications, Inc. Total	3,256.20	-	-	
Alaska Escrow and Title Agency, LLC Total	-	467,389.89	-	RR19325 Bamville lots
Alaska Marine Lines Total	995.04	372.00	-	
Alaska Permanent Capital Inc Total	5,127.79	-	-	
Alaska Roteq Corporation Total	9,135.64	-	-	Governor oil pressure pumps
Allen, Penny Total	270.00	-	-	
Alltek Network Solutions Inc Total	244.85	-	-	
Alpine Mini Mart Total	53.31	-	-	
Amazon.com Total	1,736.93	-	-	
Angerman's Inc Total	914.60	-	-	
AP&T Wireless, Inc. Total	595.00	-	-	
Arrowhead LP Gas WRG Total	27.55	-	-	
Ascent Law Partners LLP Total	45,851.23	-	-	
Austin Powder Total	350.00	-	-	
BAM LLC Total	-	58,800.00	-	RR19300 Access Ladder Extensions
Bay Company Enterprises, LLC Total	940.49	-	-	
Bayco KTN Total	734.55	-	-	
Boyer Towing, Inc. Total	3,706.25	3,706.25	-	
Breakaway Adventures, LLC Total	4,600.00	-	-	
Buness Bros. Inc. Total	473.77	-	-	
Buness Electric LLC Total	-	3,000.00	-	
Cambria Properties LLC Total	4,575.00	-	-	
City Market Total	1,098.85	-	-	
CoastAlaska, Inc. Total	4,368.00	-	-	
Copper River Fleece Total	389.55	-	-	
Crew Enterprises Total	-	499.24	-	
Dave's Welding and Repair, LLC Total	3,059.00	-	-	
Digital Boundary Group, Inc. Total	27,759.60	-	-	
Electric Power Constructors Total	37,471.59	-	-	
Electric Power Systems Inc. Total	97.50	-	-	
Federal Energy Regulatory Commission Total	56,941.02	-	-	Annual Land Use
FedEx Total	204.22	-	-	
Freeman & Sons Machine and Fabrication Total	243.00	-	-	
Frontier Shipping & Copyworks Total	60.00	-	-	
G2 Risk Consulting Total	1,068.75	-	-	
Glenn Brewer Consulting Engineer Total	-	600.00	-	
Grainger Total	4,088.56	2,558.39	-	
H.D. Fowler Company Inc Total	657.78	-	-	
Hammer & Wikan Total	16.90	-	-	
Harbor Way Parts - NAPA Total	160.04	-	-	
HDR Alaska, Inc. Total	2,013.26	-	-	
Hibbard Inshore, GLBC Total	16,067.00	-	-	
I Even Do Windows Total	1,600.00	-	-	
Jaco Analytical Lab Total	679.05	-	-	
Ketchikan City of 334 Total	395.79	-	-	
Ketchikan Daily News Total	1,142.33	-	-	
Ketchikan Gateway Borough Total	14,852.64	-	-	
Ketchikan Lock & Key Total	351.00	-	-	
Ketchikan Ready Mix & Quarry, Inc Total	-	9,660.00	-	
Ketchikan Stitches Total	30.00	-	-	
Ketchikan, City Of Total	67,252.32	-	-	April Net Billing

VENDOR	Revenue Fund	Dedicated R&R Fund	New Gen Fund	Southeast Alaska Power Agency Month Disbursements
Kuenz America Inc Total	-	10,800.00	-	
Landing Hotel & Restaurant Total	3,037.59	150.00	-	
Legacy Building Solutions Inc Total	-	43,915.00	-	Storage Structures delivered (SWL-TYL)
Legacy Health Clinic, LLC Total	286.00	-	-	
Les Schwab Total	253.12	-	-	
LNM Services Total	603.81	-	-	
Lorman Education Services Total	489.30	-	-	
Machinist Inc. Total	5,250.00	-	-	
Madison Lumber & Hardware Inc Total	57.78	54.40	-	
Mapcon Technologies, Inc. Total	1,395.00	-	-	
Marble Construction Total	963.00	-	-	
McMillen Jacobs Associates Total	10,795.68	-	-	
Meridian Environmental Total	7,785.00	-	-	
My Place Hotel - Ketchikan Total	1,330.00	-	-	
Northwest Hydroelectric Association Total	800.00	-	-	
NRECA Group Ins Total	53,799.60	-	-	Employee benefits
NRECA Group Ins Admin Total	4,795.68	-	-	Employee benefits
NRECA RSP Admin Total	2,237.71	-	-	Employee benefits
NRECA RSP Trust Contrib Total	108,866.43	-	-	Employee benefits
NRG Systems, Inc Total	634.00	-	-	
Ottesen's Inc Total	2,400.97	-	-	
Pacific Airways Inc Total	660.00	2,420.00	-	
Pacific Wings Inc. Total	14,018.00	-	-	
Petersburg Bottled Gas Total	936.00	-	-	
Petersburg Medical Center Total	229.00	-	-	
Petro Marine Services-WRG Total	1,851.36	-	-	
Pilot Publishing, Inc. Total	2,167.50	-	-	
R&M Engineering-Ketchikan Total	800.00	-	2,925.00	
Ray Matiashowski & Associates Total	16,000.00	-	-	
Samson Tug & Barge Total	518.17	-	-	
Satellite & Sound Inc Total	2,900.00	-	-	
Schmolck Mechanical KTN Total	34.53	-	-	
Schnabel Engineering LLC Total	15,091.40	-	-	
SE Business Machines Total	1,559.92	-	-	
SE Island Fuel Total	75.97	-	-	
Segrity LLC Total	16,031.25	10,500.00	-	
Sentry Hardware & Marine Total	2,373.99	-	-	
Society for Human Resource Mgmt Total	209.00	-	-	
Southeast Auto & Marine Parts, Inc Total	1,437.25	-	-	
Southeast Extinguisher Service Inc Total	1,222.32	-	-	
Sunrise Aviation Inc Total	6,300.00	-	-	
Svendsen Marine Total	2,083.38	4,882.77	-	
Temsco Helicopters, Inc. Total	32,253.30	-	-	
TexRus Total	6,801.97	-	-	
Timber & Marine Supply Inc Total	144.78	-	-	
Tongass Business Center Total	589.79	-	-	
Tongass Engineering Total	-	8,612.50	-	
TSS, Inc. Total	2,090.00	-	-	
Tyler Industrial Supply Total	527.89	730.00	-	
Varidesk, LLC Total	125.00	-	-	
Ward Creek Industrial Supply Total	73.98	-	-	
Wells Fargo 2009 Interest Total	67,343.94	-	-	Bond P&I Payments
Wells Fargo 2009 Principal Total	206,422.95	-	-	Bond P&I Payments

VENDOR	Revenue Fund	Dedicated R&R Fund	New Gen Fund	Southeast Alaska Power Agency Month Disbursements
Wells Fargo 2015 Interest Total	120,176.25	-	-	Bond P&I Payments
Wells Fargo Bank MN Total	5,500.00	-	-	
Wells Fargo Bank-Corporate Trust Total	75,000.00	-	-	DNR Reclamation annual payment
Welsh Whiteley Architects, LLC Total	-	1,475.00	-	
Woffinden, Jeimi Total	810.00	-	-	
Wrangell City & Borough Total	24,702.56	-	-	
Wrangell Extended Stay LLC Total	137.80	-	-	
Wrangell Sentinel Total	1,836.00	-	-	
X2nSat Total	1,637.71	-	-	
Board Member Reimbursement Total	222.00	-	-	
Employee Reimbursement Total	226.78	-	-	
Bank of America (Feb) Total	17,858.60	-	-	
Bank of America (Mar) Total	16,018.41	51.00	-	
Bank of America (Apr) Total	17,851.00	-	-	
Grand Total	1,220,042.37	630,176.44	2,925.00	
		$1,853,143.81		

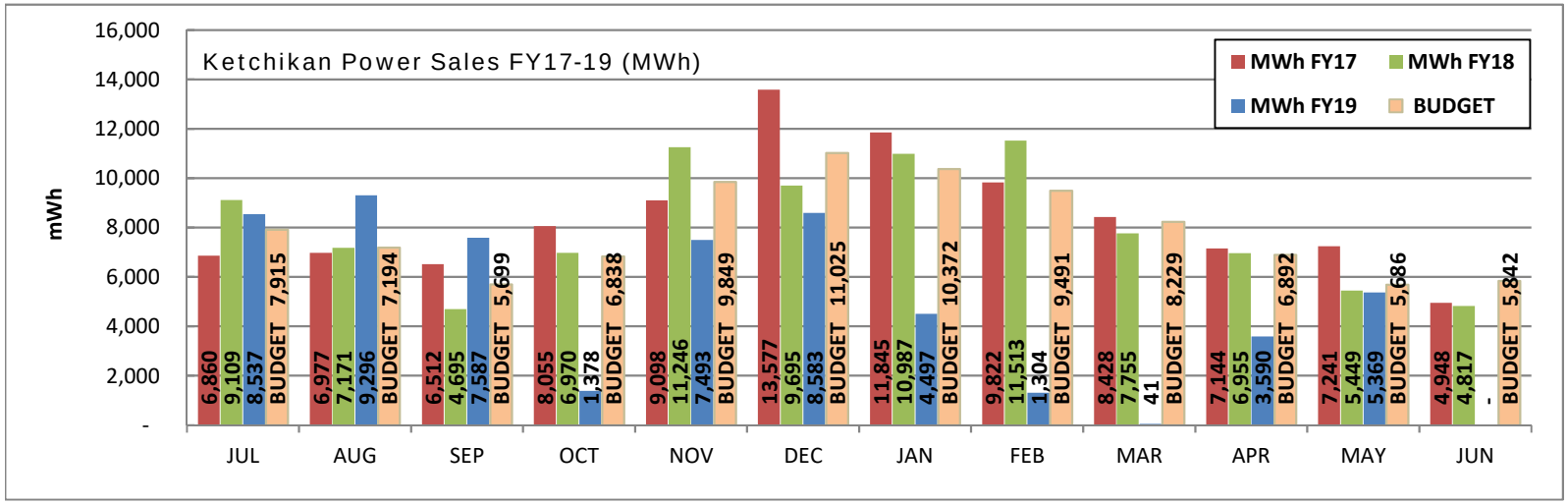
Bank of America credit card charges include commercial travel, most telecom and some utility expenses (ACS, AT&T Mobility, AP&T, GCI GCI, KPU, PSG Borough, Roadpost, Wrangell City & Boro). These recurring telecom & utility charges are approximately $12K/mo.

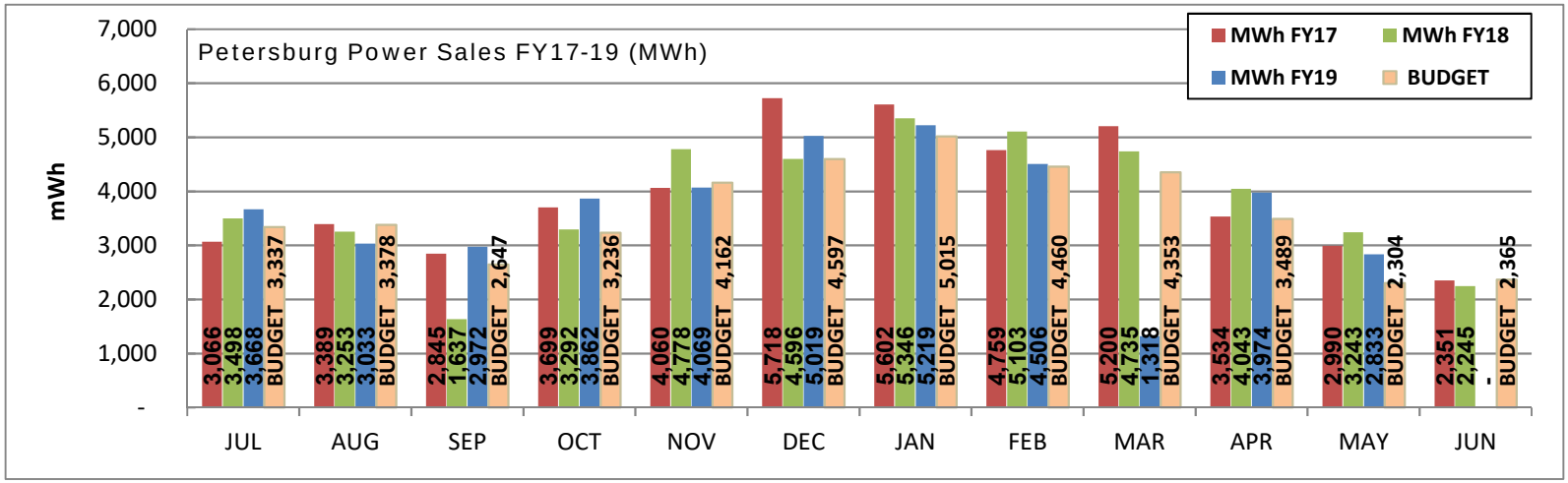
MWh Sales Year-to-Year Comparison (MAY 2019)



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

MAY 2019	FY19 kWh HYDROPOWER SALES	CURRENT MONTH		YEAR-TO-DATE	
		Actual	Budget	Actual	Budget
	Ketchikan Power Purchases	5,368,848	5,686,327	57,673,169	89,189,454
	Petersburg Power Purchases	2,833,287	2,303,710	40,474,378	40,978,367
	Wrangell Power Purchases	2,440,040	2,256,292	31,494,920	35,450,696
	Total Power Purchases	10,642,175	10,246,329	129,642,467	165,618,517





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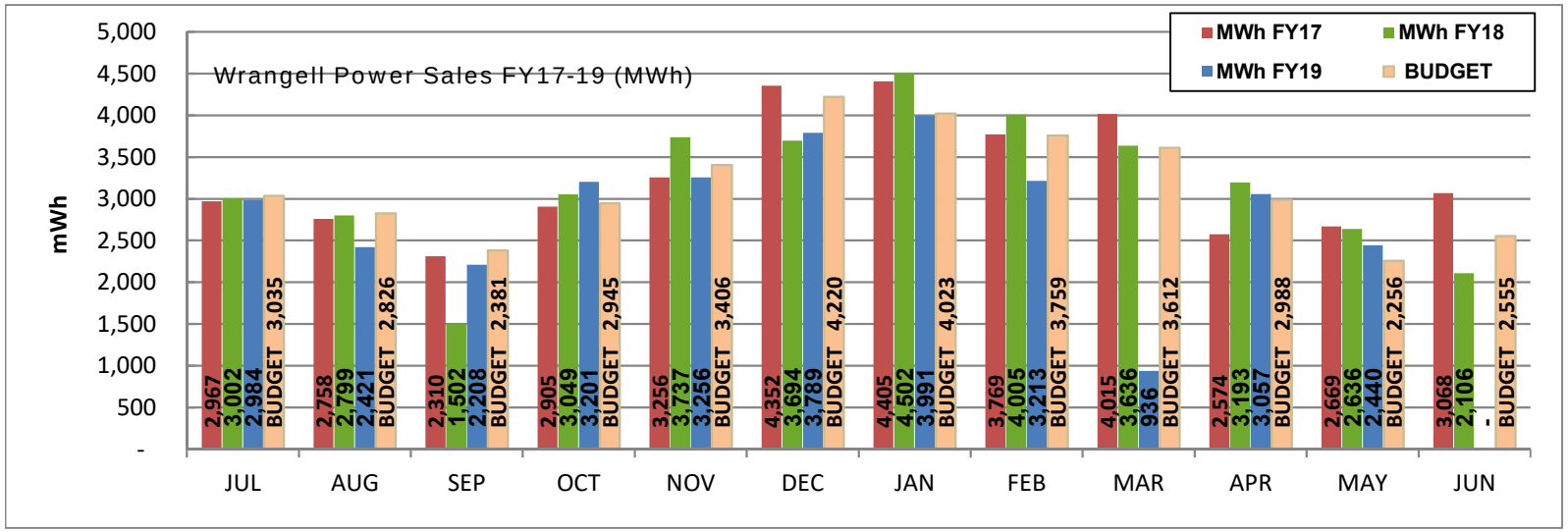

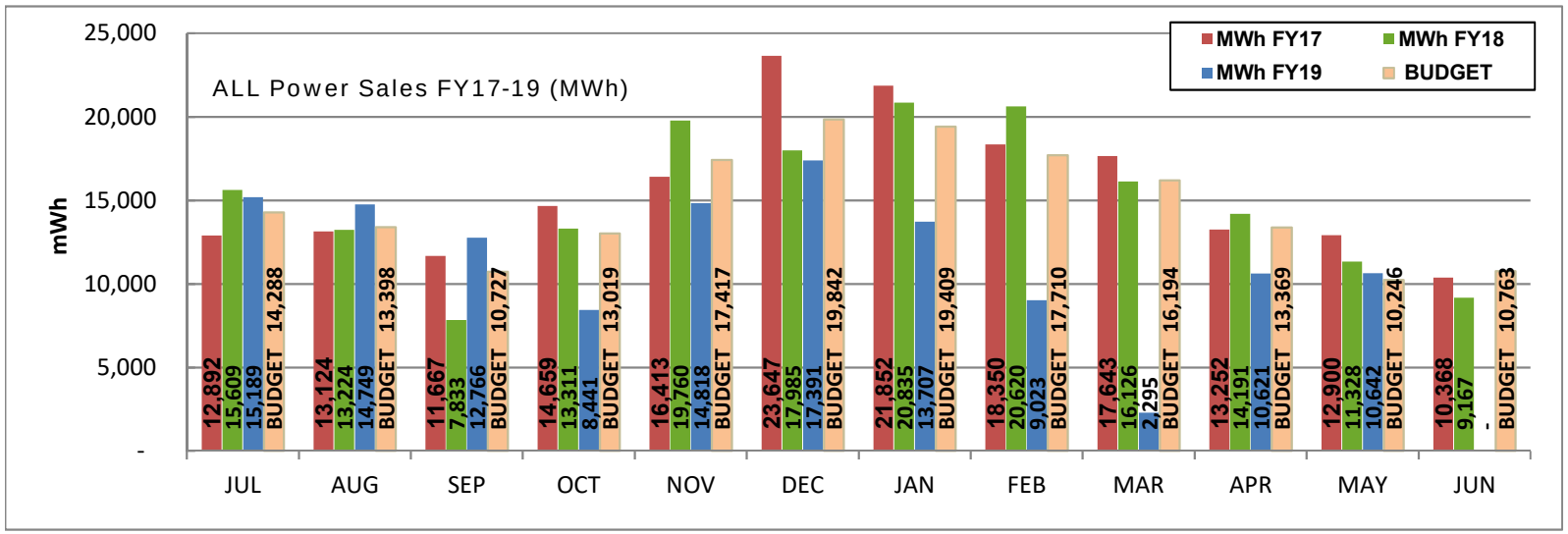

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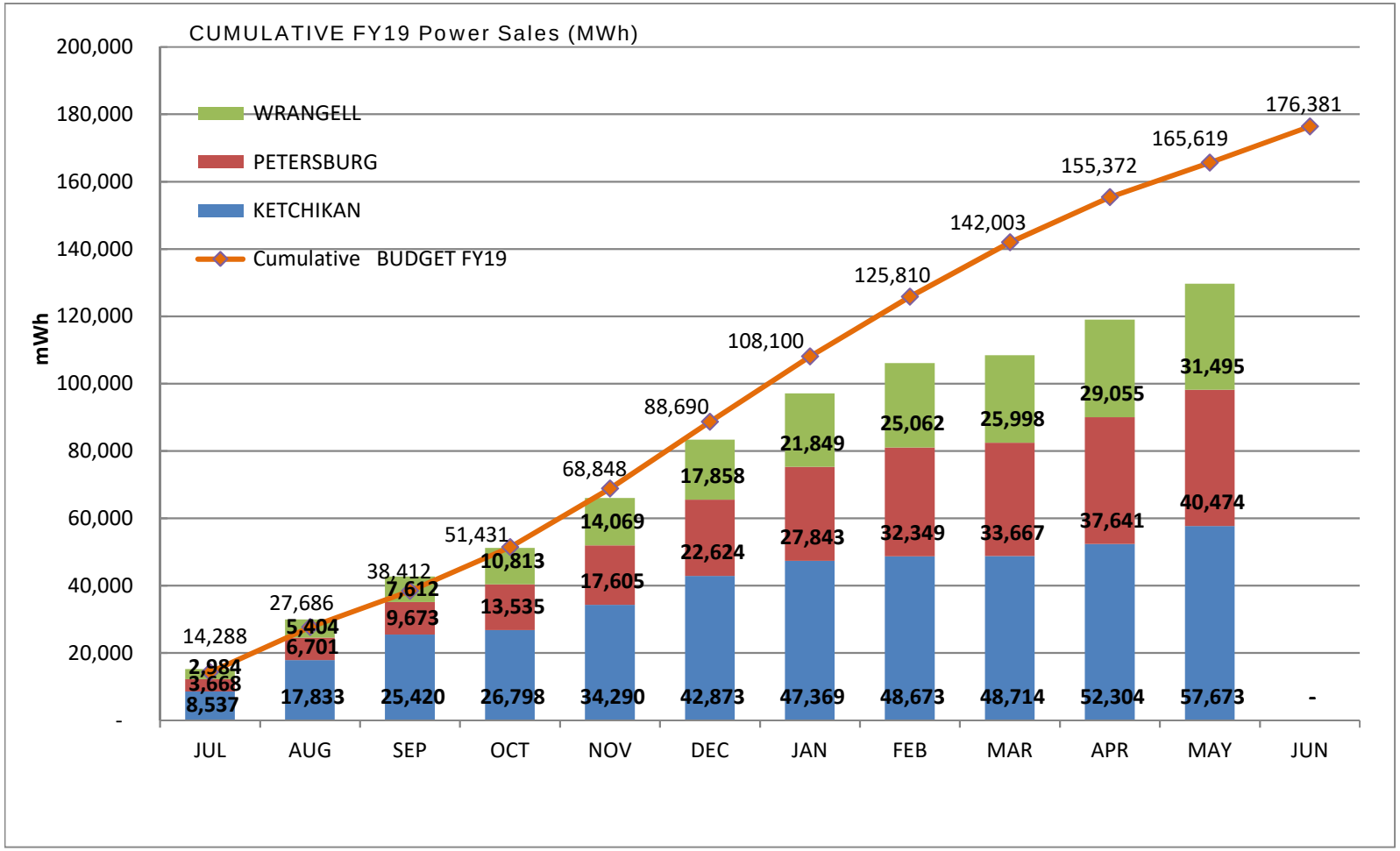


SOUTHEAST ALASKA POWER AGENCY

GRANT SUMMARY

MARCH 2019

AK DCCED GRANT 13-DC-553

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

QUARTERLY BILLING

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

TERM: JUL 2013 - JUN 2020

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

APRIL 2019
FINANCIAL OVERVIEW

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

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

FIRM kWh SALES	APR Sales	APR Budget	Prior Year Sales
Ketchikan	$244,143	$468,682	$472,951
Petersburg	270,238	237,238	274,933
Wrangell	207,846	203,154	217,130
Total Revenue	$722,227	$909,074	$965,014

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

FIRM kWh SALES	YTD Sales	YTD Budget	Prior YTD Sales
Ketchikan	$3,556,694	$5,678,212	$5,854,495
Petersburg	2,559,594	2,629,876	2,739,117
Wrangell	1,975,773	2,257,220	2,252,095
Total Revenue	$8,092,061	$10,565,308	$10,845,706

FIRM kWh SALES (Year-Over-Year)	FISCAL YEAR	APR kWh	YTD JUL-APR kWh
	FY2019	10,620,989	119,000,292
	FY2018	14,191,387	159,495,680
	FY2017	13,252,030	163,499,889

Administrative and operating expenses were under budget:

Administrative & Operating Expenses	APR Actual	APR Budget	Prior Yr Expense
	$461,723	$528,961	$468,939
	YTD Actual	**YTD Budget**	**Prior YTD Expense**
	$4,644,509	$5,788,861	$4,833,271

Accounts Receivable includes the unpaid Member Diesel reimbursements to Petersburg and Wrangell that were recorded in February and March. The negative balance indicates that SEAPA owed more to the Member Utilities than they owed the Agency at the end of April. Board authorization to remit payment for this item is on the agenda of the June 18 meeting.

APRIL 2019

	Apr-19	Apr-18
ASSETS		
Current Assets		
Agency Funds		
111000 · Ops/Capital/Insurance Funds		
111100 · Revenue Fund FB	3,095,999	6,576,056
111200 · Required R&R Fund FB	1,000,508	1,000,508
111210 · Dedicated R&R Projects Fund FB	6,540,906	5,434,524
111300 · Commercial FB	169,957	1,000
111401 · New Generation Fund	1,893,280	1,899,022
111402 · Rate Stabilization Fund	2,000,917	-
111500 · Self Insured Risk Fund FNBA	8,189,241	7,967,382
Total 111000 · Ops/Capital/Insurance Funds	22,890,808	22,878,492
112000 · Trustee Funds		
112100 · WF Trust 2009 Bond Interest	135,916	151,649
112200 · WF Trust 2009 Bond Principal	766,348	802,720
112300 · WF Trust 2009 Bond Reserve	1,442,980	1,419,603
112501 · WF Trust 2015 Bond Interest	204,659	203,549
112503 · WF Trust 2015 Bond Reserve	217,759	214,231
Total 112000 · Trustee Funds	2,767,662	2,791,752
113000 · Other Restricted Funds		
113100 · STI - USFS CD WF	21,634	21,627
113500 · DNR Reclamation Fund WF	1,176,146	1,083,587
Total 113000 · Other Restricted Funds	1,197,780	1,105,214
Total Agency Funds	26,856,250	26,775,458
Accounts Receivable		
110000 · Accounts Receivable	(190,071)	1,344,415
Total Accounts Receivable	(190,071)	1,344,415
Other Current Assets		
120200 · Other Receivables	5,800	5,800
120300 · Accrued Interest Receivable	41,874	27,152
120500 · Prepaid Fees		
120510 · Prepaid FERC Fees	23,725	23,239
120520 · Prepaid Insurance	223,215	225,339
120530 · Prepaid Operating Expense	7,276	16,663
120540 · Prepaid USDA FS Land Use Fees	69,747	67,526
120550 · Prepaid Admin Benefits	45,790	38,329
Total 120500 · Prepaid Fees	369,754	371,096
120700 · Inventory Assets		
1207001 · Inventory Spares-Stores	201,644	151,834
1207003 · Inventory - SWL Winding Replace	890,405	890,405
1207006 · Inventory - Flashboard-Kickers	439,456	-
Total 120700 · Inventory Assets	1,531,505	1,042,239
Total Other Current Assets	1,948,932	1,446,288
Total Current Assets	28,615,112	29,566,162

APRIL 2019

	Apr-19	Apr-18
Fixed Assets		
130100 · Capital Assets	179,324,529	177,662,993
132200 · R&R Projects WIP Capital Improv	288,353	818,674
132900 · Accumulated Depreciation	(49,146,928)	(44,276,705)
Total Fixed Assets	130,465,954	134,204,962
Other Assets		
183000 · Deferred Assets		
183003 · 2009 Bond - Refunded Discount	94,943	113,620
183004 · Tyee Marine Access	2,925	-
183006 · New Gen Integration	3,903	-
Total 183000 · Deferred Assets	101,770	113,620
Total Other Assets	101,770	113,620
TOTAL ASSETS	**159,182,836**	**163,884,744**
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
210100 · Accounts Payable General	132,764	356,135
Total Accounts Payable	132,764	356,135
Other Current Liabilities		
210150 · Other Current Liabilities	36,575	33,863
210151 · Member Utility Rebate Payable	-	-
210152 · DNR Fund - CVEA KEA Portion	-	541,793
210300 · Reserve Interest Payable	337,319	359,008
210400 · Wages Payable	70,008	59,090
210401 · PTO Payable	162,290	154,082
210500 · Payroll Liabilities	33,467	29,340
Total Other Current Liabilities	639,660	1,177,176
Total Current Liabilities	772,423	1,533,312
Long Term Liabilities		
220100 · Series B Bonds 2009	5,590,000	6,390,000
220120 · 2009 Bond Issuance Discount	(20,450)	(24,473)
220121 · PERS Unfunded Liability WRG	894,911	959,660
220122 · DNR Fund CVEA KEA Liability	580,971	-
220130 · Series 2015 Bonds	10,295,000	10,295,000
220131 · 2015 Bond Issuance Premium	775,404	830,463
Total Long Term Liabilities	18,115,836	18,450,650
Total Liabilities	18,888,259	19,983,961
Net Position		
310000 · Net Position	142,091,471	142,591,882
Net Income	(1,796,894)	1,308,901
Total Net Position	140,294,576	143,900,782
TOTAL LIABILITIES & NET POSITION	**159,182,836**	**163,884,744**

APRIL 2019	APRIL 2019	FISCAL YEAR-TO-DATE - APRIL 2019			ANNUAL BUDGET	% Annual Budget
		YTD FY18	YTD FY19	YTD BUDGET		
Operating Income/Expense						
Operating Income						
410000 · Hydro Facility Revenues						
410100 · Ketchikan Power Purchases	$ 244,143	$ 5,854,495	$ 3,556,694	$ 5,678,212	$ 6,462,162	
410200 · Petersburg Power Purchases	270,238	2,739,117	2,559,594	2,629,876	2,947,334	
410300 · Wrangell Power Purchases	207,846	2,252,095	1,975,773	2,257,220	2,584,416	
Total 410000 · Hydro Facility Revenues	$ 722,227	$ 10,845,706	$ 8,092,061	$ 10,565,308	$ 11,993,912	67%
417100 · Member Diesel						
4171002 · Petersburg Diesel	$ -	$ -	$ (483,231)	$ -	$ -	
4171003 · Wrangell Diesel	-	-	(358,555)	-	-	
Total 417100 · Member Diesel	$ -	$ -	$ (841,785)	$ -	$ -	
Total Operating Income	$ 722,227	$ 10,845,706	$ 7,250,275	$ 10,565,308	$ 11,993,912	60%
Operating Expense						
535000 · Hydro Ops-Suprvsn & Engineering	$ 1,104	$ 99,355	$ 40,726	$ 277,900	$ 322,480	13%
537000 · Hydraulic Expenses	3,571	7,859	7,552	5,000	10,000	76%
538000 · Electric Expenses	679	23,511	26,830	76,000	97,500	28%
539000 · Misc Power Generation Expense	32,490	278,526	309,807	307,350	359,545	86%
540000 · Rents	13,463	129,555	132,677	149,206	180,500	74%
541000 · Hydro Power Station Maintenance	8,203	45,969	63,839	63,150	75,500	85%
543000 · Dams, Reservoirs & Waterways	201	31,210	297,233	380,505	386,705	77%
544000 · Maintenance of Electric Plant	117,424	1,034,069	1,125,273	1,071,400	1,297,463	87%
545000 · Plant Miscellaneous Maintenance	9,543	80,736	38,286	47,750	57,500	67%
561000 · Control System Maintenance	1,342	94,345	26,604	100,000	126,000	21%
562000 · Trans/Operations Station Exp	2,846	24,909	23,636	41,500	65,700	36%
564000 · Trans/Submarine Cable Expense	1,125	1,156	26,087	546,100	548,500	5%
571000 · Trans/Maint Overhead Lines(OHL)	39,712	631,284	348,742	336,280	1,627,626	21%
920000 · Admin Wages & Benefits	129,733	1,228,885	1,190,985	1,171,570	1,418,000	84%
921000 · Office Expenses	8,167	78,649	100,784	128,050	144,500	70%
922000 · Legislative Affairs	4,000	36,000	40,043	45,000	53,000	76%
923000 · Contract Services	21,586	211,045	179,184	269,600	320,250	56%
924000 · Insurance	37,203	378,114	373,181	396,500	478,000	78%
928000 · Regulatory Commission Expense	15,401	213,386	87,408	145,250	174,500	50%
930000 · General Expenses	5,848	128,730	123,606	150,950	186,450	66%
931000 · Admin Rent	8,081	75,979	82,024	79,800	95,400	86%
Total Operating Expense	$ 461,723	$ 4,833,271	$ 4,644,509	$ 5,788,861	$ 8,025,119	58%
Net Operating Income	$ 260,504	$ 6,012,435	$ 2,605,767	$ 4,776,447	$ 3,968,793	

APRIL 2019	APRIL 2019	FISCAL YEAR-TO-DATE - APRIL 2019		
		YTD FY18	YTD FY19	YTD BUDGET
Nonoperating Income/Expense				
Nonoperating Income				
941000 · Grant Income	$ -	$ 221,507	$ 62,614	
942000 · Interest Income	32,834	111,886	163,580	
944000 · Realized Gain/(Loss)	(2,598)	(13,851)	(15,513)	
945000 · Unrealized Gain/(Loss)	6,565	(85,252)	115,108	
946000 · Misc Nonoperating Income	1,500	16,623	3,040	
Total Nonoperating Income	$ 38,302	$ 250,912	$ 328,829	
Nonoperating Expense				
950001 · Misc Nonoperating Expense	$ -	$ (27,417)	$ (38,661)	
950005 · Special Item-DNR Reclamtn Liab	-	166,793	-	
951002 · Issuance Cost 2019 Bonds	649	-	3,659	
952000 · Bond Interest 2009 Series	24,340	270,690	243,397	
952001 · Bond Interest 2015 Series	36,052	360,158	360,298	
953000 · Depreciation Expense	410,151	3,962,242	4,095,430	
954000 · Grant Expenses	-	221,507	62,614	
955000 · Interest Expense	-	473	-	
960001 · Meteorological Tower	-	-	4,754	
Total Nonoperating Expense	$ 471,191	$ 4,954,447	$ 4,731,490	
Net Nonoperating Income	$ (432,890)	$ (4,703,535)	$ (4,402,661)	
Net Income	**$ (172,386)**	**$ 1,308,901**	**$ (1,796,894)**	

JULY - APRIL 2018	Jul - APR 18	YTD Budget	% YTD Budget	Annual Budget
Operating Income/Expense				
Operating Income				
410000 · Hydro Facility Revenues				
410100 · Ketchikan Power Purchases	3,556,694	5,678,212	63%	6,462,162
410200 · Petersburg Power Purchases	2,559,594	2,629,876	97%	2,947,334
410300 · Wrangell Power Purchases	1,975,773	2,257,220	88%	2,584,416
Total 410000 · Hydro Facility Revenues	8,092,061	10,565,308	77%	11,993,912
417100 · Member Diesel				
4171002 · Petersburg Diesel	(483,231)			
4171003 · Wrangell Diesel	(358,555)			
Total 410000 · Hydro Facility Revenues	(841,785)	-		
Total Operating Income	7,250,275	10,565,308	69%	11,993,912
Operating Expense				
535000 · Hydro Ops-Suprvsn & Engineering				
535100 · Hyd/Ops Sup & Eng - Swan Lake	5,734	15,400	37%	18,480
535150 · Hyd/Ops Sup & Eng - SWL SEAPA	29,654	122,500	24%	147,500
535250 · Hyd/Ops Sup & Eng -TYL SEAPA	5,338	76,000	7%	86,500
535400 · Hyd/Op Sup & Eng - Proj Drawing	-	64,000	0%	70,000
Total 535000 · Hydro Ops-Suprvsn & Engineering	40,726	277,900	15%	322,480
537000 · Hydraulic Expenses				
537150 · Hydraulic Expense - SWL SEAPA	3,568	2,500	143%	5,000
537250 · Hydraulic Expense - TYL SEAPA	3,984	2,500	159%	5,000
Total 537000 · Hydraulic Expenses	7,552	5,000	151%	10,000
538000 · Electric Expenses				
538100 · Electric Expense - Swan Lake	7,574	14,000	54%	17,000
538150 · Electric Expense - SWL SEAPA	3,515	25,000	14%	35,000
538200 · Electric Expense - Tyee Lake	15,738	16,500	95%	20,500
538250 · Electric Expense - TYL SEAPA	4	20,500	0%	25,000
Total 538000 · Electric Expenses	26,830	76,000	35%	97,500
539000 · Misc Power Generation Expense				
539100 · Misc Exp - Swan Lake	67,661	86,000	79%	104,195
539150 · Misc Expense - SWL SEAPA	9,231	10,000	92%	11,000
539151 · Misc Expense - SWL Communicatn	30,376	14,300	212%	15,300
539200 · Misc Expense - Tyee Lake	86,128	75,000	115%	90,000
539250 · Misc Expense - TYL SEAPA	23,678	49,250	48%	56,250
539251 · Misc Expense - TYL Communicatn	92,733	72,800	127%	82,800
Total 539000 · Misc Power Generation Expense	309,807	307,350	101%	359,545
540000 · Rents				
540300 · FERC Land Use Fee - Swan Lake	10,133	10,800	94%	13,000
540400 · FERC Land Use Fee - Tyee Lake	37,026	37,200	100%	45,000
540500 · USDA Land Use Fee - USFS ROW	20,959	20,740	101%	25,000
540600 · USDA Land Use Fee - STI	62,973	62,810	100%	75,500
540601 · AK DNR Land Use Fee - STI	-	16,000	0%	20,000
540700 · USDA Tyee Passive Reflector	1,116	1,162	96%	1,400
540710 · USDA Etolin Burnett Radio	471	494	95%	600
Total 540000 · Rents	132,677	149,206	89%	180,500
541000 · Hydro Power Station Maintenance				
541100 · Maintenance - Swan Lake	27,701	20,000	139%	24,000
541150 · Maintenance - SWL SEAPA	9,617	10,000	96%	12,500
541200 · Maintenance - Tyee Lake	17,385	17,900	97%	21,500
541250 · Maintenance - TYL SEAPA	9,136	15,250	60%	17,500
Total 541000 · Hydro Power Station Maintenance	63,839	63,150	101%	75,500

JULY - APRIL 2018	Jul - APR 18	YTD Budget	% YTD Budget	Annual Budget
543000 · Dams, Reservoirs & Waterways				
543100 · Dams Res & Waterwys - Swan Lake	1,279	4,000	32%	5,000
543150 · Dams Res & Waterwys - SWL SEAPA	20,518	48,500	42%	49,500
543200 · Dams Res & Waterwys - Tyee Lake	242,927	297,005	82%	297,205
543250 · Dams Res & Waterwys - TYL SEAPA	32,509	31,000	105%	35,000
Total 543000 · Dams, Reservoirs & Waterways	297,233	380,505	78%	386,705
544000 · Maintenance of Electric Plant				
544100 · SWL Plant Wages & Benefits				
5441911 · SWL Plant Wages/PTO	328,413	283,400	116%	340,463
5441912 · SWL Plant Wages OT	62,594	70,000	89%	84,000
5441920 · SWL Plant Benefit - Taxes	29,461	37,500	79%	45,000
5441930 · SWL Plant Benefits - Insurance	95,844	78,300	122%	95,000
5441940 · SWL Plant Benefits - Retirement	48,171	38,800	124%	47,000
5441992 · SWL Plant Grant-Capital Payroll	(1,493)			
Total 544100 · SWL Plant Wages & Benefits	562,990	508,000	111%	611,463
544150 · Maint Electric Plant-SWL SEAPA	-	-	0%	-
5442900 · TYL Plant Wages & Benefits				
5442911 · TYL Plant Wages/PTO	351,861	359,310	98%	427,000
5442912 · TYL Plant Wages OT	56,753	24,000	236%	38,000
5442920 · TYL Plant Benefit - Taxes	33,052	54,790	60%	65,200
5442930 · TYL Plant Benefits - Insurance	71,086	93,300	76%	117,300
5442940 · TYL Plant Benefits - Retirement	50,060	32,000	156%	38,500
5442992 · TYL Plant Grant-Capital Payroll	(528)	-	100%	-
Total 5442900 · TYL Plant Wages & Benefits	562,283	563,400	100%	686,000
Total 544000 · Maintenance of Electric Plant	1,125,273	1,071,400	105%	1,297,463
545000 · Plant Miscellaneous Maintenance				
545100 · Plant Misc Maint - Swan Lake	5,461	24,000	23%	29,000
545150 · Plant Misc Maint - SWL SEAPA	10,460	3,600	291%	4,500
545200 · Plant Misc Maint - Tyee Lake	17,392	18,900	92%	22,500
545251 · Plant Misc Maint - WRG Warehous	4,974	1,250	398%	1,500
Total 545000 · Plant Miscellaneous Maintenance	38,286	47,750	80%	57,500
561000 · Control System Maintenance				
561150 · Control System Maint. - SWL	18,252	50,000	37%	63,000
561250 · Control System Maint. - TYL	8,352	50,000	17%	63,000
Total 561000 · Control System Maintenance	26,604	100,000	27%	126,000
562000 · Trans/Operations Station Exp				
562100 · Trans/Ops Station - Swan Lake	-	12,300	0%	15,000
562150 · Trans/Ops Station - SWL SEAPA	-	5,000	0%	21,500
562200 · Trans/Ops Station - Tyee Lake	8,882	10,000	89%	12,200
562250 · Trans/Ops Station-TYL SEAPA	14,754	14,200	104%	17,000
Total 562000 · Trans/Operations Station Exp	23,636	41,500	57%	65,700
564000 · Trans/Submarine Cable Expense				
564200 · Trans/Sub Cable Exp - Tyee Lake	26,087	546,100	5%	548,500
Total 564000 · Trans/Submarine Cable Expense	26,087	546,100	5%	548,500

JULY - APRIL 2018	Jul - APR 18	YTD Budget	% YTD Budget	Annual Budget
571000 · Trans/Maint Overhead Lines(OHL)				
571100 · Trans/Maint OHL - Swan Lake	6,627	20,000	33%	24,000
571150 · Trans/Maint OHL - SWL SEAPA	37,472	6,800	551%	261,365
571151 · Trans/Maint OHL - SWL ROW Clear	14,152	110,000	13%	260,000
571200 · Trans/Maint OHL - Tyee Lake	47,910	32,000	150%	34,000
571250 · Trans/Maint OHL - TYL SEAPA	17,855	17,400	103%	260,742
571251 · Trans/Maint OHL - TYL ROW Clear	-	3,900	0%	235,000
5712900 · Brushing Wages & Benefits				
5712911 · Brushing Wages/PTO	95,484	66,570	143%	79,000
5712912 · Brushing Wages OT	4,189	6,500	64%	10,000
5712920 · Brushing Benefit - Taxes	7,920	6,360	125%	7,880
5712930 · Brushing Benefit- Insurance	17,771	19,390	92%	23,450
5712940 · Brushing Benefit- Retiremnt	11,544	6,460	179%	7,670
5712992 · Brushing Grant-Capital Payroll	-	-	0%	-
Total 5712900 · Brushing Wages & Benefits	136,909	105,280	130%	128,000
571300 · Trans/Maint OHL STI Maintenance	2,778	3,900	71%	329,519
571500 · Trans/Maint OHL STI Therml Scan	-	-	0%	-
571700 · Trans/Maint OH STI Clearing	1,584	5,000	32%	55,000
571800 · Trans/Maint OHL System Events	83,456	32,000	261%	40,000
Total 571000 · Trans/Maint Overhead Lines(OHL)	348,742	336,280	104%	1,627,626
920000 · Admin Wages & Benefits				
9201911 · Admin Wages/PTO	719,952	708,700	102%	851,000
9201912 · Admin Wages - Overtime	449	1,650	27%	2,000
9201920 · Admin Benefit - Taxes	51,079	50,420	101%	61,000
9201930 · Admin Benefit - H&W Insurance	172,320	172,800	100%	208,000
9201940 · Admin Benefit - Retirement	247,185	238,000	104%	296,000
Total 920000 · Admin Wages & Benefits	1,190,985	1,171,570	102%	1,418,000
921000 · Office Expenses				
921100 · Office Supplies	8,128	12,500	65%	15,000
921200 · Office Equipment	6,574	12,000	55%	14,000
921300 · Phone, Courier, Internet	19,383	14,700	132%	17,500
921400 · System Network / IT Support	64,901	85,100	76%	93,500
921600 · Vehicle Expenses	1,798	3,750	48%	4,500
Total 921000 · Office Expenses	100,784	128,050	79%	144,500
922000 · Legislative Affairs	40,043	45,000	89%	53,000
923000 · Contract Services				
923200 · Annual Financial Audit	30,730	35,000	88%	35,000
923300 · Bank & Trustee Fees	12,127	11,000	110%	16,250
923400 · Insurance Consultant	3,825	8,000	48%	10,000
923500 · Investment Consultant	15,203	18,200	84%	22,000
923600 · Legal Fees	99,843	142,000	70%	170,000
923700 · Recruitment	9,879	21,000	47%	26,000
923800 · Other Professional Services	7,578	34,400	22%	41,000
Total 923000 · Contract Services	179,184	269,600	66%	320,250
924000 · Insurance	373,181	396,500	94%	478,000
928000 · Regulatory Commission Expense				
928001 · Other Regulatory Expense	11,437	25,000	46%	29,700
928150 · FERC SWL Admin Fees	27,177	20,000	136%	24,000
928151 · FERC SWL Other Expenses	23,911	78,750	30%	94,500
928250 · FERC TYL Admin Fees	24,883	20,000	124%	24,000
928251 · FERC TYL Other Expenses	-	1,500	0%	2,300
Total 928000 · Regulatory Commission Expense	87,408	145,250	60%	174,500

JULY - APRIL 2018	Jul - APR 18	YTD Budget	% YTD Budget	Annual Budget
930000 · General Expenses				
930100 · Advertising Expense	1,787	2,100	85%	2,500
930110 · Public Relations	24,677	29,000	85%	37,000
930300 · Association Dues Expense	34,146	33,900	101%	33,900
930310 · Professional Assn Dues	209	500	42%	500
930400 · Board Meeting Expenses	16,269	27,000	60%	35,000
930500 · Training Expense	27,453	29,050	95%	38,550
930600 · Travel Expense	17,803	26,000	68%	35,000
930700 · Non-Travel Incidental	1,261	3,400	37%	4,000
Total 930000 · General Expenses	123,606	150,950	82%	186,450
931000 · Admin Rent				
931010 · Office Rent	61,279	61,100	100%	73,100
931100 · Apartment Rent - Ketchikan	20,745	18,700	111%	22,300
Total 931000 · Admin Rent	82,024	79,800	103%	95,400
Total Operating Expense	4,644,509	5,788,861	80%	8,025,119
Net Operating Income	2,605,767	4,776,447	55%	3,968,793
Nonoperating Income/Expense				
Nonoperating Income				
941000 · Grant Income	62,614			
942000 · Interest Income				
942100 · Misc Interest Income	52,398			
942200 · Investment Interest Income	111,182			
Total 942000 · Interest Income	163,580			
944000 · Realized Gain/(Loss)	(15,513)			
945000 · Unrealized Gain/(Loss)	115,108			
946000 · Misc Nonoperating Income	3,040			
Total Nonoperating Income	328,829			
Nonoperating Expense				
950001 · Misc Nonoperating Expense	(38,661)			
951002 · Issuance Cost 2019 Bonds	3,659			
952000 · Bond Interest 2009 Series	243,397			
952001 · Bond Interest 2015 Series	360,298			
953000 · Depreciation Expense	4,095,430			
954000 · Grant Expenses	62,614			
955000 · Interest Expense	-			
960001 · Meteorological Tower	4,754			
Total Nonoperating Expense	4,731,490			
Net Nonoperating Income	(4,402,661)			
Net Income	(1,796,894)	2,839,816		3,968,793

YTD SUMMARY	Jul - APR 18	YTD Budget	% YTD Budget	Annual Budget
Operating Income	7,250,275	10,565,308	69%	11,993,912
Operating & Maintenance Expense	2,467,293	3,402,141	73%	5,155,019
General & Administrative Expense	2,177,215	2,386,720	91%	2,870,100
Net Operating Income	2,605,767	4,776,447	55%	3,968,793
Net Nonoperating Income & Expense, including Depreciation	(4,402,661)			
Net Income	(1,796,894)			

JANUARY - MARCH 2019

QUARTERLY FINANCIAL OVERVIEW

These tables provide a snapshot of SEAPA's revenues and expenses for the quarter.

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

FIRM kWh SALES	JAN-MAR Sales	JAN-MAR Budget	Prior Year Sales
Ketchikan	$397,198	$1,910,237	$2,057,335
Petersburg	750,945	940,298	1,032,502
Wrangell	553,597	774,756	825,692
Total Revenue	$1,701,740	$3,625,291	$3,915,529

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

FIRM kWh SALES	YTD Sales	YTD Budget	Prior YTD Sales
Ketchikan	$3,312,551	$5,209,530	$5,381,544
Petersburg	2,289,356	2,392,638	2,464,183
Wrangell	1,767,927	2,054,066	2,034,965
Total Revenue	$7,369,833	$9,656,234	$9,880,692

FIRM kWh SALES (Year-Over-Year)	FISCAL YEAR	JAN-MAR kWh	YTD JUL-MAR kWh
	FY2019	25,024,993	108,379,303
	FY2018	57,581,309	145,304,293
	FY2017	57,844,820	150,247,859

Administrative and operating expenses were under budget:

Administrative & Operating Expenses	JAN-MAR Actual	JAN-MAR Budget	Prior Yr Expense
	$1,276,831	$2,068,773	$1,292,000
	YTD Actual	YTD Budget	Prior YTD Expense
	$4,182,785	$5,259,900	$4,364,332

MARCH 2019

	Mar-19	Mar-18
ASSETS		
Current Assets		
Agency Funds		
111000 · Ops/Capital/Insurance Funds		
111100 · Revenue Fund FB	3,178,064	5,313,066
111200 · Required R&R Fund FB	1,000,458	1,000,458
111210 · Dedicated R&R Projects Fund FB	6,551,890	5,586,030
111300 · Commercial FB	1,000	1,000
111401 · New Generation Fund	1,896,110	1,898,927
111402 · Rate Stabilization Fund	2,000,817	-
111500 · Self Insured Risk Fund FNBA	8,179,525	7,973,553
Total 111000 · Ops/Capital/Insurance Funds	22,807,864	21,773,035
112000 · Trustee Funds		
112100 · WF Trust 2009 Bond Interest	90,891	126,372
112200 · WF Trust 2009 Bond Principal	696,439	735,465
112300 · WF Trust 2009 Bond Reserve	1,440,558	1,418,331
112501 · WF Trust 2015 Bond Interest	163,785	162,785
112503 · WF Trust 2015 Bond Reserve	217,393	214,039
Total 112000 · Trustee Funds	2,609,066	2,656,992
113000 · Other Restricted Funds		
113100 · STI - USFS CD WF	21,634	21,627
113500 · DNR Reclamation Fund WF	1,086,941	1,003,273
Total 113000 · Other Restricted Funds	1,108,575	1,024,900
Total Agency Funds	26,525,504	25,454,926
Accounts Receivable		
110000 · Accounts Receivable	(194,762)	2,093,830
110100 · Grants Receivable	26,630	73,791
Total Accounts Receivable	(168,132)	2,167,621
Other Current Assets		
120200 · Other Receivables	5,800	5,800
120300 · Accrued Interest Receivable	34,211	26,584
120500 · Prepaid Fees		
120510 · Prepaid FERC Fees	28,471	27,887
120520 · Prepaid Insurance	260,418	262,895
120530 · Prepaid Operating Expense	8,049	17,877
120540 · Prepaid USDA FS Land Use Fees	78,465	75,967
120550 · Prepaid Admin Benefits	32,861	29,703
Total 120500 · Prepaid Fees	408,263	414,329
120700 · Inventory Assets		
1207001 · Inventory Spares-Stores	200,914	151,834
1207003 · Inventory - SWL Winding Replace	890,405	890,405
1207006 · Inventory - Flashboard-Kickers	439,456	-
Total 120700 · Inventory Assets	1,530,775	1,042,239
Total Other Current Assets	1,979,048	1,488,952
Total Current Assets	28,336,421	29,111,499

MARCH 2019

	Mar-19	Mar-18
Fixed Assets		
130100 · Capital Assets	179,324,529	177,662,993
132200 · R&R Projects WIP Capital Improv	164,179	767,045
132900 · Accumulated Depreciation	(48,736,778)	(43,878,440)
Total Fixed Assets	130,751,931	134,551,598
Other Assets		
183000 · Deferred Assets		
183003 · 2009 Bond - Refunded Discount	96,499	115,176
183004 · Tyee Marine Access	2,925	-
183006 · New Gen Integration	3,903	-
Total 183000 · Deferred Assets	103,327	115,176
Total Other Assets	103,327	115,176
TOTAL ASSETS	**159,191,678**	**163,778,273**
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
210100 · Accounts Payable General	108,852	318,513
Total Accounts Payable	108,852	318,513
Other Current Liabilities		
210150 · Other Current Liabilities	31,350	29,025
210151 · Member Utility Rebate Payable	-	-
210152 · DNR Fund - CVEA KEA Portion	-	337,500
210300 · Reserve Interest Payable	251,782	293,190
210400 · Wages Payable	58,625	66,898
210401 · PTO Payable	151,067	171,748
210500 · Payroll Liabilities	34,273	33,773
Total Other Current Liabilities	527,098	932,134
Total Current Liabilities	635,950	1,250,648
Long Term Liabilities		
220100 · Series B Bonds 2009	5,590,000	6,390,000
220120 · 2009 Bond Issuance Discount	(20,785)	(24,808)
220121 · PERS Unfunded Liability WRG	901,087	1,005,501
220122 · DNR Fund CVEA KEA Liability	543,471	-
220130 · Series 2015 Bonds	10,295,000	10,295,000
220131 · 2015 Bond Issuance Premium	779,992	835,051
Total Long Term Liabilities	18,088,765	18,500,744
Total Liabilities	18,724,714	19,751,391
Net Position		
310000 · Net Position	142,091,471	142,591,882
Net Income	(1,624,508)	1,435,000
Total Net Position	140,466,962	144,026,882
TOTAL LIABILITIES & NET POSITION	**159,191,677**	**163,778,273**

SOUTHEAST ALASKA POWER AGENCY

STATEMENT OF ACTIVITIES

JANUARY - MARCH 2019	JAN 2018 - MAR 2019	FISCAL YEAR-TO-DATE - MARCH 2019			ANNUAL BUDGET	% Annual Budget
		YTD FY18	YTD FY19	YTD BUDGET		
Operating Income/Expense						
Operating Income						
410000 · Hydro Facility Revenues						
410100 · Ketchikan Power Purchases	$ 397,198	$ 5,381,544	$ 3,312,551	$ 5,209,530	$ 6,462,162	
410200 · Petersburg Power Purchases	750,945	2,464,183	2,289,356	2,392,638	2,947,334	
410300 · Wrangell Power Purchases	553,597	2,034,965	1,767,927	2,054,066	2,584,416	
Total 410000 · Hydro Facility Revenues	$ 1,701,740	$ 9,880,692	$ 7,369,833	$ 9,656,234	$ 11,993,912	61%
417100 · Member Diesel						
4171002 · Petersburg Diesel	$ (483,231)	$ -	$ (483,231)	$ -	$ -	
4171003 · Wrangell Diesel	(358,555)	-	(358,555)	-	-	
Total 417100 · Member Diesel	$ (841,785)	$ -	$ (841,785)	$ -	$ -	
Total Operating Income	$ 859,955	$ 9,880,692	$ 6,528,048	$ 9,656,234	$ 11,993,912	54%
Operating Expense						
535000 · Hydro Ops-Suprvsn & Engineering	$ 2,508	$ 95,984	$ 39,622	$ 208,360	$ 322,480	12%
537000 · Hydraulic Expenses	3,970	2,390	3,981	-	10,000	40%
538000 · Electric Expenses	3,894	23,341	26,151	67,350	97,500	27%
539000 · Misc Power Generation Expense	64,063	247,312	277,318	279,625	359,545	77%
540000 · Rents	40,376	116,467	119,214	133,725	180,500	66%
541000 · Hydro Power Station Maintenance	21,383	31,122	55,636	57,360	75,500	74%
543000 · Dams, Reservoirs & Waterways	9,927	20,945	297,031	377,405	386,705	77%
544000 · Maintenance of Electric Plant	340,903	930,028	1,007,849	959,880	1,297,463	78%
545000 · Plant Miscellaneous Maintenance	8,383	58,931	28,743	42,975	57,500	50%
561000 · Control System Maintenance	11,247	88,676	25,263	87,000	126,000	20%
562000 · Trans/Operations Station Exp	8,190	22,683	20,790	32,750	65,700	32%
564000 · Trans/Submarine Cable Expense	2,071	729	24,961	544,900	548,500	5%
571000 · Trans/Maint Overhead Lines(OHL)	88,180	614,526	309,030	313,400	1,627,626	19%
920000 · Admin Wages & Benefits	357,683	1,091,962	1,061,253	1,048,370	1,418,000	75%
921000 · Office Expenses	49,591	67,989	92,617	119,825	144,500	64%
922000 · Legislative Affairs	12,000	32,000	36,043	41,000	53,000	68%
923000 · Contract Services	62,810	183,960	157,598	246,900	320,250	49%
924000 · Insurance	111,348	340,558	335,978	355,750	478,000	70%
928000 · Regulatory Commission Expense	22,340	208,548	72,007	131,375	174,500	41%
930000 · General Expenses	30,513	117,884	117,758	139,950	186,450	63%
931000 · Admin Rent	25,452	68,296	73,943	72,000	95,400	78%
Total Operating Expense	$ 1,276,831	$ 4,364,332	$ 4,182,785	$ 5,259,900	$ 8,025,119	52%
Net Operating Income	$ (416,876)	$ 5,516,360	$ 2,345,263	$ 4,396,334	$ 3,968,793	

JANUARY - MARCH 2019	JAN 2018 - MAR 2019	FISCAL YEAR-TO-DATE - MARCH 2019		
		YTD FY18	YTD FY19	YTD BUDGET
Nonoperating Income/Expense				
Nonoperating Income				
941000 · Grant Income	$ 26,630	$ 221,507	$ 62,614	
942000 · Interest Income	49,139	94,285	130,745	
944000 · Realized Gain/(Loss)	(5,280)	(12,522)	(12,915)	
945000 · Unrealized Gain/(Loss)	52,987	(71,942)	108,543	
946000 · Misc Nonoperating Income	40	13,578	1,540	
Total Nonoperating Income	$ 123,515	$ 244,905	$ 290,528	
Nonoperating Expense				
950001 · Misc Nonoperating Expense	$ -	$ (27,417)	$ (38,661)	
951002 · Issuance Cost 2019 Bonds	3,010	-	3,010	
952000 · Bond Interest 2009 Series	73,019	243,621	219,057	
952001 · Bond Interest 2015 Series	108,157	324,106	324,246	
953000 · Depreciation Expense	1,232,534	3,563,977	3,685,279	
954000 · Grant Expenses	10,796	221,507	62,614	
955000 · Interest Expense	-	473	-	
960001 · Meteorological Tower	650	-	4,754	
Total Nonoperating Expense	$ 1,428,166	$ 4,326,266	$ 4,260,299	
Net Nonoperating Income	$ (1,304,650)	$ (4,081,361)	$ (3,969,771)	
Net Income	**$ (1,721,527)**	**$ 1,434,999**	**$ (1,624,508)**	

Southeast Alaska Power Agency R&R CAPITAL PROJECTS	FY2019 Budget	FY2019 Expenditures	WIP CAPITAL PROJECTS April 30, 2019	FY13 - FY16	FY17	FY18	FY19	TOTAL Expenditr.	Overall BUDGET
*184-10 Svendsen Landing Craft TYL	$ -	4,883	**Swim Step Extension**				4,883	**$ 4,883**	-
241-13 Stream Gauge TYL	$ 10,000	4,883	**COMPLETE JUL 2018**	729,761	75,368	(139)	9,299	**$ 814,289**	815,000
259-15 Turbine Shutoff Valves TYL	$ 365,700	-	Install spring 2019	255,631	-	4,127	-	**$ 259,758**	290,630
269-16 Guy Thimbles STI	$ 80,100	730	Yr3 of 3 spring 2019	-	44,781	62,571	730	**$ 108,082**	270,000
270-16 Dampeners OHL TYL	$ 70,700	7,895	Spring 2019	8,696	(8,696)	33,307	7,895	**$ 41,201**	99,900
278-17 Flashboard Kickers SWL	$ 178,278	186,769	**COMPLETE DEC 2018**		-	252,686	186,769	**$ 439,456**	544,819
281-18 Bulkhead Repair SWL	$ 200,153	148,341	**COMPLETE JUL 2018**			23,552	148,341	**$ 171,892**	223,000
282-18 Control Rm Touchscrn SWL	$ 25,536	25,592	**COMPLETE AUG 2018**			10,537	25,592	**$ 36,128**	36,000
286-18 Duplex Housing SWL	$ 7,500	7,160	Award contract in Jun			2,165	7,160	**$ 9,325**	393,000
289-18 Governor Moderniztn SWL	$ 46,560	37,059	**COMPLETE JUL 2018**			58,338	37,059	**$ 95,397**	92,000
290-18 Helipad Ramps STI	$ 42,000	27,528	**COMPLETE AUG 2018**			-	27,528	**$ 27,528**	76,000
298-18 Unit Control PLC-RTD SWL	$ 8,271	13,810	**COMPLETE AUG 2018**			53,518	13,810	**$ 67,328**	60,000
19300 Access Ladder Ext SWL	$ 75,000	59,241	**COMPLETE APR 2019**			-	59,241	**$ 59,241**	75,000
19301 Disconnect Swtch-Bush SWL	$ 102,800	-	Equipment ordered			1,022	-	**$ 1,022**	147,000
19302 Drone - Infrared Utility	$ 30,500	28,771	**COMPLETE AUG 2018**				28,771	**$ 28,771**	30,500
19303 Gov Pressure System SWL	$ 33,400	-	Complete summer 2019				-	**$ -**	45,620
19304 Gov Pressure System TYL	$ 33,400	-	Complete summer 2019				-	**$ -**	45,620
19305 Governor PLC TYL	$ 75,682	-	PLC Modernization (FY20)				-	**$ -**	93,302
19306 Gravel WRG Switch-Sub	$ 34,500	-	Cap gravel surface				-	**$ -**	34,500
19307 Helipads Clevelnd-Gatehs	$ 130,000	2,982	Repair and replace				2,982	**$ 2,982**	130,000
19308 Hydraulic Power Unit TYL	$ 175,000	-	Relocate HPU at gatehouse				-	**$ -**	175,000
19309 Marker Balls TYL	$ 220,000	164	Replacement				164	**$ 164**	220,000
19310 Penstock Flow Monitor SWL	$ 45,300	19,724	**EXPENSED OCT 2018**				19,724	**$ 19,724**	45,300
19311 Pier-Ramp SWL	$ 193,500	29,770	Award in June				29,770	**$ 29,770**	193,500
19312 Rock Anchors SWL	$ 55,000	-	**Abandoned-not required**				-	**$ -**	55,000
19313 Snow Markers-Gauges	$ 40,000	5,453	Snow pillows ordered				5,453	**$ 5,453**	85,000
19314 Station Switchgear SWL	$ 300,000	6,260	480V switchgear			6,847	6,260	**$ 13,107**	1,300,000
19315 STCS Modernization	$ 43,500	-	**Replaced in 6-mo budget**				-	$ -	64,720

Southeast Alaska Power Agency R&R CAPITAL PROJECTS	FY2019 Budget	FY2019 Expenditures	WIP CAPITAL PROJECTS April 30, 2019	FY13 - FY16	FY17	FY18	FY19	TOTAL Expenditr.	Overall BUDGET
19316 Storage Structure SWL	$ 89,950	56,418	MAY completion				56,418	**$ 56,418**	184,000
19317 Storage Structure TYL	$ 55,000	43,052	MAY completion				43,052	**$ 43,052**	110,000
19318 Site-Glass Swtch UGB SWL	$ 27,700	-	60% engineered				-	**$ -**	41,720
19319 Valve Cntrl-Manifold SWL	$ 46,136	10,500	60% engineered				10,500	**$ 10,500**	49,736
19320 Wastewater Upgrades SWL	$ 125,000	134,433	**COMPLETE APR 2019**				134,433	**$ 134,433**	125,000
19321 FB Gate Trigger Assy SWL	$ 61,000	36,042	Flashbrd gate trigger assy				36,042	**$ 36,042**	61,000
**19322 Intake Gate TYL Phase I	$ -	31,443	**COMPLETE DEC 2018**				31,443	**$ 31,443**	-
19323 Tunnel Lighting TYL	$ 27,000	-	Tyee tunnel safety lighting				11,238	**$ 11,238**	27,000
19324 Stuffing Box SWL	$ 87,400	-	Unit 1 stuffing box				-	**$ -**	87,400
Total WIP R&R Capital Projects	**$3,141,566**	**$928,903**		$994,088	$111,454	$508,530	$944,557	$2,558,628	$6,326,267

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

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

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

SOUTHEAST ALASKA POWER AGENCY
CEO REPORT

DATE: June 13, 2019

TO: SEAPA Board of Directors

FROM: Trey Acteson, CEO

SUBJECT: CEO Report

EXTERNAL AFFAIRS:

The Alaska Legislature passed an operating budget on June 10th and the Governor has 15 days (excluding Sundays) to veto the budget or exercise his line item veto power. A final budget must be signed by the Governor before July 1st or State government will shut down. The Legislature's version of the budget rejected most of the proposals made by him back in February so it will be interesting to see where it ends up. The Legislature's budget contains around $190M in reductions from last year's budget, with the Alaska Marine Highway System being slashed by $45M. It is unclear how all the spending reductions will impact near-term and long-term economic growth in our region. Unfortunately, this introduces greater uncertainty in SEAPA's load forecast modeling and increases the risk of building a stranded asset.

HB151 "An Act relating to the regulation of electric utilities and electric reliability organizations; and providing for an effective date." was introduced on May 3rd near the end of the regular session in Juneau (Attachment 1). This bill is very alarming as it would threaten the Agency's status as an unregulated entity and surrender authority for selection of new energy projects to the RCA. I am working directly with Railbelt Utilities to craft a Committee Substitute (CS) that would provide a multi-pronged carve out for SEAPA based on existing statutory exemption and a MW output threshold. I also spoke directly with staff to Senator Stedman regarding the matter. This issue is Railbelt centric and will require significant attention over the next year to ensure SEAPA does not become collateral damage.

Commissioner Robert Pickett was elected Chairman of the Regulatory Commission of Alaska (RCA) on June 12th. Chairman Picket has previously served in that capacity and has enjoyed broad support across the electric utility industry. Dan Sullivan, former Mayor of Anchorage, was appointed to the RCA Commission earlier this year. Although SEAPA maintains a non-regulated status, certain matters impacting the Agency still fall under the authority of the RCA.

I am pleased to report the Swan Lake boundary correction and subsequent land conveyance to the State of Alaska is nearly finalized. The field surveying was completed last year, and the conveyance documents were signed on May 31st by Erik Reed, BLM Deputy State Director, Lands, Cadastral & Pipeline Monitoring. The documents have been transmitted to the State and we are awaiting a copy as final confirmation. As most of the Board knows, this is the culmination

of many years of persistent work leading to passage of a Federal law that compelled BLM to act. This achievement will result in significant savings when the Agency relicenses Swan Lake.

The Swan-Tyee Intertie Right of Way is another long-term outstanding issue we have been diligently working to finalize. There is a very long history (10 years!) of delays associated with this effort, but we are on the cusp of bringing this to a conclusion. Additional surveying and setting of new monuments were completed last year. The final mylars have been transmitted to ADNR and we are awaiting the closeout paperwork.

The State-specific Roadless Rule Environmental Impact Statement (EIS) process is progressing and release of the Draft EIS is anticipated mid-summer (Attachment 2). A 60-day public comment period will follow, and responses will be incorporated into the Final EIS. It is possible the Governor-appointed Citizen's Advisory Committee I served on will be reconvened to provide additional comments to alternatives that are detailed in the Draft EIS. All alternatives previously presented by the State Specific Roadless Rule Citizen's Advisory Committee included an exemption for tree cutting and road building for energy projects. SEAPA continues to actively advocate for full exemption and/or greater certainty for energy projects within the Tongass.

I met with Chris Luchtefeld, CEO of Cape Fox Corporation, in April and discussed regional power needs and the future of the Mahoney Project. He indicated that Cape Fox understands the economic challenges associated with the project and they are not interested in investing in a project that may result in a stranded asset. He stated that previous investment in the FERC license was already written off and it would not be a factor in their decision process. He was open to re-engagement in the future if SEAPA determines Mahoney is the right project and load growth supports development.

I met with Curtis Thayer, Executive Director of the Alaska Energy Authority (AEA), at the end of May. We discussed regional power issues, State funding for renewables, and current AEA priorities under Governor Dunleavy's Administration. It is unlikely the Renewable Energy Fund will receive substantive appropriations until the State's revenue issues are stabilized. From a policy perspective, Governor Dunleavy has expressed to the AEA a goal of promoting energy resources that support economic growth. It's unclear how this would be achieved without a funding mechanism.

I was asked to participate on the Ketchikan Ferry System Task Force with other community leaders and attended a forum last week. The focus of the discussion was to consider interim measures to reduce spending and extend reserves. Losing continuity of ferry service in Southeast could lead to shifting of populations and/or accelerated outmigration. Sustainable solutions must be developed to reduce uncertainty in our load forecasting.

I am scheduled to meet with Mike Garrett, CEO of AP&T, on June 17th. AP&T requested a meeting to discuss potential "new opportunities". I will update the Board on any new developments.

SWAN LAKE O&M TRANSITION:

The final Swan Lake O&M transition documents have been completed and forwarded to KPU for Ketchikan City Council approval during their scheduled June 20th meeting. If approved, staff is recommending a SEAPA Special Board Meeting be held on June 27 to finalize the documents. This would allow for a formal hand-off of Swan Lake O&M responsibilities on July 1st. Elements include; Bailey Substation Demarcation, Swan Lake Pole Attachment Agreement (electrical),

Swan Lake Pole Attachment Agreement (telecom), Mutual Aid Agreement, and a Data Exchange Agreement. Overall, development of the transition documents has gone well. These core documents will provide the foundation for future collaboration.

PERSONNEL:

Recruitment efforts have been very successful and all positions are currently filled. Please join me in welcoming the following employees to the SEAPA team. We will also be assuming three additional new employees as part of the SWL transition. I'll announce those hires once they are onboard.

New Hires:
John Stanley – Operator / Electrician
Matthew Vodopich – Operator / Electrician
Zachary Nelson – Brushing Technician (Temporary)

Reassignment: Christopher Barnett – Roving Relief Operator / Electrician

BOARD FIELD TRIP:

Staff looks forward to hosting a field trip for the Board out to Tyee on June 18th. Board members will have a chance to tour the Tyee powerhouse and penstock tunnel, learn about our satellite communication challenges, fly up to the reservoir weir, observe the precarious location of the intake, obtain a firsthand aerial perspective of the proposed road to deep water access, and meet on-duty power plant employees. These are important elements and greater familiarity will enhance informed decision making throughout the year.

NATIONAL RECOGNITION AWARD:

SEAPA and McMillen Jacobs Associates received Honor Awards from the American Council of Engineering Companies for excellence in engineering design for the Swan Lake Reservoir Expansion Project. The gala event in Washington D.C. is considered the Academy Awards for engineering innovation and achievement across the Nation. This is a significant national acknowledgement of the great work being performed by SEAPA employees and our contractors.

Attachments:
Attachment 1 – House Bill No. 151
Attachment 2 – USDAFS Bulletin Re Roadless Rule

HOUSE BILL NO. 151

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON ENERGY

Introduced: 5/3/19
Referred: House Special Committee on Energy, Resources

A BILL

FOR AN ACT ENTITLED

"An Act relating to the regulation of electric utilities and electric reliability organizations; and providing for an effective date."

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

*** Section 1.** AS 42.05 is amended by adding new sections to read:

Sec. 42.05.292. Electric reliability organizations. (a) An electric utility must participate in an electric reliability organization if the utility operates in an interconnected electric energy transmission network served by an electric reliability organization certified by the commission.

(b) A person may submit to the commission an application for certification as an electric reliability organization for an interconnected bulk-power system. The commission may certify one electric reliability organization for each interconnected electric energy transmission network. The commission may certify an electric reliability organization if the commission determines that the electric reliability organization

(1) has the ability to develop reliability standards that provide for an adequate level of reliability of a bulk-power system;

(2) has the ability to develop a plan under AS 42.05.293(a);

(3) has the ability to establish rules to

(A) ensure fair stakeholder representation in the selection of its directors and balanced decision making in an electric reliability organization, committee, or subordinate organizational structure;

(B) equitably allocate reasonable dues, fees, and other charges among all load-serving entities connected to the bulk-power system for all activities under this section;

(C) provide fair and impartial procedures for the enforcement of reliability standards;

(D) provide for reasonable notice and opportunity for public comment, due process, openness, and balance of interests in developing reliability standards and exercising its duties;

(4) has established rules to provide for its independence from the users, owners, and operators of the bulk-power system; and

(5) is governed by a board that

(A) includes as nonvoting members the commissioner or the commissioner's designee and the attorney general or the attorney general's designee; and

(B) is formed as

(i) an independent board;

(ii) a balanced stakeholder board; or

(iii) a combination independent and balanced stakeholder board.

(c) The commission shall form an electric reliability organization if the commission determines that no person

(1) has applied for certification as an electric reliability organization under (b) of this section; and

(2) is likely to apply for certification as an electric reliability

organization in the next 6 months.

(d) An electric reliability organization shall file with the commission a reliability standard or modification to a reliability standard as a new or revised tariff provision. All users, owners, and operators of a bulk-power system shall comply with reliability standards contained in a tariff that is proposed by an electric reliability organization and approved by the commission. The commission may enforce a reliability standard adopted under this section. The reliability standard adopted under this section

(1) shall contain a requirement, approved by the commission under this section, to provide for

(A) reliable operation of the bulk-power system;

(B) operation of a bulk-power system facility;

(C) cybersecurity protection; or

(D) additions or modifications to a bulk-power system facility to the extent necessary to provide for reliable operation of the bulk-power system;

(2) may not include a requirement to enlarge bulk-power system facilities or to construct new transmission capacity or generation capacity.

(e) The commission may approve, reject, or amend in whole or in part a proposed reliability standard or modification submitted by an electric reliability organization if the commission determines that the standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest. A proposed standard or modification takes effect upon approval by the commission. A standard approved under this subsection satisfies the requirements of AS 42.05.291(c).

(f) The commission may, on its own motion or upon complaint, order an electric reliability organization to submit to the commission a proposed reliability standard or modification to a reliability standard that addresses a specific matter.

(g) Except as provided in (h) of this section, an electric reliability organization may impose a penalty on a user, owner, or operator of an interconnected bulk-power system for a violation of a reliability standard if, after notice and a hearing, the electric reliability organization

(1) finds that the user, owner, or operator has violated a reliability standard; and

(2) files notice of the proposed penalty and the record of the proceeding with the commission at least 30 days before imposition of the penalty.

(h) The commission may set aside, reinstate, or modify a penalty imposed under (g) of this section.

(i) The commission may, on its own motion or upon complaint, order a user, owner, or operator of a bulk-power system to comply with a reliability standard and impose a penalty against the user, owner, or operator of a bulk-power system if the commission finds, after notice and a hearing, that the user, owner, or operator of the bulk-power system has engaged or is about to engage in an act or practice that violates a reliability standard.

(j) A penalty imposed under (g), (h), or (i) of this section must bear a reasonable relation to the seriousness of the violation and take into consideration the effort of a user, owner, or operator to remedy the violation in a timely manner.

(k) The commission may direct an electric reliability organization to conduct assessments of the reliability and adequacy of the bulk-power system.

(*l*) The commission shall adopt regulations governing an electric reliability organization consistent with this section. Regulations under this section

(1) may include a requirement that an electric reliability organization obtain a certificate of public convenience and necessity;

(2) must allow the electric reliability organization to recover its costs through surcharges added to the rate for each participating electric utility.

Sec. 42.05.293. Integrated lowest cost planning. (a) An electric reliability organization shall prepare and file with the commission a plan for meeting the reliability requirements of customers within its interconnected bulk-power system in the most cost-effective manner, consistent with the load-serving entities' obligations. A plan must contain an evaluation of the full range of cost-effective means for load-serving entities to meet the service requirements of customers, including additional generation, transmission, and conservation or similar improvements in efficiency. A plan must include options to meet customers' collective needs at the lowest cost,

regardless of the location or ownership of new facilities.

(b) The commission shall, after notice and a hearing, approve, reject, or modify a plan submitted under (a) of this section, consistent with the public interest.

(c) The commission may include in a public utility's rates

(1) the cost of resources acquired in accordance with a plan adopted under this section;

(2) the cost-effective expenditures for improving the efficiency with which the public utility provides and its customers use utility services; and

(3) the cost of a utility to comply with the planning requirements of this section, including planning costs and portfolio development costs.

(d) In this section,

(1) "planning costs" means the costs of evaluating the future demand for services and alternative methods of satisfying future demand;

(2) "portfolio development costs" means the costs of preparing a resource in a portfolio for prompt acquisition of the resource.

Sec. 42.05.294. Building permissions. (a) A public utility may not construct a large energy facility unless the commission makes a determination that

(1) the facility

(A) is necessary to the bulk-power system with which it would be interconnected;

(B) complies with reliability standards; and

(2) a load-serving entity that is substantially served by the project would be more cost-effective.

(b) A large energy facility that was included in the most recent integrated resources plan approved under AS 42.05.293 is considered to satisfy the requirements of (a) of this section without a determination by the commission.

(c) In this section, "large energy facility" means

(1) an electric power generating plant or combination of plants at a single site with a combined capacity of 15,000 kilowatts or more with transmission lines that directly interconnect the plant with the transmission system; or

(2) a high-voltage transmission line that

(A) has a capacity of 69 kilovolts or more; and

(B) is greater than 5 miles in length.

*** Sec. 2.** AS 42.05.990 is amended by adding new paragraphs to read:

(14) "bulk-power system" means

(A) a facility or control system that

(i) is owned by more than one electric utility;

(ii) is necessary for operating an interconnected electric energy transmission network or a portion of an interconnected electric energy transmission network; and

(iii) is not used in the local distribution of electric energy; or

(B) an electric energy generation facility that

(i) is owned by more than one electric utility;

(ii) is necessary to maintain the reliability of a transmission system; and

(iii) is not used in the local distribution of electric energy;

(15) "cybersecurity incident" means a malicious act or suspicious event that disrupts or attempts to disrupt the operation of programmable electronic devices and communication networks, including hardware and software that are essential to the reliable operation of the bulk-power system;

(16) "electric reliability organization" means an organization that is certified by the commission under AS 42.05.292;

(17) "interconnected electric energy transmission network" means a network of bulk-power system components operating in a geographic area that are synchronized so that the failure of one or more of the components may adversely affect the ability of the operators of other components within the system to maintain reliable operation of the facilities within the control of the operators;

(18) "load-serving entity" means an electric utility that has a service obligation to distribute power to end users;

(19) "reliable operation" means operating the elements of the bulk-

power system within equipment and electric system thermal, voltage, and stability limits so that instability, uncontrolled separation, or cascading failures of the system will not occur as a result of a sudden disturbance, including a cybersecurity incident, or unanticipated failure of system elements.

*** Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: REGULATIONS. The Regulatory Commission of Alaska may adopt regulations necessary to implement the changes made by this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the law implemented by the regulation.

*** Sec. 4.** Section 3 of this Act takes effect immediately under AS 01.10.070(c).

*** Sec. 5.** Except as provided in sec. 4 of this Act, this Act takes effect July 1, 2020.

USDA United States Department of Agriculture

ALASKA ROADLESS RULE

Southeast Alaska Subsistence Regional Advisory Council meeting held on March 19, 2019, in Wrangell, AK.

MAY/JUNE 2019

This bulletin provides information to the public about the current status of the Alaska Roadless Rulemaking project. Subscribe to the bulletin here: Alaska Roadless Rule Bulletin

As Alaska's Regional Forester, I am listening to the voices of Alaskans through public participation, collaboration, and ensuring the availability of timely information as we work through the steps of the rulemaking process. With publication of regular project updates in bulletins, speaking engagements across the region with tribes, stakeholder groups, the Southeast Alaska Subsistence Resource Advisory Council, and regular cooperating agency meetings, I continue to engage with the state and the nation's citizens who value Alaska's extraordinary national forests. I also recognize the forests provide residents with important resources, jobs, culture, and connection.

To help keep you informed, we are regularly updating the project website with frequently asked questions, project timeline, and maps, and publishing a bi-monthly Alaska Roadless Rule Bulletin. Dates for the upcoming public comment period and schedule of community meetings following the publication of the proposed rule and the draft environmental impact statement will be posted as soon as they are available. Upon request, we will also provide groups with a presentation about the project and the latest updates. I welcome your participation, questions, and comments. I commit to openness and transparency in our work.

For the latest information, I invite you to sign up to receive regular project updates: https://public.govdelivery.com/accounts/USDAFS/subscriber/new?topic_id=NEPA_54511_S.

David E. Schmid, Regional Forester

WHAT'S NEW

How do public comments affect the final rule?

The notice-and-comment process enables anyone to submit a comment on any part of the proposed rule. This process is not like a ballot initiative or an up-or-down vote in a legislature. Public comments are most useful when they offer ideas, opportunities or concerns followed by a reason based on experience, facts, or science. Public comments are used to assist the agency in accurately disclosing the cultural and environmental effects of the proposed rule and alternatives.

Public comments received during the upcoming 60-day public comment period will be integrated into the project record and responded to in the final environmental impact statement. Comments received outside of the 60-day public comment period will be accepted, but will not be formally responded to within the final environmental impact statement.

At the end of the rulemaking process, the agency must base its reasoning and conclusions on the rulemaking record, consisting of the comments, scientific data, expert opinions, and facts accumulated during the pre-rule and proposed rulemaking stages.

Instructions for providing comments during the official comment period can be found here: https://cara.ecosystem-management.org/Public//CommentInput?Project=54511

If you are interested in reading comments received during the initial scoping period, you can view them here: https://cara.ecosystem-management.org/Public//ReadingRoom?Project=54511

To read a summary of the public comments received during the initial scoping period, visit: https://www.fs.usda.gov/nfs/11558/www/nepa/109834_FSPLT3_4631713.pdf

For a map of existing inventoried roadless areas, visit: https://www.fs.usda.gov/nfs/11558/www/nepa/109834_FSPLT3_4470897.pdf

For more info on rulemaking visit, https://www.federalregister.gov/uploads/2011/01/the_rulemaking_process.pdf

Alaska Roadless Rule

Request A Speaker

The Forest Service's Alaska Region has speakers available to provide an overview on the Alaska Roadless Rulemaking project and answer your questions. Contact Dru Fenster at dru.fenster@usda.gov, 907-209-2094, or akroadlessrule@fs.fed.us to request a speaker.

Information Resources

- **Websites:**
  - Alaska Region Roadless
  - Project Website
  - Roadless Area Conservation
  - Other FAQs
- **Contacts:**
  - Request a speaker 907-209-2094
  - Project coordinator 907-586-9344
- **Email:**
  - akroadlessrule@fs.fed.us
  - robin.dale@usda.gov (project coordinator)
  - nicole.r.grewe@usda.gov (public engagement)
  - dru.fenster@usda.gov (speakers & media)

Chad VanOrmer, Director, Ecosystems Planning and Budget for the Forest Service Alaska Region, speaks with the public at a recent engagement session in Juneau.

Did You Know?

The final decision about the Alaska Roadless Rule will be made by the U.S. Secretary of Agriculture. The Alaska Regional Forester has important input and influence and will ensure the Region is represented throughout the rulemaking process.

Frequently Asked Questions

When will a summary of proposed alternatives for the Alaska Roadless Rulemaking be made available, and will there be an opportunity to review them and provide comments?

The alternatives will be identified and discussed in the Draft Environmental Impact Statement (DEIS). The DEIS is expected to be published in mid-summer 2019, followed by a 60-day public comment period.

The Forest Service recognizes the importance of subsistence use of fish and wildlife by rural Alaskans. We will hold subsistence hearings during the public comment period in order to gather input on the Roadless Rule's effect on subsistence resources.

Alaska Roadless Rulemaking Milestones

2018
- State of Alaska Rulemaking Petition
- USDA Responds to Petition
- Start Tribal Consultations
- Notice of Intent to begin Rulemaking
- Public Meetings and Opportunity for Written Comments
- Initiate Cooperating Agency Memorandums
- Alaska's Citizen Advisory Committee
- Written Comments Available
- Cooperating Agency Meetings

2019
- Monthly Updates and Engagment Opportunities Available
- Written Public Comment Summary Available
- Finalize Cooperating Agency Memorandums
- Tribal and Alaska Native Corporations Consultations
- Draft Environmental Impact Statement Available
- Public Meetings • Subsistence Hearings
- Opportunity for 60-day Written Comments

2020
- Monthly Updates and Engagement Opportunites Available
- Final Environmental Impact Statement Available
- Final Alaska Roadless Rule published

SOUTHEAST ALASKA POWER AGENCY

Diesel Reimbursement

DATE: June 9, 2019

TO: SEAPA Board of Directors

FROM: Trey Acteson, CEO

SUGGESTED MOTION
I move to approve payment to the municipalities of Petersburg and Wrangell for reimbursement of supplemental diesel fuel and overtime, less $0.068 per kWh, in the amount of $841,785.38, as presented in the Diesel & Overtime Reimbursement memo at SEAPA's April 22, 2019 special board meeting.

At SEAPA's April 22, 2019 special board meeting, a motion to approve reimbursement to the municipalities of Petersburg and Wrangell for diesel costs was tabled pending consultation with SEAPA's audit firm and legal counsel. Due diligence is now complete, and it has been determined that there is no impediment to moving forward with motion.

The reimbursement was recorded in the ledger as a reduction to revenue in February and March and is an outstanding credit to the municipalities. Pending approval of the memo, payment will be processed prior to the fiscal year-end, June 30.

A copy of the original diesel reimbursement memo from the April 22 meeting follows.

SOUTHEAST ALASKA POWER AGENCY

DIESEL & OVERTIME REIMBURSEMENT

SUGGESTED MOTION
I move to approve payment to the municipalities of Petersburg and Wrangell for reimbursement of supplemental diesel fuel and overtime, less $0.068 per kWh, in the amount of $841,785.38, as presented in the Diesel & Overtime Reimbursement memo at SEAPA's April 22, 2019 special board meeting.

During the February 28, 2019 regular meeting, the SEAPA Board of Directors authorized reimbursement to Petersburg and Wrangell for the cost of supplemental diesel fuel and overtime, minus 6.8 cents per kWh, for the period starting February 15, 2019 through March 28, 2019. Diesel reimbursement will be recorded as a reduction to revenue.

A summary of the reimbursement follows. Diesel costs are a sum of actual diesel deliveries invoiced during the reimbursement period. The overtime costs are hourly rate x hours worked and includes shift differentials.

Item	PSG	WRG	TOTAL
Diesel	$726,659	$542,341	$1,269,000
Overtime	27,396	21,822	49,218
Subtotal	$754,055	$564,163	$1,318,218
kWh	3,982,717	3,023,644	7,006,361
price	(0.068)	(0.068)	(0.068)
kWh Subtotal	($270,825)	($205,608)	($476,433)
Reimbursement	**$483,231**	**$358,555**	**$841,786**

Date: June, 5 2019

To: Trey Acteson, Chief Executive Officer

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

SEAPA 2019 Revised Operations Plan Report

Every year SEAPA presents the Operations Plan (Ops Plan) for Board approval in accordance with Section 5 of the Power Sales Agreement[1] (PSA). The annual plan forecasts expected reservoir levels for Tyee Lake and Swan Lake for the upcoming year by maximizing output from SEAPA facilities and optimizing water resources. Pursuant to the PSA, the Ops Plan gives first priority to the dedicated Firm Power Requirements of each Utility and optimizes Additional Dedicated Output as a second priority for additional power requirements. Optimization of water resources is achieved by an algorithmic math model as represented in Figure 1.

1.0 Water Resource Algorithmic Math Model Process

Step 1: Current lake levels

Step 2: Inflow Forecasts
1. NOAA
2. USGS
3. NINO3.4

Step 3: Load Forecast
1. Temperature Forecasts
2. Scheduled Maintenance
3. STICS/Historic Loads

Step 4: Iterative Math Model
1. Case Reservoir Plots
2. Optimized Water Resources

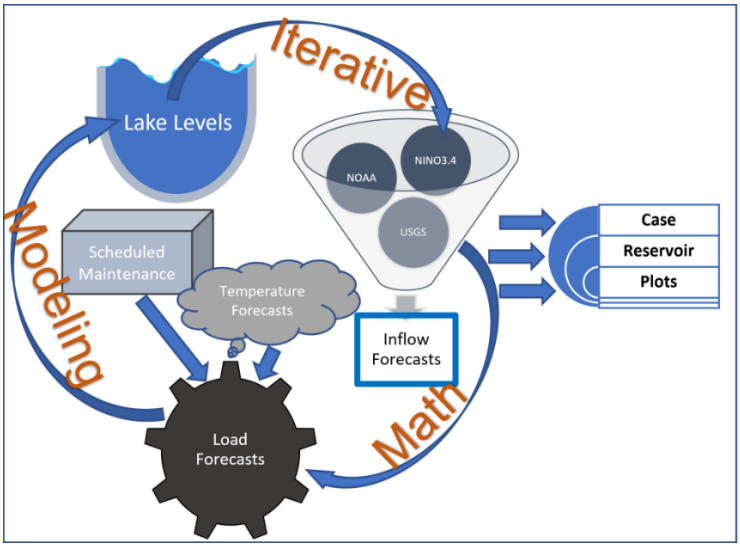


Figure 1: Math Modeling: Optimizing Water Resources

The iterative process utilized in the algorithm to optimize water resources was applied to a variety of cases. Each case was further analyzed, and curves were developed. Special consideration was made

[1] Section 5 of the Power Sales Agreement states that SEAPA shall prepare annually an Operations Plan to estimate the Firm Power Requirements of the Purchasing Utilities and identify Dedicated output to maximize utilization and optimize output of each facility.

to ensure optimization of water resources without risking dedicated Firm Power Requirements of the Purchasing Utilities. The process, assumptions, and results are discussed below.

2.0 Current Lake Levels

The lake levels as of June 5, 2019 were below average at 1291.7 feet for Tyee and 291.6 feet for Swan. This is due to continued low amounts of rain for the inflow season. According to the latest Drought Monitor analysis (updated June 4, 2019), Southeast Alaska has transitioned from a "Severe Drought" to an "Extreme Drought" condition (Figure 2). The drought condition in Southeast Alaska has persisted since the summer of 2018. Although Southeast Alaska has transitioned from a moderate La Nina to a weak El Nino with south Sea Surface Temperatures (SST) above average, NOAA is predicting a 3-Month outlook to be above average temperatures with an equal chance of average precipitation.

January-May of 2019 offered little relief to the ongoing drought condition with a total of 34.2 inches of rain (for the period). Precipitation was 37% below the previous 5-year average of 54.0 inches (Data from NOAA weather station at Ketchikan Airport). In addition to lower-than-average rainfalls, a Polar Vortex caused extreme low temperatures in February resulting in high loads. As a result of the compounded extreme weather conditions, Tyee lake draft rate increased significantly in early February. A Diesel Campaign was thereby required in Petersburg and Wrangell (starting February 15) to slow down the rate of draft at Tyee.

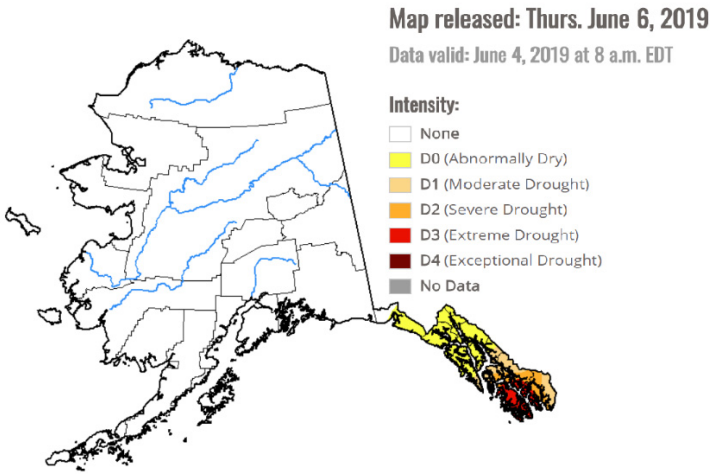


Figure 2: U.S. Drought Monitor-Alaska

The diesel campaign in Petersburg and Wrangell continued for a total of 5 weeks and ended on March 24, 2019. Throughout the duration of the diesel campaign, SEAPA's Board of Directors held weekly meetings to discuss lake levels and SEAPA Operations. On February 28, the Board voted to have SEAPA reimburse Petersburg and Wrangell for the cost of diesel and overtime incurred and expected to incur for February and March (still pending final approval). As reported to SEAPA, a total of 7,010 MWhrs was produced by Petersburg and Wrangell combined from diesel generation.

In September 2018, SEAPA suspended generation from Tyee to Ketchikan. Due to the ongoing drought conditions, Tyee Lake generation was dedicated to Petersburg and Wrangell pursuant to the Power Sales Agreement (PSA) to meet their Firm Power Requirements. Without the support of Tyee generation, Swan Lake's draft rate increased and was unable to meet Ketchikan's energy demands. A Supplemental Diesel Campaign for Ketchikan was thereby instituted by KPU in September 2018 and has continued for the past 9 months.

3.0 Rain Fall – Inflows for 2019

As discussed in the preceding section, rainfalls for 2018 were extremely low. NOAA weather stations at Beaver Falls and the Ketchikan International Airport recorded approximately 106 inches of rain, nearly 30% below the previous 20-year average.

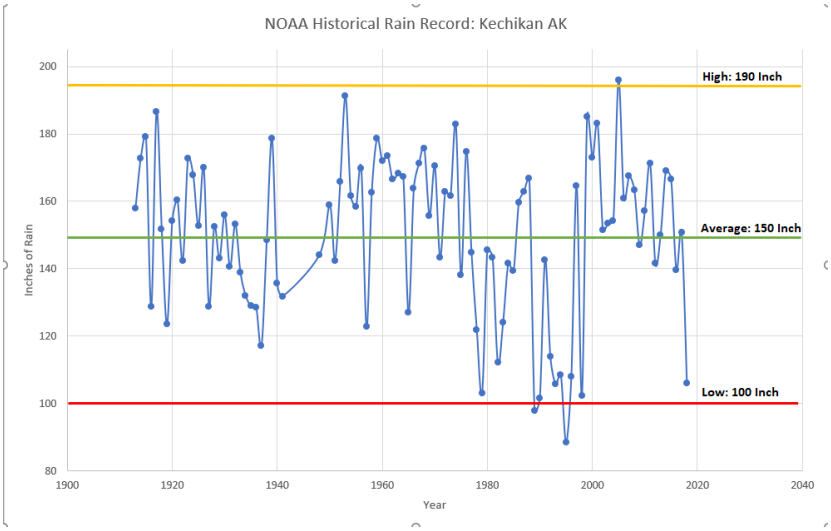


Figure 3: 100-Year Historical Rainfall: Ketchikan, AK

The chart on the left (Figure 3) illustrates a 100-year graph of precipitation recorded by NOAA for Ketchikan. As evidenced in this chart, 2018 precipitation was the lowest on record since the late-1990's. The below average rainfalls in the late 1980's to the late 1990's (approximately 20-years) were followed by above average rainfalls from 1997 to 2017. These periods appear to coincide with Pacific Decadal Oscillations (PDO) as discussed in further detail in the following sections.

4.0 Inflow Forecasts

Inflow predictions for calendar year 2019 were performed by utilizing NOAA, NINO3.4, Pacific Decadal Oscillation charts and historic USGS inflow data. NOAA 3-month forecasts for the months of June-July-August are predicting equal chance of average precipitation and above-normal temperatures. Figure 4 (below) illustrates NOAA's three-month outlook.

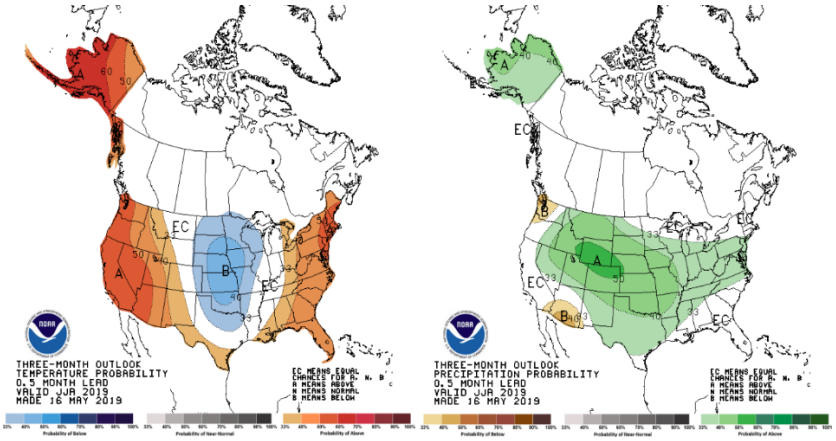


Figure 4: NOAA May-June-July Outlook

NOAA is predicting a weak El Nino to continue. The magnitude of the El Nino does not appear to be great enough to cause increased precipitation in Southeast Alaska.

There are dozens of institutions that have developed El Nino Southern Oscillation models (ENSO). Oceanographic temperature models such as ENSO's are used by NOAA to predict weather patterns.

The latest ENSO models show that we are currently maintaining a weak El Nino with Ocean temperatures currently 0.6–1.0 ˚C above-average temperatures. Warmer south ocean temperatures typically correlate to warmer weather and higher precipitation rates in the Northwest hemisphere.

Figure 5 illustrates the International Research Institute (IRI) and Climate Prediction Centers (CPC) ENSO model. Apparent to all participating institute forecasts is a continued above average ocean temperature. Although forecasts are predicting above-average temperatures in Southeast Alaska, they are predicting equal chance of below-average precipitation.

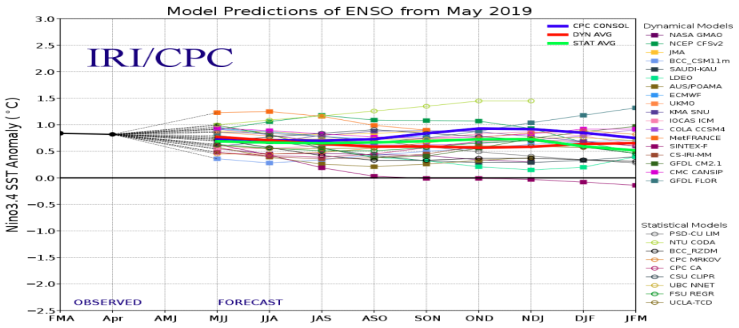


Figure 5: 2019 ENSO Model

Inflow seasons are cyclical and have a close correlation with ocean temperatures. El Nino and La Nina conditions impact precipitation in Southeast Alaska however a second oscillation discovered by scientist Steven Hare in 1996 called the Pacific Decadal Oscillation (PDO) also has an impact. In general, an El Nino will cause an increase in precipitation and a La Nina will cause a decrease in precipitation for Southeast Alaska. ENSO's (El Nino's and La Nina's) appear to impact the standard deviation of precipitation from average, and the PDO appears to shift the precipitation average up and down. As shown in Figure 6 below, in a Cold Phase (PDO), the average precipitation is approximately 160 inches whereas in a Warm Phase (PDO), the average precipitation is 125 inches. After superimposing Ketchikan rain data onto PDO and ENSO charts, data suggests that we are entering a Warm Pacific Decadal Oscillation Phase.

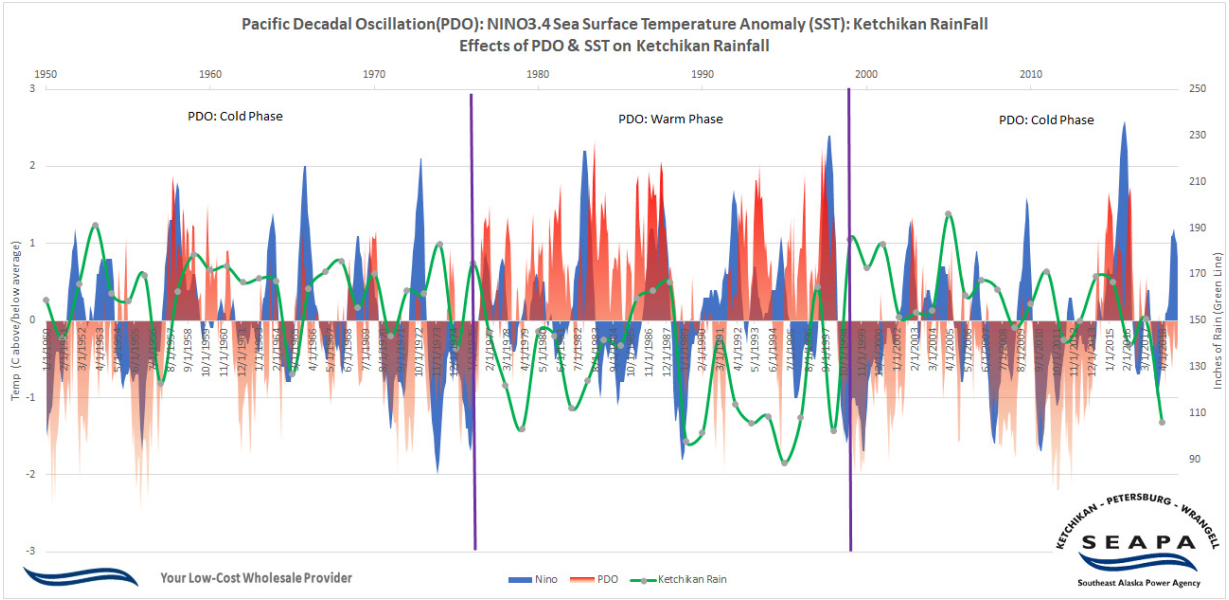


Figure 6: PDO Shifting of Average Rainfalls on 20-Year Cycles

If predictions from the PDO/ENSO models and historical trends hold true as discussed in previous sections, inflows will be approximately 22% below the previous 20-year averages and possibly continue for the next 20 years. Figure 6 in the PDO/ENSO records also explain with a certain degree of confidence the reason for the 2018 low inflow year. It is therefore prudent for SEAPA to consider inflow cases that are reflective of a Warm PDO phase as seen in the 20-year phase in the 1980's and 1990's.

Case / Month	(2018) SWL Low Inflow (avg day cfs)	(94-99) SWL Avg Inflow (avg day cfs)	(2018) TYL Low Inflow (avg day cfs)	(94-99) TYL Avg Inflow (avg day cfs)
jun	358.9	465.0	160.0	207.7
jul	98.2	337.0	99.3	152.5
aug	99.2	308.0	74.1	127.0
sep	176.3	502.0	79.4	149.3
oct	440.8	387.0	132.0	145.1
nov	650.1	289.0	146.3	65.5
dec	364.8	351.0	120.3	59.3
jan	256.3	164.0	38.8	74.6
feb	12.5	139.0	26.7	50.7
mar	156.4	169.0	20.4	41.6
apr	462.8	263.0	72.1	93.7
may	702.3	455.0	308.4	216.3
Average Annual	314.9	319.1	106.5	115.3

Table 1: SEAPA predicted Inflow Cases for 2019

4.1 Average Inflow (1994-1999) Cases

Table 1 illustrates SEAPA's predicted inflow cases that were used for the Swan Lake and Tyee Lake reservoir level models. As discussed previously, the inflow cases were selected based on NOAA and PDO predictions for 2019. The average annual cfs for this inflow case at Swan Lake was 319.1 cfs and the average annual cfs for Tyee Lake was 115.3 cfs.

4.2 Low Inflow (2018) Cases

The low (2018) inflow case for Swan Lake was inserted into the model with an average annual cfs value of 314.9 cfs. Low inflows were based on average 2018 inflows. The low (2018) inflow case used in the model for Tyee Lake was 106.5 cfs. These inflow cases were selected based on NOAA's ongoing and predicted warmer/dryer conditions and a possible shift to a Warm Phase PDO.

5.0 Load Forecasts

Load forecasts and subsequent SEAPA deliveries were estimated for the 2019 calendar year with consideration to the NOAA June-July-August outlook (warmer average temperatures) and the 7-year SEAPA delivery schedule (2011-2018). Typically, the Operations Plan considers multiple load cases to balance the lakes across the Swan-Tyee-Intertie (STI) transmission line and maximize the outputs of Tyee and Swan Lake per the PSA. Under current lake level conditions however, balancing the lakes is not possible. Tyee Lake's Dedicated Output, pursuant to the PSA, will need to be reserved and remain dedicated to Petersburg and Wrangell to meet the Firm Power Requirements of the respective utilities until reservoir conditions support otherwise. As a result, net power transferred across the STI may not occur for the foreseeable future (see Tyee model and Optimizing Output sections for caveats).

The forecasted Firm Power Requirements for the respective utilities, based on average loads, are as follows:

Swan Lake Expected Generation: **38,832MWh (Dedicated Output)**

Ketchikan Loads: **99,716MWh (Firm Power Requirements)**

Tyee Lake Expected Generation: **90,463MWhr**

PTG & WRG Loads: **85,511MWhr (Firm Power Requirements and Dedicated Output)**

Table 2 illustrates the load forecasts for 2019 (starting in June) which demonstrates zero transfer of energy across the STI. Section 5 of the PSA discusses development of the Operations Plan on an annual basis with a caveat for the plan to be reviewed periodically as needed. Given the recent severe drought circumstances and inflow forecasts, SEAPA will continue to review lake levels weekly and discuss the Operations Plan every Tuesday during Operation Meetings.

	KTN			Swan Lake		STI		WRG-PSG			Tyee Lake	
	Expected	Required	Required	Expected Gen	Expected Gen	STI Expected	STI Expected	Expected	Required	Required	Tyee Expect	Tyee Expected
	Delivery	Generation	Generation	from Inflow	from Inflow	(balance)	(balance)	Delivery	Generation	Generation	Generation	Generation
	MWh	MWh	Avg MW	Avg MW	MWh	MWh	Avg MW	MWh	MWh	Avg MW	Avg MW	MWh
JUN	5730.8	6074.7	8.4	4.0	2880.0	0.0	0.0	4906.7	5201.1	7.2	7.2	5201.1
JUL	7670.2	8130.4	10.9	4.0	2976.0	0.0	0.0	7202.1	7634.2	10.3	10.3	7634.2
AUG	7011.9	7432.7	10.0	3.0	2232.0	0.0	0.0	7445.0	7891.7	10.6	10.6	7891.7
SEP	6544.5	6937.2	9.6	0.0	0.0	0.0	0.0	5180.8	5491.7	7.6	7.6	5491.7
OCT	8095.6	8581.3	11.5	8.0	5952.0	0.0	0.0	6637.0	7035.2	9.5	9.5	7035.2
NOV	9143.1	9691.6	13.5	9.0	6480.0	0.0	0.0	7547.9	8000.8	11.1	11.1	8000.8
DEC	13644.7	14463.4	19.4	6.0	4464.0	0.0	0.0	10120.9	10728.1	14.4	14.4	10728.1
JAN	10870.4	11522.6	15.5	4.0	2976.0	0.0	0.0	9176.9	9635.8	13.0	13.0	9635.8
FEB	10862.0	11513.7	17.1	3.0	2016.0	0.0	0.0	8730.8	9167.3	13.6	13.2	9167.3
MAR	8493.3	9002.9	12.1	3.0	2232.0	0.0	0.0	7283.8	7720.8	10.4	10.4	7720.8
APR	6594.8	6990.5	9.7	3.0	2160.0	0.0	0.0	6282.4	6659.3	9.2	9.2	6659.3
MAY	5054.7	5358.0	7.2	6.0	4464.0	0.0	0.0	4997.3	5297.1	7.1	7.1	5297.1
Total	**99716.0**	**105698.9**	-	-	**38832.0**	**0.0**	-	**85511.6**	**90463.2**	-	-	**90463.2**

Table 2: SEAPA 2019 Load Forecast

5.1 Scheduled Maintenance

SEAPA does not anticipate any extended outages for the remainder of calendar year 2019. Typical line maintenance, generator unit annual maintenance and substation maintenance were considered when developing the load forecasts. Swan Lake station service switchgear upgrades and Swan Lake turbine runner repairs are anticipated in the future. However, for the remainder of 2019 and through May of 2020, typical outage durations and times were modeled.

6.0 Iterative Math Model

The Tyee Lake and Swan Lake models used to predict lake levels involve iterating through inflow scenarios and generation load sequences. Lake levels are inputted with actual levels on the day the models were ran. Once the inflow predictions were developed, adjustments to generation inputs is typically performed to maximize utilization of the outputs for Tyee and Swan. Guide curves are generally developed by averaging the probable inflow and low inflow cases, with a slight bias towards the low inflow case for early spring months. Under current conditions and until conditions change, the guide curves do not reflect balancing the lakes across the STI, and therefore the guide curve for Swan Lake is the low inflow case (blue line). The curves illustrated below demonstrate a band of operation that SEAPA predicts for Swan lake levels, with KPU diesel generation integrated.

6.1 Swan Lake Reservoir Plot (Expected Inflows)

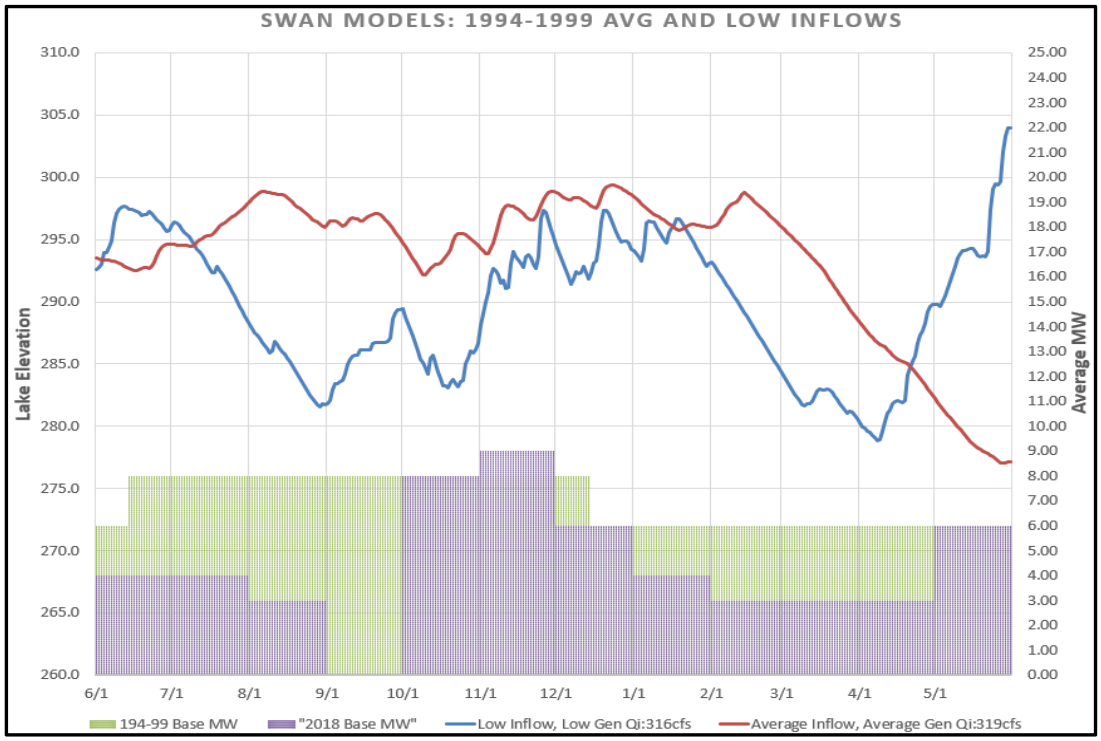


Figure 7: Swan Lake Reservoir Plot:

The 2019 Swan Lake reservoir model as illustrated in Figure 7 above illustrates the two case scenarios as discussed in preceding sections. Both scenarios were modeled to illustrate recovery scenarios for Swan Lake without the STI utilizing fixed outputs of Swan Lake generators. Modeling inflows using the low inflow (2018 averages) (blue line) illustrate that Swan Lake will not recover for the duration of the 2019 calendar year if a repeat of 2018 inflows is realized. In the case of using 1994-1999 average inflows, Swan Lake remains between elevation 280-300 feet. The loads modeled are illustrated in the bar graphs. The green bar graph illustrates modeled loads for the average inflow case (red line) and the gray bar graph illustrates modeled loads for the low inflow case (blue line).

6.2 Coordination of KPU Supplemental Diesel Generation

Ketchikan's Firm Power Requirements are typically provided by SEAPA in accordance with the PSA by utilizing Swan Lake's Dedicated Output and Tyee Lake's Additional Dedicated Output. However, under the current water conditions, Tyee does not currently have Additional Dedicated Output available. It is therefore prudent to formalize integration of KPU Supplemental Diesel Generation to ensure compliance with the Power Sales Agreement.

It is well known from historical lake levels and Ketchikan load profiles prior to the installation of the STI transmission line that Swan Lake does not have the capacity to meet the Firm Power Requirements of Ketchikan without Additional Dedicated Output from Tyee. On a typical year, Tyee Lake has capacity to provide Additional Dedicated Output. Pursuant to the PSA and with consideration of the current conditions, SEAPA coordinated with KPU to minimize overall use of diesel, maximize utilization of Swan Lake's output and avoid future spill. The outcome of coordinating KPU Supplemental Diesel Generation is discussed below with reference to the figure below.

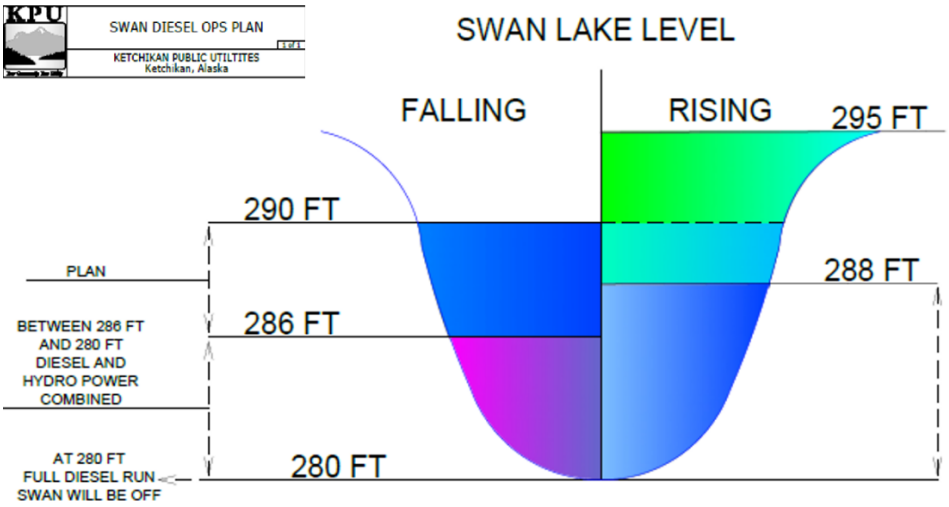


Figure 8: KPU Swan Diesel Ops Plan

During a drafting period of Swan Lake (typically early Spring), at an elevation of 286ft, KPU may utilize supplemental diesel generation to slow the draft rate at Swan Lake until the Draft Limit of 280ft is reached. Once the Draft Limit of 280ft has been reached, Swan Lake generators may remain off and KPU may utilize full diesel generation to meet Ketchikan's Full Power Requirements until an elevation of 288ft is reached. During a rising recovery period, KPU diesel generation should be terminated at elevation 288ft and Swan Lake should be utilized to meet the Firm Power Requirements of Ketchikan if Swan Lake has generating capacity to do so.

6.3 Tyee Lake Reservoir Plot (Operations Plan)

The 2019 Tyee Lake reservoir model (Figure 9) demonstrates 3 case scenarios, a guide/curtailment curve and a sales curve. All models represent Petersburg and Wrangell loads only, with three inflow cases. The Tyee 2018 inflow case (plus 10ft) with average loads represents the guide curve and will be considered as a curtailment curve (red line). If Tyee Lake elevations fall below this curve, Additional Dedicated Output will be considered unavailable and net sales from Tyee to Ketchikan will be curtailed. Tyee will remain curtailed until Tyee Lake levels have reached the sales curve (green line). The area between the Sales curve and curtailment curve is considered the Tyee Operations Band. Once the elevation of Tyee Lake has reached the sales curve (green line), Additional Dedicated Output will be made available to Ketchikan for as long as Tyee Lake levels remain above the curtailment curve (red line). The Balancing Lakes section discusses optimizing Swan Lake efficiencies during curtailment periods, where Tyee may be used to provide frequency support under certain conditions. This Operations Plan is extremely conservative, using 2018 low inflow data plus 10ft and will maintain 20 to 30 feet in Tyee Lake (to the Draft limit) for the sales and curtailment curves.

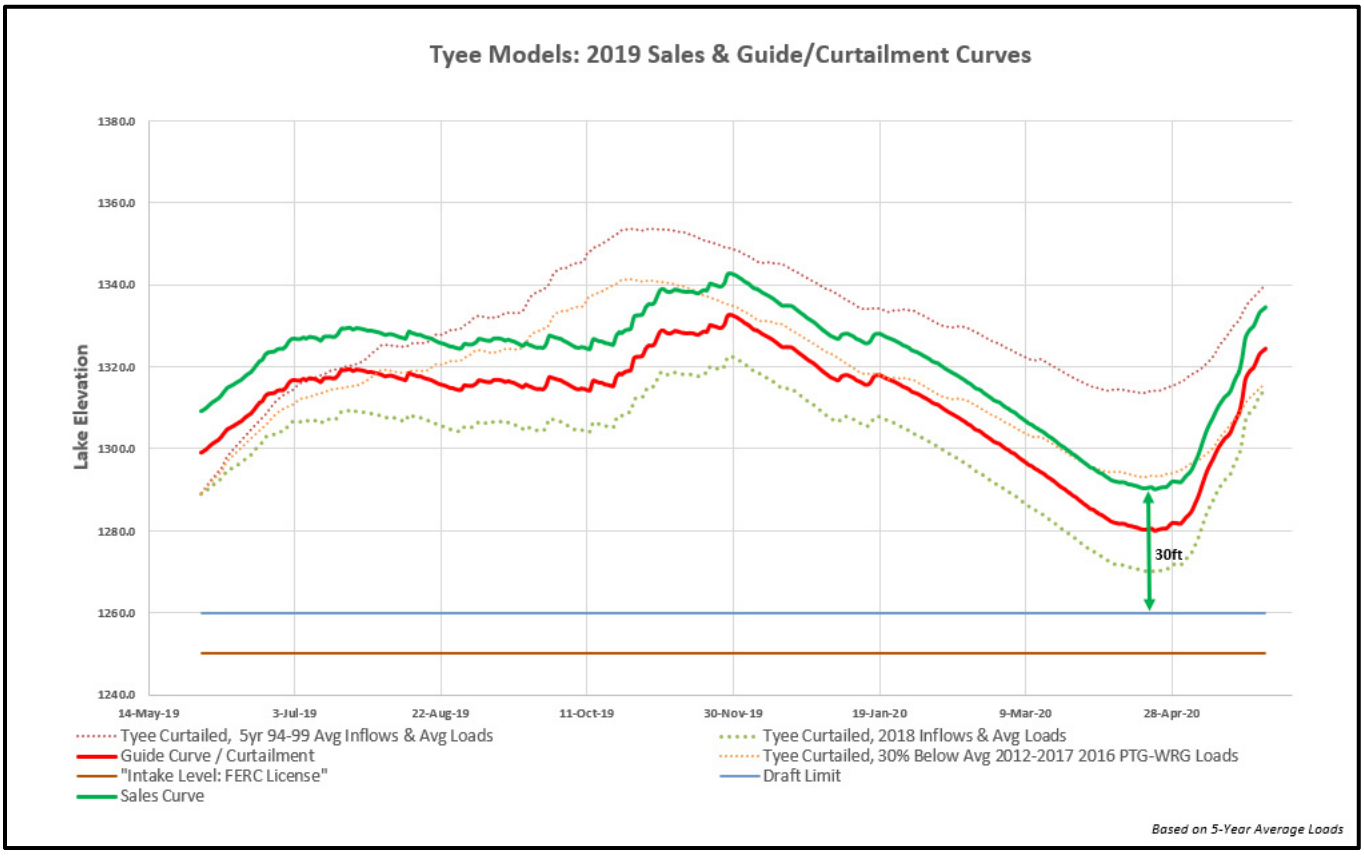


Figure 9: Tyee Lake Reservoir Plots

6.4 Coordination of Petersburg & Wrangell Supplemental Diesel Generation

Petersburg and Wrangell's Firm Power Requirements are typically provided by SEAPA in accordance with the PSA by utilizing Tyee Lake's Dedicated Output. Under the current water conditions, Tyee does not currently have Additional Dedicated Output available to be dispatched South. Petersburg and Wrangell's Firm Power Requirements will be met by utilizing existing energy in Tyee and future potential energy from precipitation (inflows). It is therefore prudent to formalize integration of Petersburg and Wrangell Supplemental Diesel Generation to ensure compliance with the Power Sales Agreement.

It is well known from historical lake levels and Petersburg/Wrangell load profiles prior to the installation of the STI transmission line that Tyee typically has the capacity to meet the Firm Power Requirements of Petersburg and Wrangell. On a typical year, Tyee Lake has capacity to provide Dedicated Output plus Additional Dedicated Output. If however, inflows are significantly less than the 2018 inflow season, Tyee could draft to the Draft Limit, without any sales to Ketchikan. Coordination of Petersburg and Wrangell Supplemental Diesel Generation is discussed below with reference to the figure below.

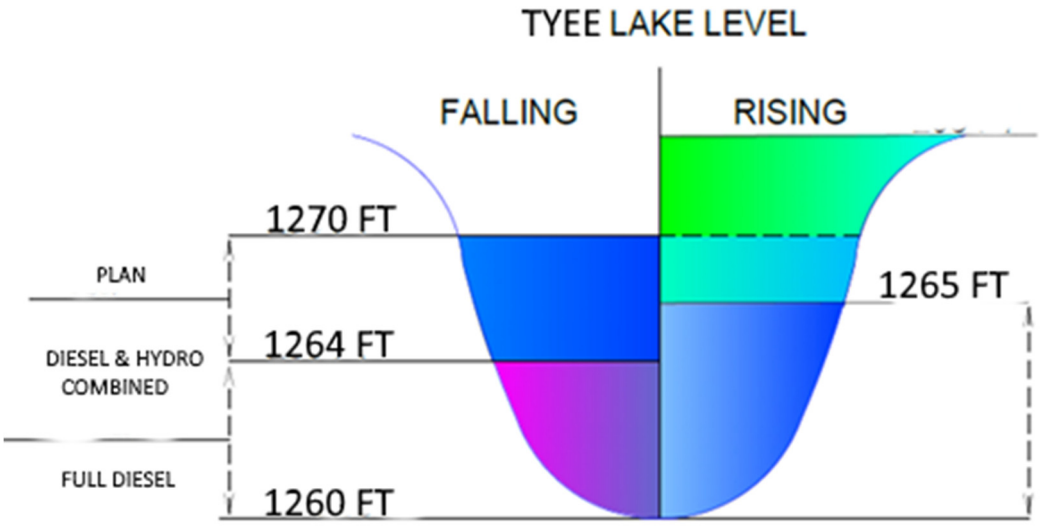


Figure 10: PTG & WRG Tyee Diesel Ops Plan

During a drafting period of Tyee Lake (typically early Spring), at an elevation of 1264ft, Petersburg and Wrangell may utilize supplemental diesel generation to slow the draft rate at Tyee Lake until the Draft Limit of 1260ft is reached. Once the Draft Limit of 1260ft has been reached, Tyee Lake generators may remain off and Petersburg and Wrangell may utilize full diesel generation to meet Petersburg and Wrangell's Full Power Requirements until an elevation of 1265ft is reached. During a rising recovery period, Petersburg and Wrangell diesel generation should be terminated at elevation 1265ft and Tyee Lake should be utilized to meet the Firm Power Requirements of Petersburg and Wrangell if Tyee Lake has generating capacity to do so. At elevations above the sales curve in Figure 9 (green line), SEAPA may utilize Tyee Lake for Additional Dedicated Output to maximize utilization by sending power from Tyee Lake, across the STI, to Ketchikan (see Balancing Lakes section for further details).

7.0 Balancing Lakes

The Power Sales Agreement requires SEAPA to maximize utilization and optimize output of Tyee Lake and Swan Lake facilities through the use of water management and other efficient dispatch procedures adopted by the Agency. Water management and efficient dispatch is referred to by the Agency as balancing lakes. The following sections discuss how the Agency uses load tables, efficient dispatch and generation plans for balancing lakes to maximize utilization and optimize output of Tyee and Swan.

7.1 Load Tables

Operations Table

	STCS MW	S1	S2	T1	T2
1	4.00	0.00	0.00	2.00	2.00
2	10.00	0.00	0.00	5.00	5.00
3	12.00	5.00	0.00	3.50	3.50
4	14.00	6.00	0.00	4.00	4.00
5	15.00	7.00	0.00	4.00	4.00
6	16.00	8.00	0.00	4.00	4.00
7	17.00	9.00	0.00	4.00	4.00
8	18.00	9.00	0.00	4.50	4.50
9	19.00	9.00	0.00	5.00	5.00
10	20.00	9.00	0.00	5.50	5.50
11	22.00	9.00	0.00	6.50	6.50
12	24.00	9.00	0.00	7.50	7.50
13	26.00	9.00	0.00	8.50	8.50
14	28.00	10.00	0.00	9.00	9.00
15	29.00	10.00	0.00	9.50	9.50
16	30.00	10.00	0.00	10.00	10.00
17	31.00	11.00	0.00	10.00	10.00
18	32.00	11.00	0.00	10.50	10.50
19	33.00	11.00	0.00	11.00	11.00
20	34.00	11.00	0.00	11.50	11.50

Figure 11: STCS Load Table

The Swan-Tyee Control System (STCS) is used by the Agency to automate Swan Lake generators for maximizing efficiency, delivering Firm Power Requirements and balancing lake levels. STCS is a visual basic program that utilizes Load Tables (Figure 11) to input Swan Lake generation setpoints into the governors at specific total SEAPA system loads. Load tables are developed on a weekly basis. Changing Swan Lake generator setpoints in the load tables allows SEAPA to draft Swan and Tyee lakes at increased or decreased rates, to follow guide/sales curves and stay above curtailment curves if possible.

Load Tables are developed weekly based on lake levels, draft rates, load forecasts, weather forecasts and efficiency curves (Figure 12 and Figure 13). SEAPA forecasts total system loads weekly by using historical data from the previous week and adjusting according to new loads (fish loads etc.) to include temperature corrections for the upcoming week. On average, SEAPA total system loads change in the winter months as a function of temperature at a rate of 0.67% per degree-day Fahrenheit. Adjusting load tables change the draft rates however if load table adjustments do not slow the draft rate at Tyee and the curtailment curve is reached, net sales from Tyee to Ketchikan will be curtailed. To maximize efficiency at Swan and Tyee during a curtailment period, transfer of energy across the STI will be balanced daily, with zero net sales. The overall sum of energy transferred across the STI (continuously summed and recorded weekly) will be maintained at zero total megawatts. During a curtailment period, Tyee will be used exclusively for Petersburg and Wrangell Firm Power Requirements and for maximizing efficiencies as discussed in the following sections.

7.2 Efficiency Curves

Swan Lake generators have Francis, reaction type turbines designed specifically for operation in a range from approximately 270 feet to 350 feet of net head. Figure 12 (below) illustrates the efficiency curves for the Swan Lake turbines at various lake elevations. As seen from the figure below, efficiency of the Swan Lake turbines drops off significantly as loads are reduced below 9.5MW. If for example Swan Lake was operated at 5MW at elevation 290 feet, the efficiency of the turbine would be at 83%. The turbine efficiency curves below do not include penstock losses, generator windage losses, I^2R losses and all other stray losses that can reduce the efficiency by another 5-10%. By operating the Swan Lake generators in the efficiency zone, 92-94% turbine efficiencies can be achieved, thereby saving over 10% of wasted water (for a 5MW target). For SEAPA to operate Swan Lake turbines in their efficiency zones, cycling the units on-and-off (once a day or every few days) may be required to meet target MW and manage lake levels.

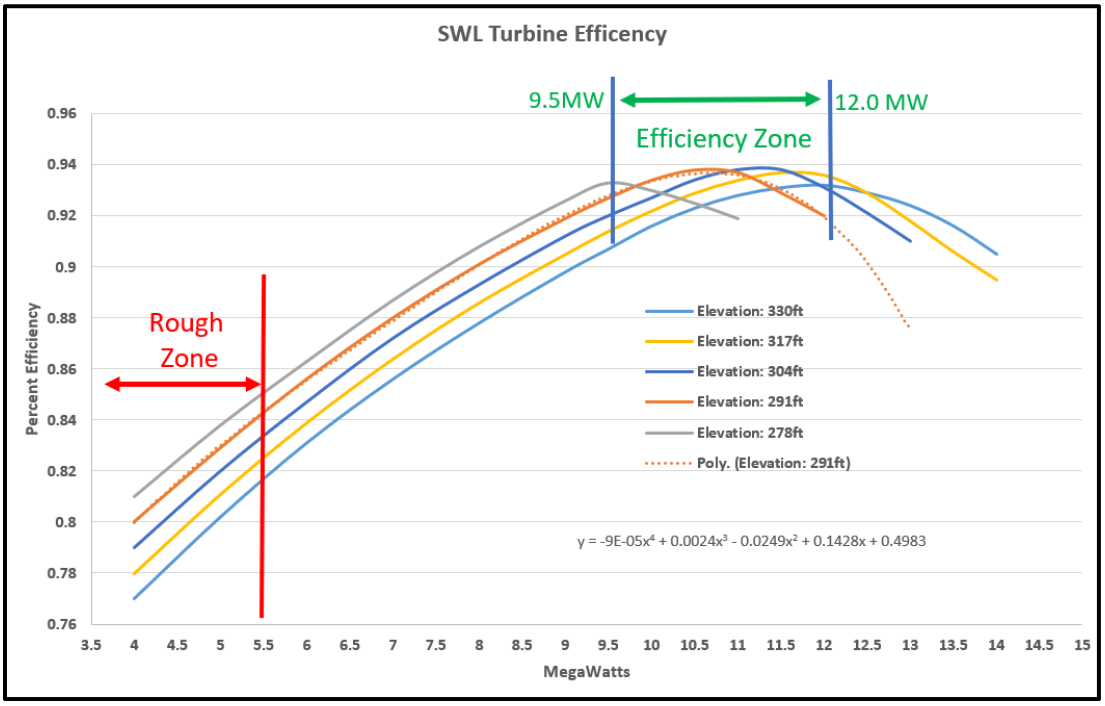


Figure 12: Swan Lake Turbine Efficiency Curves

Swan Lake generators begin to vibrate significantly as the turbines cavitate in the rough zone. The rough zone for Swan Lake generators is approximately between 2.5MW and 5.5MW. Rough zone operation causes abnormal wear and tear due to vibration and cavitation. Maintenance costs are greatly increased by operation in this zone to include increased cavitation repair, bearing damage, fatigue cracking, electrical generator winding damage and much more. Due to increased maintenance, operation in the rough zone will also reduce availability while making repairs. For reasons as stated above, SEAPA will not operate Swan Lake generators in the rough zone for extended periods of time.

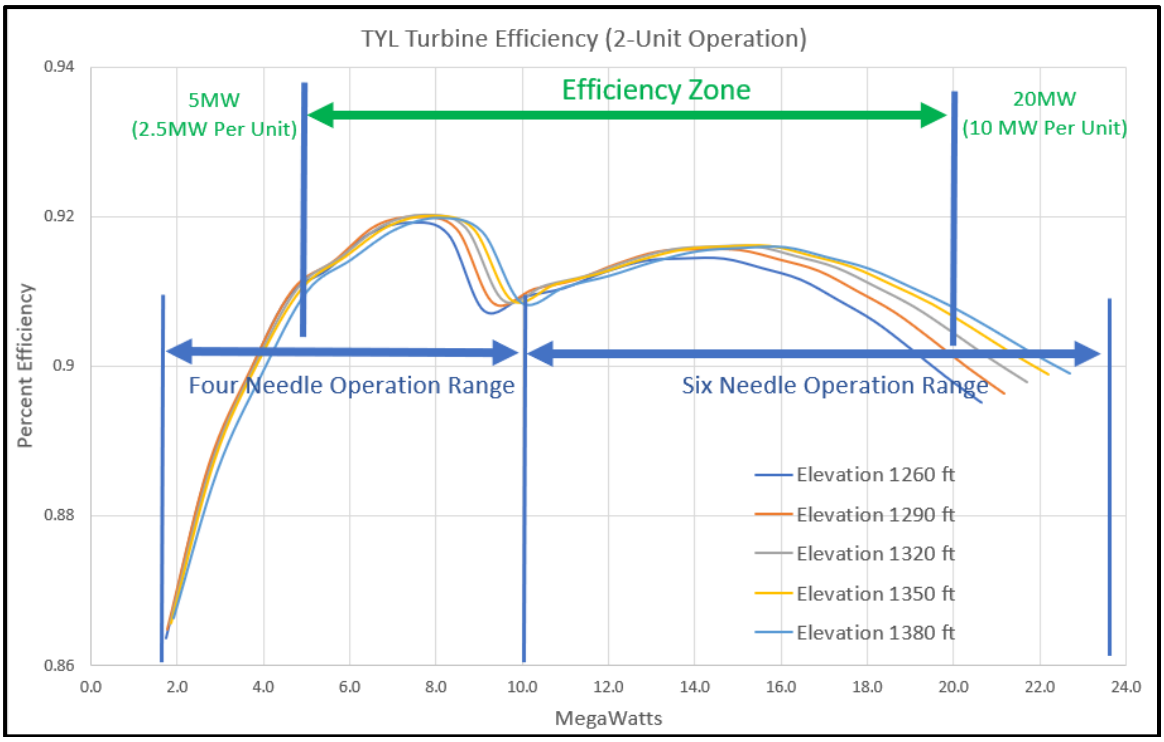


Figure 13: Tyee Lake Turbine Efficiency Curves'

Tyee lake generators have Pelton, impulse type turbines designed specifically to operate in a range from 1250 feet to 1400 feet net head. Figure 13 (above) illustrates the efficiency curves for the Tyee Lake turbines at various lake elevations. As shown in the figure above, operation of the Tyee Lake turbines has a very broad efficiency range. Impulse machines generally have a much flatter/broader range for efficiency compared to reaction machines, which allow them to operate at lower MW and remain in their efficiency zone. What is also evident is the efficiency gains achieved in the governors at Tyee by sequencing the needle valves from 6-valves to 4-valves at specific cfs ranges.

7.3 Optimizing Output

The Swan Lake reservoir plots in Figure 7 illustrate that for the lake to maintain levels above the Draft Limit, an average of 2MW to 8MW will likely be required throughout the year. Operating Swan Lake below 8MW will cause the machine(s) to run extremely inefficient (upwards of 20% of the water could be wasted in turbine efficiency losses at 2MW loads). To maximize Swan Lake efficiency, the generators will be operated using load tables or fixed generation points inside the efficiency zone as much as practicable. When isochronous support is requested by KPU during curtailment periods, Tyee will be used for isochronous support only. Megawatt-hours sent to the South for isochronous frequency support from Tyee during a curtailment period will be summed daily and returned to the North from Swan on a daily or multi-day basis. The net transfer of energy during curtailment periods will be zero (recorded at the Tyee ST-11 breaker) and reported weekly during the Tuesday Operations meetings.

7.3.1 Example: Optimizing Output by Increasing Efficiency

Start Date of Operations Plan: July 1

Swan Lake Elevation (on start date): 290ft

Average Inflows: 288cfs

Average MW to match Inflows: 5MW

For the above numbers, where Swan Lake is at elevation 290 feet and the inflows due to precipitation are an average of 288 cfs, Swan Lake can be operated at an average of 5MW to maintain a lake elevation of 290 feet. If Swan Lake is operated continuously at this rate for 10-months as an example, the total number of megawatt-hours produced would be approximately 36,000MWhrs.

Operating Swan Lake generators at 5MW continuously would cause the average turbine efficiency of the Swan Lake generator(s) to be 83% (see Figure 12). To maximize efficiency of the generators, the unit(s) could be operated 50% of the time at 10MW (at a turbine efficiency of 93%), thereby gaining over 10% in efficiency. Over the same 10-month period, the 10% gains in efficiency (for this example) would equate to 3,600 MWhrs or 1 more month of operations for the same amount of water.

Under normal operating circumstances for this example, KPU would operate isochronous diesel generators 50% of the time when the Swan Lake unit is off to provide for the frequency support that the Swan Lake generator(s) provide when in service. Under circumstances whereas isochronous diesel generator support is not available from KPU due to mechanical or ADEC time/fuel limitations, the STI would be utilized and Tyee generators would provide isochronous frequency support. Operating Swan Lake at 10MW greatly increases efficiency in this case. For Tyee isochronous support periods, 5MW of the 10MW total generation from Swan Lake would be sent to the North 50% of the time (half-day), When Swan Lake is turned off (the other 50% or half-day), 5MW would then be sent from Tyee to the South. The result would be a net of zero megawatt-hours transferred across the STI (or used from Tyee for support) and an increase of 3,600 MWhrs of Swan Lake outputs due to efficiency gains for the 10-month period. This example is a way SEAPA may operate facilities by balancing lakes through the use of water management and efficient dispatch to optimize outputs.

7.4 Maximizing Utilization

Precipitation in Southeast Alaska has historically had large swings from year-to-year. For example, in 1996, the precipitation was recorded at 108 inches. The next year, in 1997, precipitation increased to 165 inches. The third year, in 1998, precipitation was recorded at a record low of 102 inches, 63-inches less than 1997. Year-over-year, precipitation swings of as much as 60-inches have been recorded. On average (depending on saturation and lake levels), an inch of rain is equal to over two feet of water in Tyee lake and approximately one foot of water in Swan lake. To equate that to lake levels, Tyee would have had nearly 120 more feet of water in 1997 than in 1996.

To maximize utilization of both Tyee and Swan, as an example for this three-year period, would require drafting Tyee and Swan as much as possible in 1996 to capture the high inflows in 1997 and use the stored energy from 1997 to make it through the drought in 1998. On average, Petersburg and Wrangell use approximately 200 feet of lake at Tyee per year as Dedicated Output to meet Firm Power Requirements. In 1997, the amount of inflows (160 inches) would have equated to approximately 320 feet of water in Tyee lake. Without the STI, Tyee would have spilled approximately 120 feet of water from the lake under 2018 load requirements. For a reference, 120 feet of water in Tyee lake is approximately 51,600 MWhrs.

Drafting Tyee great enough to capture potential spilled energy requires dispatch of Additional Dedicated Output from Tyee to Ketchikan. Without Additional Dedicated Output, Tyee would spill excessively. SEAPA has been able to maintain a wholesale power rate of 6.8 cents for the past 20-years by maximizing utilization with Additional Dedicated Outputs through balancing lakes, thereby minimizing excessive spill. However, maximizing utilization, has inherent risk as it pertains to Dedicated Output.

7.4.1 Draft Limits

A Swan Lake Draft Limit was informally adopted by KPU prior to the installation of the STI to maintain contingency for diesel generators when lake levels were low. If a KPU diesel generator failed, water in Swan Lake could have been used for a limited number of contingency days until necessary repairs could be made. A Tyee Draft Limit was not taken into consideration prior to the STI because Tyee at the time was a stranded asset, with more than twice the lake capacity required to meet the Firm Power Requirements of Petersburg and Wrangell.

The Power Sales Agreement signed in 2009 did not take into consideration Draft Limits because it would have been contradictory to the term maximum utilization. When for example a Draft Limit is reached and hydro generation is displaced by diesel generation, maximum utilization is reduced by the lesser of the amount of energy available from water in the lake below the Draft Limit (to the FERC limit) or the amount of energy from diesel generation that displaced hydro generation.

Every year since the 2009 Power Sales Agreement, the Operations Plan has had provisions for Draft Limits at both Swan and Tyee. SEAPA has recommended to the Board on multiple occasions to lower Draft Limits to maximize utilization of both Swan and Tyee. In the December 2018 Board Meeting, the Board voted to raise the Swan Lake Draft Limit (thereby reducing utilization further) by 8 feet from elevation 272 feet to 280 feet. Since the installation of the STI, contingency for diesel generation has continued to be a concern. In recent meetings, prominent members of all three communities began discussing utilizing diesel generators from other communities (dispatched through SEAPA transmission lines) as contingency. Using diesel generators for diesel contingency (instead of SEAPA hydro) would be prudent and would improve SEAPA utilization at both Tyee and Swan lake.

SEAPA will continue to encourage and facilitate discussion amongst Member Utilities to conceivably resolve diesel-for-diesel contingency solutions. For Draft Limits approved in the December 2018 Board Meeting (Tyee: 1260ft and Swan 280 ft), there will be 18.5 feet of water (both lakes combined) not utilized every year. On a dry year, that equates to 7,465MWhrs of unused resources and on a wet year (spill), that doubles to 14,930MWhrs.

7.4.2 Tyee Lake Draft

Optimizing water resources is important for maximizing resource outputs as required by the Power Sales Agreement (Section 5: Operations Plan) and insuring FERC licensed limits are retained. It is however also SEAPA's mission to ensure Dedicated Outputs are delivered to meet the Firm Power Requirements of the Purchasing Utilities. In February and March of 2019, continued drought conditions in conjunction with a cold front (Polar Vortex) caused increased loads and reduced inflows at Tyee. As a result, Tyee Lake approached the Draft Limit constituting a diesel campaign in Petersburg and Wrangell.

The total MWhrs produced by diesel generation in Petersburg and Wrangell was 7,010 MWhr. Combined with the 3,000 MWhrs that were sent from Swan Lake, Tyee Lake had a deficit of 10,010MWhr to meet the Firm Power Requirements of Petersburg and Wrangell. At an average of 415MWhr per foot of lake (at low levels), Tyee Lake would have required 24 additional feet of water to meet the Firm Power Requirements of Petersburg and Wrangell. The curtailment curve in Figure 9 illustrates utilizing a worst-case scenario (a repeat of 2018). For this inflow case, Tyee will have 20-30 feet of water in the lake at maximum draft. Because the models do not include Additional Dedicated Output from Tyee, which is typically used to modulate (balance) the lake, it is important to ensure that a deficit of 24 feet as realized in the winter of 2019 does not occur again in the late winter of 2020. The curtailment curve in this plan (red line) increases the probability that diesel operations in Petersburg and Wrangell should not be required in the late winter and early spring of 2020.

7.4.3 Swan Lake Spill

The maximum Swan Lake reservoir height was raised from elevation 330 ft to elevation 345 ft at the end of 2016. Calendar year 2017 was the first year that the benefits of this effort were realized. In September 2017, Swan Lake reached an elevation of 335.8 ft. This added 3,723MWh of energy captured, that would have otherwise been lost to spill. With recent water conditions, the energy captured in 2017 has already and will in the future continue to displace Diesel Generation (up to the maximum energy captured). Similar to that of the 2018 Ops Plan, SEAPA plans to operate Swan Lake above elevation 330 ft. in the following manner:

- Elevations 330 ft. to 339 ft. - Both generating units will be fully available and the vertical gate will be operable. Water will be stored for future use.
- Elevations 339 ft. to 342 ft. - Both units will operate to their highest levels that loads permit to draft the reservoir back down to 339 ft. or below, this will most likely occur in spring and fall and assist with refilling Tyee Lake as increasing Swan Generation will reduce Tyee Generation for a given SEAPA delivery schedule.
- For the first few years, water above elevation 342 ft. will be immediately spilled by automatic operation. At elevation 335.8 ft. as seen in September 2017, there were little signs of Flashboard leakage. Testing is still required at higher elevations. Flashboards automatically release at elevation 347 ft.

7.4.4 Tyee Dedicated Output

As stated in preceding sections, Petersburg and Wrangell typically require approximately 200 feet of water from Tyee Lake a year to meet their Firm Power Requirements for that respective year. Tyee Lake has a capacity to only hold 150 feet of water (Elevation 1250ft to 1400ft) before it spills. Because Petersburg and Wrangel require more water from Tyee lake to meet their Firm Power Requirements than the lake has capacity for, any sales to Ketchikan could potentially be Dedicated Output. For example, consider the following scenario:

> *Tyee has a lake level elevation of 1400 feet. The lake is completely full whereas a single inch of rain would cause it to spill. If SEAPA dispatches one MWhr from Tyee to Ketchikan and there is no rain for the rest of the year, that one MWhr would have been dispatched as Dedicated Output and not Additional Dedicated Output.*

On an average year, Tyee Lake receives between 250 feet and 350 feet of water from precipitation in a water cycle (year). Without dispatch of Tyee to Ketchikan, all inflows (water) in the lake greater than 200 feet would be spilled (wasted energy). As a result, SEAPA sales would be greatly reduced, possibly causing a requirement for the Agency to raise the Wholesale Rate to meet fixed O&M costs and Capital investment expenditures.

Dispatch of Tyee Additional Dedicated Output benefits all three Member Utilities and allows the Agency (in part) to maintain the lowest Wholesale Rate possible. For reasons as stated above, there are risks associated with dispatch of Tyee to the South on both ends of the spectrum. Under-dispatch of Tyee could cause the lake to spill. Over-dispatch of Tyee could cause the Northern Communities to burn diesel that would have been avoided by use of Tyee's Dedicated Output that was dispatched to the South. In theory, ideal dispatch of Tyee Lake's Additional Dedicated Output occurs if Tyee Lake reach's the Draft Limit at maximum draft and Petersburg and Wrangell are not required to burn diesel unnecessarily.

When Additional Dedicated Output from Tyee is dispatched to the South, it either reduces the draft rate or increases the recovery rate of Swan Lake. In either case, water levels in Swan Lake (over a discreet time interval) are directly impacted (increased) by the amount of Additional Dedicated Output sent South from Tyee.

8.0 Emergency Operations Plan Deviation

Deviation from this Operations Plan by SEAPA or a Member Utility shall not be permitted except under the following circumstances:

- Safety concerns whereas any human life is at risk of injury or death
- Declaration of an emergency by a Member Utility whereas immediate action is required to prevent rolling blackouts
- Equipment damage concerns whereas immediate action is required to prevent damage to SEAPA or Member Utility equipment or assets
- Supermajority vote of the Board of Directors dictates otherwise

In the event of a deviation, a Special Board Meeting shall be held as soon as practicable to discuss necessary actions. If a non-emergency deviation is requested by SEAPA or Member Utility, a Special Board Meeting shall be held for approval prior to any deviation.

9.0 Communication

SEAPA's Operations Manager is the primary point of contact for SEAPA operations. In the event that the Operations Manager is not available, a designee will be assigned. For the purposes of Tuesday Operations Calls and disseminating information with regard to SEAPA operations to respective Member Utility communities and prominent leaders, each respective Member Utility shall assign a primary point of contact. The primary point of contact or designee shall be provided to SEAPA. All SEAPA communications regarding Operations shall be routed through each Member Utility's established point of contact or designee. The Member Utility's primary contact will be responsible for disseminating information to the Tuesday Operations Call group and any other respective community leader as each Member Utility deems appropriate.

10.0 2019 Revised Operations Plan Summary

Section 5 of the Long-Term Power Sales Agreement provides the following:

> **Operations Plan Development.** … The objectives of the Operating Plan shall include maximizing the utilization of the output of the Agency Facilities and optimizing the output of the Agency Facilities in order to serve the Purchasing Utilities' Firm Power Requirements as set forth pursuant to this Agreement, through the use of water management and other efficient dispatch procedures adopted by the Agency, subject to Dedicated Parties' priority access to Dedicated Output. … [Emphasis added]

For the reasons demonstrated in the proposed Operations Plan and pursuant to the Power Sales Agreement, SEAPA staff proposes guide/curtailment curve elevations be used by the scheduling group as guides. If lake levels fall below the guide curves, SEAPA will manage water resources, in consideration of current conditions, with an overall objective of restoring lake levels to their respective guide curves. As lake levels approach the annual minimum Board approved draft limits (Tyee: 1260 ft. and Swan: 280 ft.), SEAPA and the dedicated resource holder(s) will enter into discussions as to whether curtailments will be issued by SEAPA. Guide curve elevations and minimum draft limits for Swan Lake and Tyee Lake are listed in Figure 7 and Figure 9 and correspond with the table below.

SEAPA 2019 Revised Operations Plan Guide Curve Values

Mth/Day	7/5	8/25	9/18	10/18	11/20	12/4	1/5	2/6	3/5	4/10	4/18	4/28	5/28
SWL Guide Curve Elevation (ft)	295.8	282.5	286.2	283.2	293.8	293	294.2	291.7	282.9	280	281.9	289.2	301.2
TYL Guide/Curtailment Curve Elevation (ft)	1316.7	1314.9	1315.4	1315.6	1328.6	1330.7	1316.8	1311.3	1298.9	1281.7	1280.3	1281.9	1323.2

For reference, past Operations Plan minimum draft limits are listed below. With the predicted low inflows for CY2019, the proposed 2019 Revised Operations Plan proposes that Swan Lake and Tyee Lake draft limits be 280ft and 1260ft respectively.

SEAPA Historical Draft Limits						
	2014	2015	2016	2017	2018	2019
Swan Lake	275 ft.	285 ft.	275 ft.	273 ft.	273 ft.	280 ft.
Tyee Lake	1265 ft.	1280 ft.	1270 ft.	1261 ft.	1261 ft.	1260 ft.

Please consider the following suggested motion:

SUGGESTED MOTION
I move to approve the 2019 Revised SEAPA Operations Plan as presented in the June 19-20, 2019 Board packet.

SOUTHEAST ALASKA POWER AGENCY

Date: June 12, 2019

To: Trey Acteson, Chief Executive Officer

From: Ed Schofield, Power System Specialist

Subject: Swan Lake Gangway & Pier Replacement Project

A Request for Proposals for SEAPA's Swan Lake Gangway & Pier Replacement Project ("Project") was advertised on May 10, 2019. Two (2) bids were received on June 7, 2019 as follows:

Bidder	City/State	Lump-Sum Bid Amount
Western Dock and Bridge, LLC	**Ketchikan, Alaska**	**$237,000.00**
Pool Engineering Inc.	**Ketchikan, Alaska**	**$256,700.00**

The proposals were primarily evaluated on competitive pricing, experience record and references, proposed work schedule and construction plan, approach to the work, safety plan and record, and contractor's workmanship warranty. Based upon an evaluation of the proposals, staff recommends award of this Project to Western Dock and Bridge, LLC. Their bid is reflected in the R&R19311 budget for this Project plus a 15% contingency.

Please consider the following suggested motion:

SUGGESTED MOTION
I move to authorize staff to enter into a contract with Western Dock and Bridge, LLC for SEAPA's Swan Lake Gangway & Pier Replacement Project for the lump-sum bid amount of $237,000, plus a 15% contingency of $35,550 for a total of $272,550 for this Project.

SOUTHEAST ALASKA POWER AGENCY

Date: June 13, 2019

To: Trey Acteson, Chief Executive Officer

From: SEAPA Board of Directors

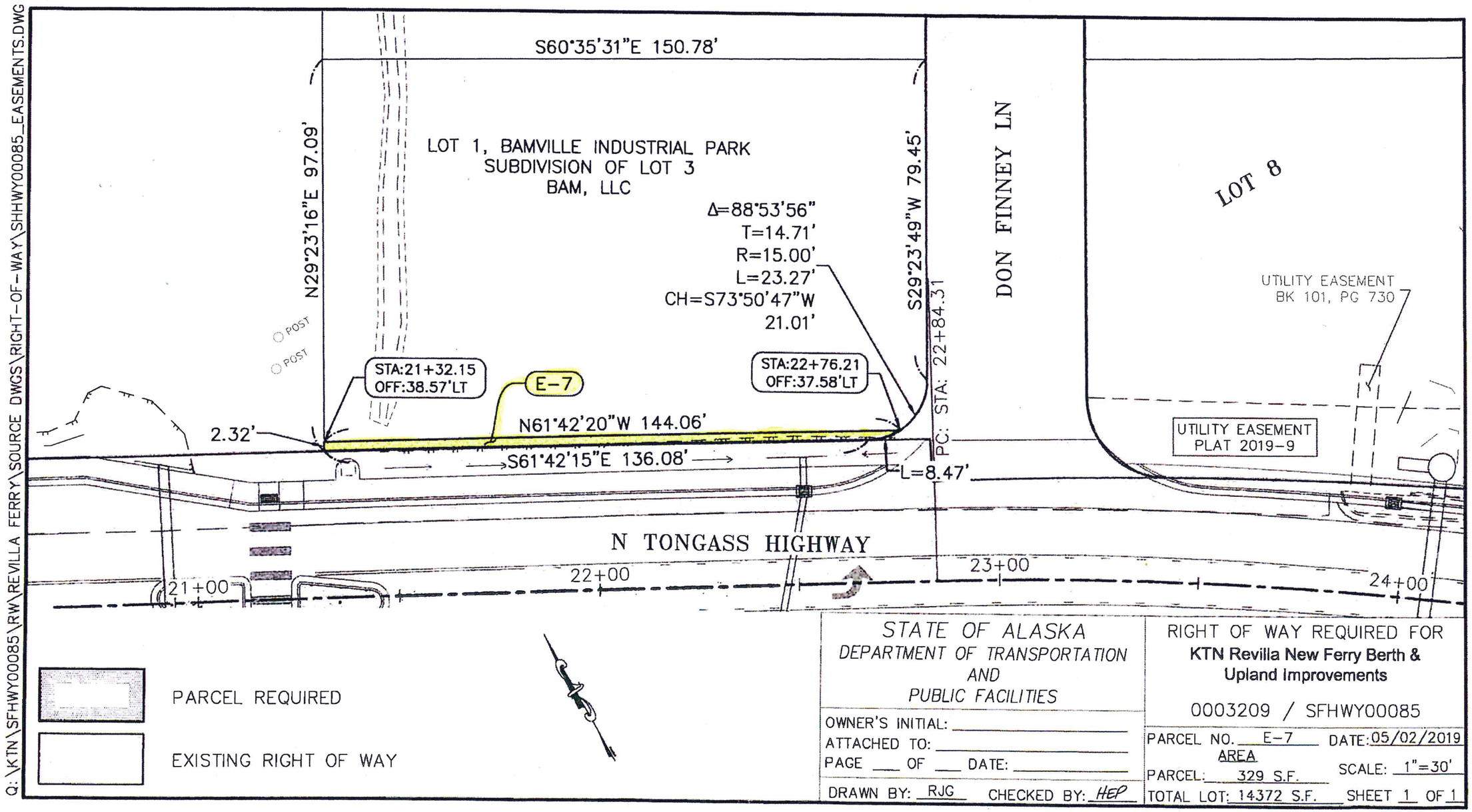
Subject: State Department of Transportation Easement Request

Following an executive session during the February 28, 2019 SEAPA Board meeting, the Board authorized me to follow up on an offer to purchase real property in Ketchikan. The real property was purchased and shortly after the deed was recorded, the State of Alaska Department of Transportation & Public Facilities (DOT&PF) contacted our office to request a 329 square foot (SF) easement on the property. They are preparing to improve the uplands in the vicinity of the Revilla Ferry Terminal in Ketchikan as the existing infrastructure needs upgrades due to anticipated improvements and increasing transport at the ferry facilities. They advise the easement request is necessary for constructing a ditch, drainage, and any future maintenance. The easement area is on SEAPA's Lot 1, adjacent to the DOT&PF's North Tongass right-of-way as shown on the attached drawing. The DOT&PF has offered to pay SEAPA $3,900 for the easement interest. I will elaborate further during the board meeting if there are any questions.

Please consider the following suggested motion:

SUGGESTED MOTION
I move to authorize the Southeast Alaska Power Agency's (SEAPA) CEO to accept the State of Alaska Department of Transportation & Public Facility's offer to acquire a 329 square foot easement interest in SEAPA's Lot 1, Bamville Industrial Park Subdivision of Lot 3, 4300 Tongass Avenue, in Ketchikan, Alaska for $3,900 to construct a ditch, drainage, and any future maintenance, and further authorize SEAPA's CEO to sell, grant, and convey said easement interest, and execute any agreements and documents necessary to effect the transaction for the DOT&PF's Project SFHWY00085 - KTN: REVILLA.

Attachment:
DOT&PF Drawing of Proposed Easement Area



STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND
PUBLIC FACILITIES

OWNER'S INITIAL: _____
ATTACHED TO: _____
PAGE ___ OF ___ DATE: _____
DRAWN BY: RJG CHECKED BY: HEP

RIGHT OF WAY REQUIRED FOR
KTN Revilla New Ferry Berth & Upland Improvements

0003209 / SFHWY00085

PARCEL NO. E-7 DATE: 05/02/2019
AREA
PARCEL: 329 S.F. SCALE: 1"=30'
TOTAL LOT: 14372 S.F. SHEET 1 OF 1

SOUTHEAST ALASKA POWER AGENCY

457(b) Administration

To: **SEAPA Board of Directors** From: **Trey Acteson** Date: **June 5, 2019**

SUGGESTED MOTION
I move to retain Spectrum Pension Consultants to administer SEAPA's 457(b) Deferred Compensation Plan.

SEAPA offers all employees the opportunity to participate in its 457(b) Deferred Compensation Plan (Plan). The Plan is currently invested with Homestead Funds, a division of the National Rural Electric Cooperative Association (NRECA). All benefits for administrative personnel are currently offered through NRECA. The Plan is administered by SEAPA's Controller.

Earlier this year we began investigating other administrative options for the Plan with the following goals in mind:

- Increase employee access and control over their retirement accounts. (Employees currently receive a quarterly paper report of their accounts, but otherwise cannot view their account activity. Investment changes must be made by phone or through the Controller.)
- Increase investment options. (Homestead offers only eight investment funds.)
- Ease administrative burden. (Enrollment, investment changes, loan administration, reconciliations, and distributions, including tax reporting, are currently performed by the Controller.)

Attached is a report from Reliant Consulting that assesses four Washington firms with the potential to administer SEAPA's 457(b) Plan and recommends Spectrum Pension Consultants (https://www.speconsultants.com).

A preliminary estimate of costs is $3,000 annually. SEAPA currently pays $1,000 annually to NRECA. If approved, the transition would then be scheduled with Spectrum and pursued in a timely manner.

Southeast Alaska Power Agency
457(b) PLAN
Recordkeeper/Administration Recommendation

I. Background & Executive Summary

The Southeast Alaska Power Agency (SEAPA) is the sponsor of a 457b Deferred Compensation Plan for the benefit of its eligible employees. The Plan is a defined contribution type plan where SEAPA & its employees make contributions to the Plan. Individual Accounts are maintained for each participant.

Reliant Consulting & Research Inc. was previously retained to provide a review of the SEAPA 457(b) Plan with respect to the Plan's administrative structure and investment performance. After that review, SEAPA determined that it would outsource the administration of its 457(b) Plan with the following objectives:

1. Identify a Custodian that will accommodate the Homestead Mutual Funds and other investment fund alternatives.
2. Identify Recordkeeper/Administrative Services candidates to support the SEAPA 457(b) plan.
3. Improve Plan Administration capabilities to support plan participant services.

Reliant has reviewed alternative structures consisting of a Custodian and Recordkeeper/Administrative Service providers. This report details this review and recommends that SEAPA retain Schwab and Spectrum Pension Consultants to serve its 457(b) Plan.

II. Homestead Funds & Compatibility with Schwab

Reliant reviewed investment performance for the SEAPA 457(b) Plan. The Plan allows participants to choose from several Homestead mutual funds including:

- Homestead Stock Index
- Homestead Growth
- Homestead Value

- Homestead Small Company Stock
- Homestead International Equity
- Homestead Short-term Bond
- Homestead Short-term Government
- Homestead Daily Income

Many of the Homestead Funds are performing well and should be retained. Reliant communicated with Homestead and found that Homestead Mutual Funds are available through the Charles Schwab Trust Company (Schwab). The availability of Homestead Funds through Schwab is significant as most Recordkeeper/Administration Service providers use Schwab as their primary daily trading partner.

Accordingly, Reliant has focused its review of Recordkeeper/Administration Service providers on several candidates – **all of which use Schwab** (among several others) as daily trading partners

III. Recordkeeping/Administration Services Candidates

The universe of Recordkeeping/Administration Services for defined contribution plans (which includes 401(k), 403(b), 457(b), and others) is populated with an assortment of alternatives – many of whom are primarily interested in selling investment funds or investment advisory services – which would conflict with SEAPA's objective of retention of the Homestead Funds & an arrangement that allows flexibility to use a wide range of investment funds.

Reliant identified four Recordkeeping/Administration Services candidates that are independent & compatible with the Schwab/Homestead Funds approach that is a core objective of SEAPA.

The Recordkeeping/Administration Services candidates are:

1. Northwest Plan Services Inc.
2. MoranKnobel (owned by Ascensus)
3. Leading Retirement Solutions, Inc.
4. Spectrum Pension Consultants, Inc.

IV. Findings including Experience, Services, Fees, Participant Services

Reliant's review of Recordkeeper/Administrative Service provider candidates included inquiries regarding each candidate's abilities specific to 457(b) plans, as all have primary experience with Defined Contribution (DC) retirement plans. Generally, DC plans allow individual participants to direct their investment accounts and are administratively challenging in that there are periodic remittances, distributions (such as withdrawals & loans), and participants commonly want view & action access to their accounts, via internet access.

Reliant sought to gain insights as to which candidates have had actual hands-on experience with the nuances of 457(b) plans in a governmental setting. The following table compares the candidates experience levels:

Candidate Name	Location	Services	Experience	Responsiveness	Organization
Leading Retirement Solutions (LRS)	Seattle	Recordkeeping & Administration. Comprehensive.	Minimal with 457(b); viewed as like 401(k) plan work.	High. No concerns regarding their focus or motivation.	Small, independent shop.
MoranKnobel (MK)	Seattle	Details unknown.	Unknown	Low. Slow on returned calls & responses to questions. Provided no documentation for follow up.	Acquired by Ascensus January 2019; changes in operations likely.
Northwest Plan Services (NWPS)	Seattle	Recordkeeping & Administration. Comprehensive.	Significant. Experience with both governmental & tax-exempt entities.	High. Motivated - but SEAPA Plan would be small relative to other clients.	Established, PE Owned. Highest quality proven work of all candidates.
Spectrum Pension Consultants (SPC)	Tacoma	Recordkeeping & Administration. Comprehensive.	Significant. Works with several Fire Departments & other governmental entities.	High. Motivated - most responsive of all candidates. Quick to return calls & e-mails.	Smaller plan focus; has developed solid reputation.

Of the four candidates, 457(b) experience was significant with NWPS & SPC. LRS indicated that it had little to no experience with 457(b) Plans, while MK was not responsive to informational requests regarding any details other than pricing.

Estimated Fees

Reliant obtained estimated fees for Recordkeeping/Administration Services from each candidate including expected fees related to the Custodial Services that would be provided by Schwab. The following table details each candidate's estimated fees:

Candidate Name	Estimated Annual Fees	Schwab Fees	Rank	Commentary
Leading Retirement Solutions	$4,400.00	$400.00	**3**	Lacks experience with 457(b) Plans. Pricing appears reasonable.
MoranKnobel	$4,600.00	$480.00	**4**	Recent acquisition a disadvantage. Not responsive to requests for information & documentation.
Northwest Plan Services	$8,600.00	$800.00	**2**	Highest known quality; their focus is larger plans. Fees are a disadvantage.
Spectrum Pension Consultants	$2,960.00	$0.00	**1**	Attractive pricing – verified Schwab fees embedded; good experience with 457(b) Plans. Fit to their target market.

As expected, NWPS indicated significantly higher fees than the other three candidates, reflecting that has a target market focused on plans of larger size and complexity than the SEAPA Plan.

Of the remaining three candidates, pricing fell in the range of $3,000-$5,000 per year. Reliant believes these fee estimates are in the range of what would be appropriate given the scale & complexity of the SEAPA Plan.

A final comment regarding fees and the ranking in this table. Fees are estimated as these candidates have not had the opportunity to communicate directly with SEAPA to understand the condition of current plan records and/or contribution/distribution/loan operations. The ranking is a subjective ordering of Reliant's view of how well the candidates align with SEAPA's needs.

V. Recommendation & Next Steps

Reliant recommends that SEAPA select Spectrum Pension Consultants to provide Recordkeeping/Administration Services for the SEAPA 457(b) Plan. The recommendation is based on an assessment of fit, experience level, capabilities and fees of the candidates that were reviewed.

- Recommendation to select Spectrum Pension Consultants
- Communicate with Spectrum, finalize Service Agreement including Pricing
- Establish Conversion Project including Timeline & Participant Communications

The next step in the process is to finalize details of your working agreement with SPC and begin the On-boarding Process. You should expect that SPC will take the lead with this process, starting with fact-finding regarding your plan.

Once SPC has a full understanding of the SEAPA Plan & your remittance procedures/operations, it will provide a conversion project lead, including a conversion timeline.

Conversion of a DC Plan is always of utmost importance to participants with assets in the Plan as there will be questions about the why's, how's, and when's associated with change. SEAPA will want to rely on SPC to assist with preparing a comprehensive communication to address these matters.

MEMORANDUM
ATTORNEY-CLIENT COMMUNICATIONS

TO: Chairman
Southeast Alaska Power Agency

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

DATE: June 12, 2019

RE: Suggested Motion for Executive Session

The Board of Directors will enter into an executive session during a Regular Board Meeting to be held on June 19-20, 2019 to discuss the following matters:

(a) Flight Operations and Cyber Security
(b) Hydrosite Analysis
(c) Winston Tann Presentation and Compensation Plan

I recommend the following motion be made:

> I move to recess into Executive Session to be conducted pursuant to SEAPA's Bylaws consistent with Alaska Statute 44.62.310 for discussions on the above listed subjects, as they involve matters that (a) could have an adverse effect on the Agency's legal position, and legal counsel is present; (b) matters that have a clear impact on the Agency's finances; and (c) matters that could prejudice the reputation and character of individuals who work for the Agency.

Agenda Item 8E

New Business

Presentation, Consideration, and Approval of 6-Month July – December 2019 Budget

(Draft Budget already distributed to Directors)

SOUTHEAST ALASKA POWER AGENCY

Date: June 12, 2019

To: Trey Acteson, Chief Executive Officer

From: SEAPA Board of Directors

Subject: Hydropower Site Investigations Contract

The Board has authorized SEAPA to contract with McMillen, LLC for all of its Hydropower Site Investigations (HSI) since 2013. Several contracts have issued to McMillen for the ongoing HSI work and have been paid for by the FY13 DCCED grant, SEAPA, and the Metlakatla Indian Community, who reimbursed SEAPA for a site evaluation that took place on Annette Island. There is still $475,000 remaining in the FY13 DCCED grant which can be used to further this work.

McMillen, LLC proposes a Workplan to complete the 2019 field investigations, additional engineering analysis, and final steps to close out the project. A more in-depth discussion of their plan will take place during the executive session to be held at the board meeting. Their estimate for completion is $398,002.

I recommend that a contract be awarded to McMillen, LLC for the not-to-exceed value of $398,002 to complete their proposed 2019 Workplan to be funded by the FY13 DCCED grant.

Please consider the following suggested motion:

SUGGESTED MOTION
I move to authorize staff to enter into a contract with McMillen, LLC for SEAPA's Hydropower Site Investigations 2019 Project Completion Workplan for the not-to-exceed value of $398,002.

SOUTHEAST ALASKA POWER AGENCY

Date: June 12, 2019

To: Trey Acteson, Chief Executive Officer

From: Clay Hammer, Operations Manager

Subject: Carroll Inlet Transmission Line Crossing Marker Ball Replacement Contract

Staff requested $111,200 in the 6-Month July through December 2019 budget for a proposed R&R to replace failing marker balls at the Carroll Inlet Transmission Line crossing. If the Board approves this R&R Project, the Agency recommends authorizing a sole source contract to Electric Power Constructors, Inc. (EPC) so work can be completed at the same time EPC is mobilized to replace marker balls on the Eagle River crossing. This will save the Agency approximately $22,000.

Please consider the following suggested motion:

SUGGESTED MOTION
I move to authorize staff to enter into a sole source Contract with Electric Power Constructors, Inc. for SEAPA's R&R Project for the Carroll Inlet Transmission Line Crossing Marker Ball Replacement Project for the lump-sum amount of $93,665.03, plus a 10% contingency of $9,366 for a total not-to-exceed value of $103,031.

SOUTHEAST ALASKA POWER AGENCY

Date: June 12, 2019

To: SEAPA Board of Directors

From: Trey Acteson, Chief Executive Officer

Subject: Wholesale Power Rate

The 6-month July through December 2019 budget to be presented for the Board's consideration is premised on retaining the current Wholesale Power Rate (WPR) of 6.8 cents/kWh. The rate has remained constant for the past 21 years.

Please consider the following suggested motion:

SUGGESTED MOTION
I move to approve setting SEAPA's wholesale power rate at 6.8 cents/kWh for the 6-month period of July through December 2019.

Date: June 6, 2019

To: Trey Acteson, CEO

From: Ed Schofield: Power System Specialist

Subject: Report for June 19-20, 2019 SEAPA Board Meeting

Swan Lake Equipment Storage Building

The Swan Lake Equipment Storage Building is complete and now in service. It is a 35' x 60' galvanized steel building cladded with PVC fabric and constructed on a foundation of concrete ecology blocks. The fabric is warranted for 30 years and the steel frame for 50 years. Building load specifications include 160 mph 3 second gusts and 65 psi snow load. This building will be a valued asset to the Swan Lake facility for many years to come. Its intended use is for storage of the Swan Lake Facility's rolling equipment. Historically, the rolling equipment has been stored outside year-round. Storing the rolling equipment under cover will greatly extend the useful life of the equipment and decrease maintenance costs.

Swan Lake Equipment Storage Building

As with all projects performed in remote southeast Alaska, the logistics of mobilization and demobilization are as onerous as actual construction tasks. This project first required clearing 20 plus alder trees from what was the original site of the man camp during construction of the Swan Lake dam. Then the actual building pad had to be filled to elevate the finished surface to assure proper drainage. Three barges were required. The first barge mobilized 88 foundation blocks and fill material for the pad. The second barge mobilized the building materials package, construction equipment, tooling, and finished surface rock. The third barge was required to demobilize rental construction equipment and tooling from the work site. To fully utilize the third barge, Swan's annual fuels, road repairs rock (D-1) and other miscellaneous operational supplies were delivered.

The actual assembly of the storage building was completed in a total of six days with a crew of four and a representative of the building manufacturer.

Storage Building Site after Clearing

Placing Fill to Elevate Building Pad

Compacting Building Pad

Excavation for Foundation Block Placement

Foundation Block Layout

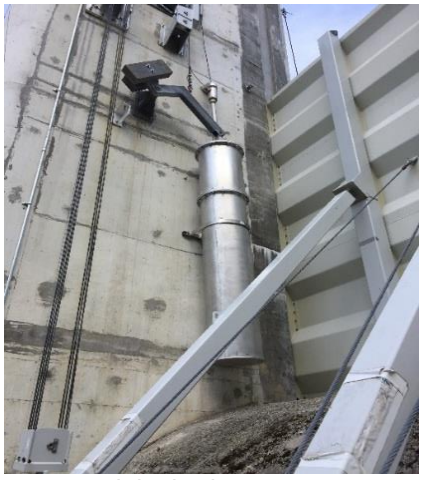
Foundation Block Placement Completed

Assembly of Column & Perling

Completion of Building Frame Assembly

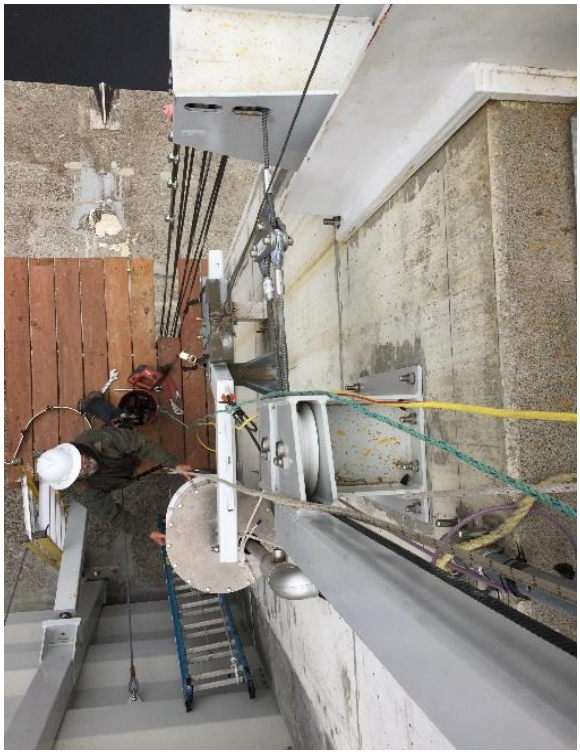
Swan Lake Dam Flash Board Gate Trigger Modifications

Phase 1 of the Flash Board Gate (FBG) trigger modifications is complete. The FBG system is fully functional at this time and in a complete service-ready state. This project corrected a deficiency in the original Swan Lake FBG trigger system discovered in the fall of 2018. As reported to the SEAPA Board, thermal expansion of the Swan Lake Dam during an extended period of abnormally low reservoir elevations, in combination with unusually warm weather, resulted in a low trigger loading condition. To correct this issue, it was determined that additional trigger counterweight was required and additional kicker loading forces. The original trigger lever was designed with fixed position counterweights. This prevented any field adjustment of the weight's center of gravity on the trigger lever. A redesign of the trigger lever modified the mounting of the counterweights enabling field adjustments. The newly designed trigger lever was constructed and installed by Swan Lake staff. The kicker forces will be increased via the addition of a spring-loaded accumulator which will be installed between the last kicker and the south spillway pier, in alignment with the kicker braces. The FBG manufacturer (Kuenz) is manufacturing the new kicker accumulator, which is scheduled to arrive in Ketchikan the middle of next month. In addition to the recent installation of the new trigger lever, the FGB annual preventive maintenance tasks were performed. This included a visual inspection for component failures, a functional test of trigger bucket travel mechanisms, and confirming proper tensioning of trigger cabling systems.



Original Trigger Lever

Trigger in Abnormal state in 2018



Installing the new Trigger Lever

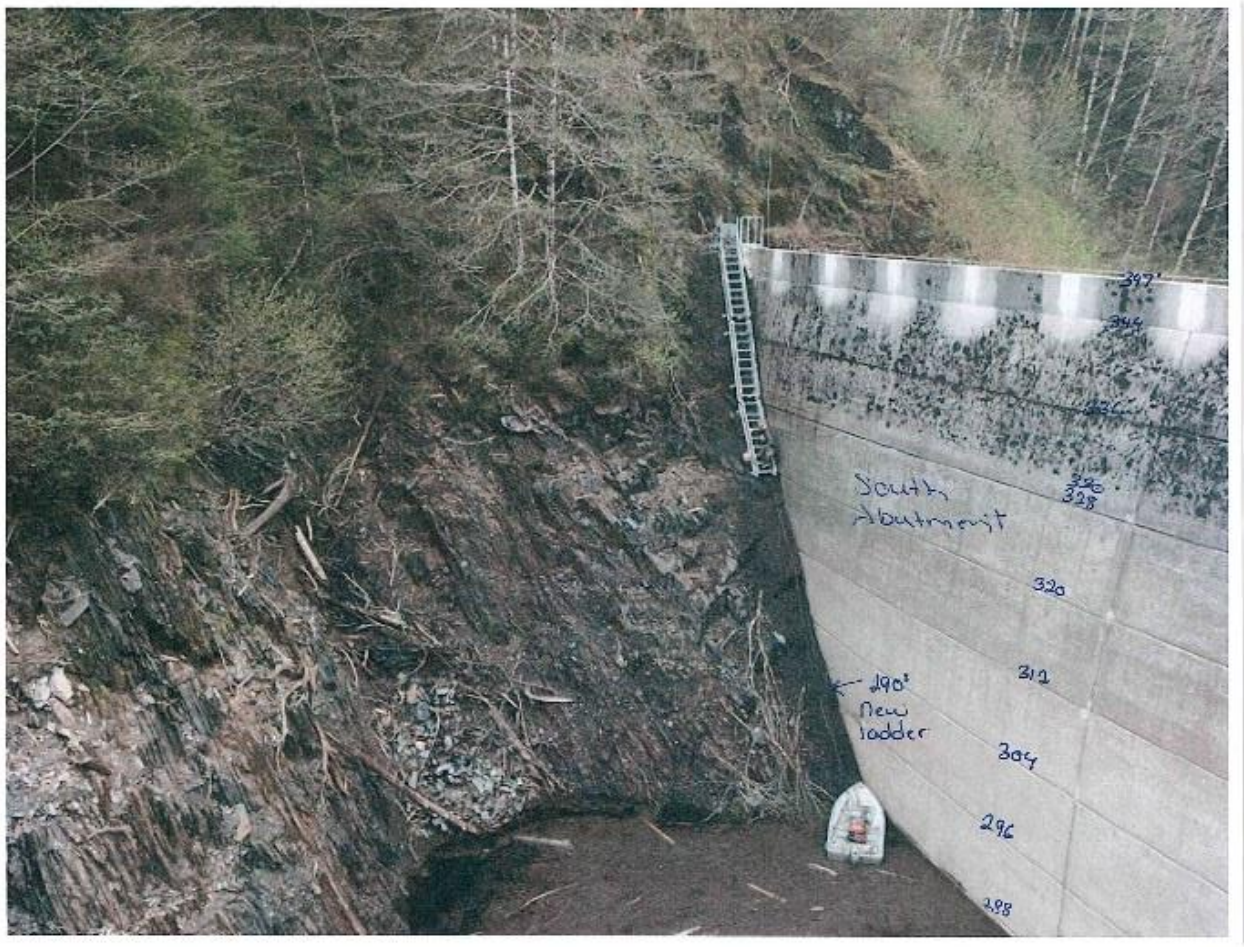
Trigger System Modification Complete

Swan Lake Reservoir Access Ladders

The second phase of the Swan Lake Reservoir Access Ladder Project was completed in late March 2019. This project was awarded to BAM LLC of Ketchikan in the fall of 2018 and delayed due to low reservoir elevations and weather. The project scope was to extend the existing reservoir access ladders to accommodate lower reservoir elevations. The reservoir access ladders are located within the North and South dam upstream abutments. Due to the abutment slopes, the north side access ladder was extended by only10' to elevation 310'. The south side access ladder, which provided personnel access to the south side of the dam, was extended to elevation 290'. This project is the final phase of what has been known as the Miscellaneous Metals Projects (Personnel Reservoir and Dam Access Apparatuses) related to the 2016 Swan Lake Reservoir Expansion Project.

North Dam Abutment Access Ladder el. 310.0'

South Dam Abutment Ladder el. 290.0'

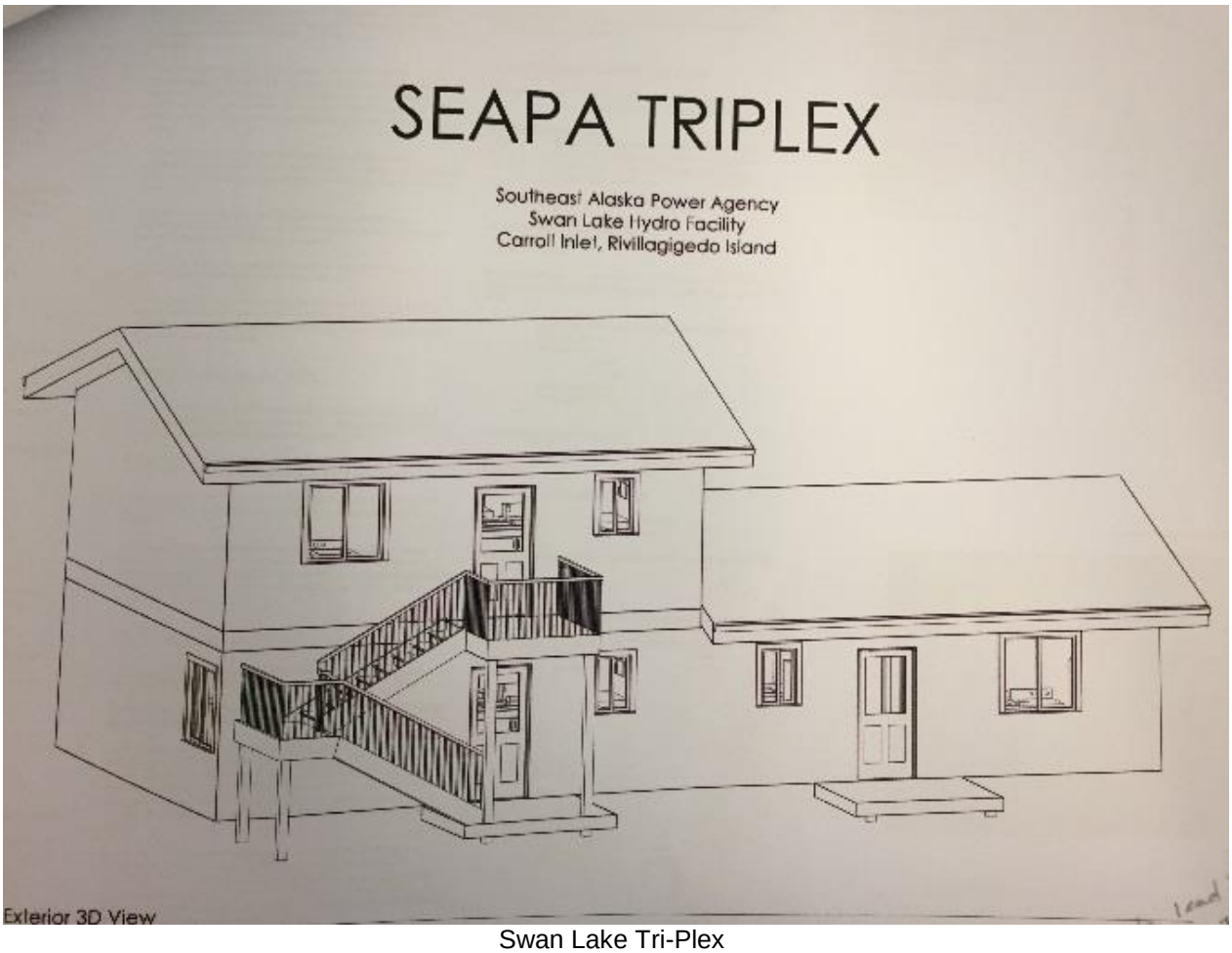


Phase 1 South Dam Access Ladder El. 320.0’

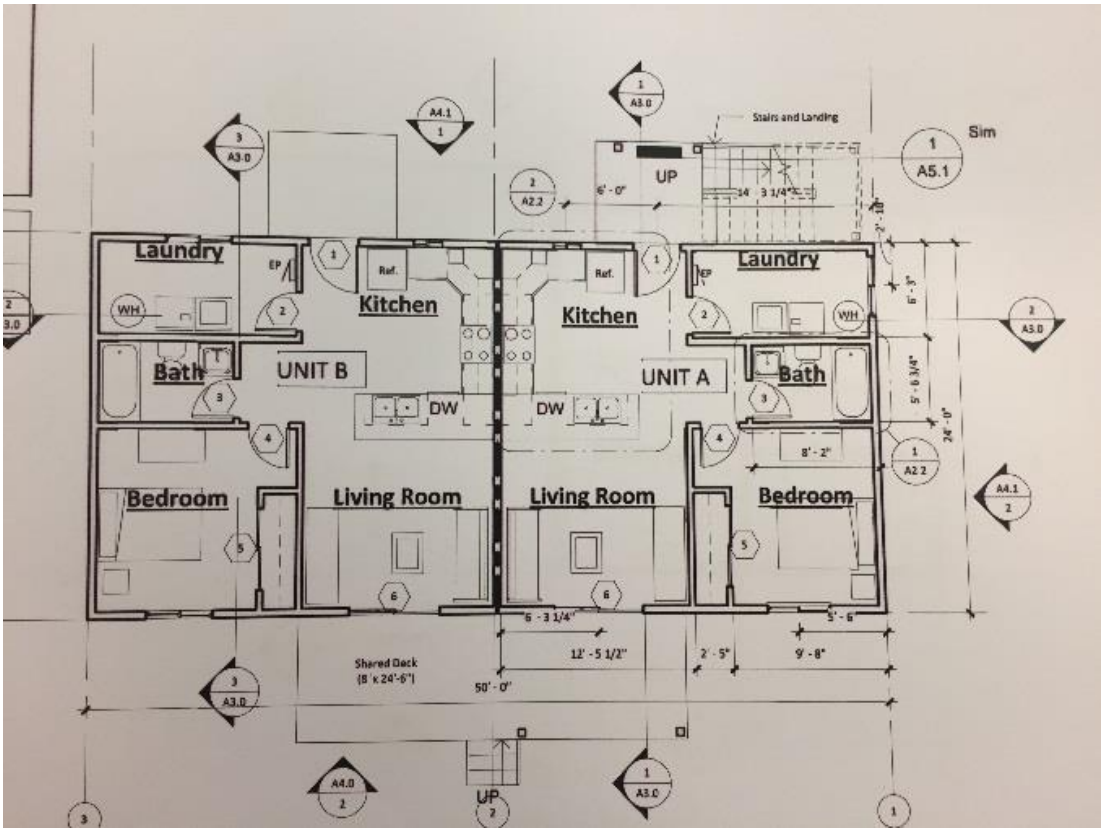
North Reservoir Access Ladder El. 320.0’

Swan Lake Housing

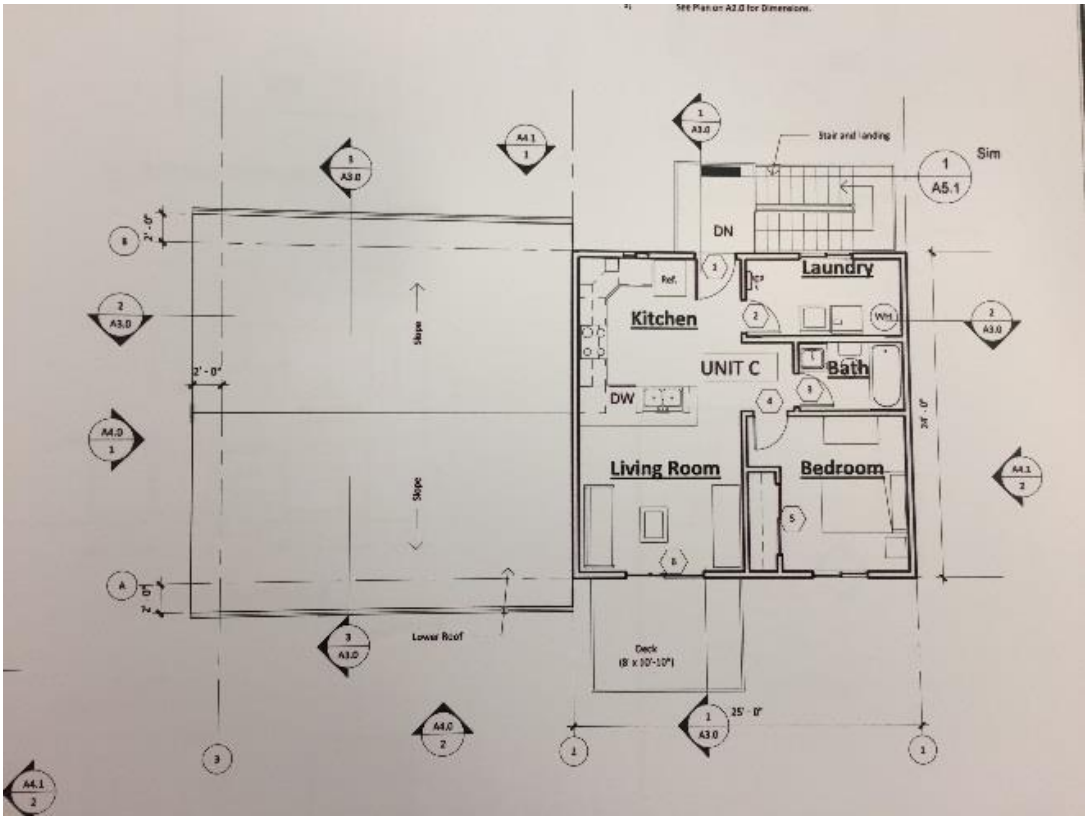
The Swan Lake housing replacement RFP is complete and will soon be issued for public bids. This project will replace a 36-year old single occupancy home located at Swan Lake (House 102) with a Tri-Plex consisting of three one-bedroom units, each 600 square feet in size. This project will alleviate a long-time staff housing deficiency. The Tri-Plex unit was designed to utilize the existing home's concrete foundation and utility connections, which should greatly decrease construction costs. The Tri-Plex structure is designed so a contractor can either propose a purchased prefabricated modular or custom stick-built home as long as it arrives at Swan Lake preassembled and livable within ten days.



Swan Lake Tri-Plex



Ground Floor Plan



Second Floor Plan

1983 Single Occupancy Home

Swan Lake Operation and Maintenance Manual Rewrite

The Operations and Maintenance (O&M) Manual was originally written at the time of plant commissioning in 1983. The O&M manual covers each stationary piece of equipment necessary to operate of the Swan Lake plant. The O&M manual was designed to provide the operators a detailed explanation of equipment operation and standard maintenance practices. The O&M manual is also the over-arching guidance used to establish the preventative maintenance program for the hydro plant. Over time several of the O&M manual sections have become obsolete due to equipment upgrades or changes in standard operating practices. Once the O&M manual rewrite is complete, the MAPCON preventative Maintenance program will be updated to reflect the updated O&M manual.

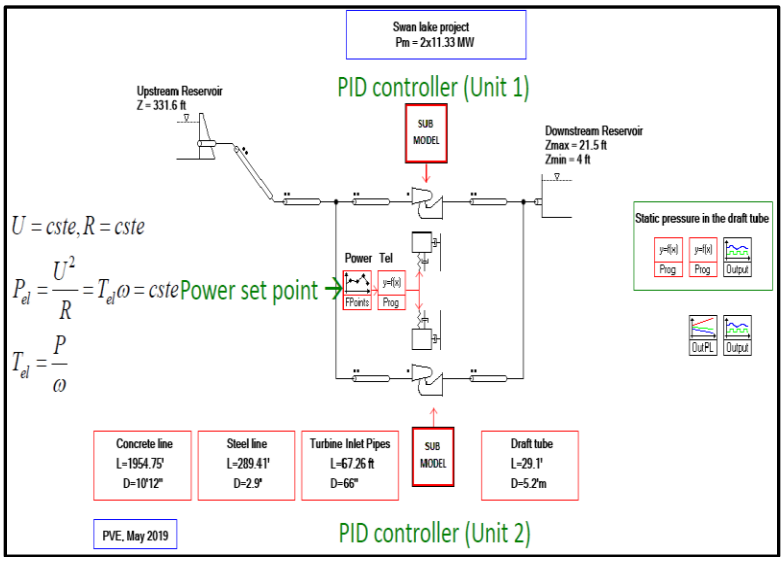
Tyee & Swan Lake Employee Positions Filled

Three open SEAPA staff positions were filled during the months of March and April. The interview process started with nationwide requests for interested applicants. A number of phone interviews were held based on applications received and a short list was developed for in-person interviews at SEAPA's headquarters. Successful in-person candidates were then invited to visit the hydro facilities followed by employment offers.

Positions filled included:

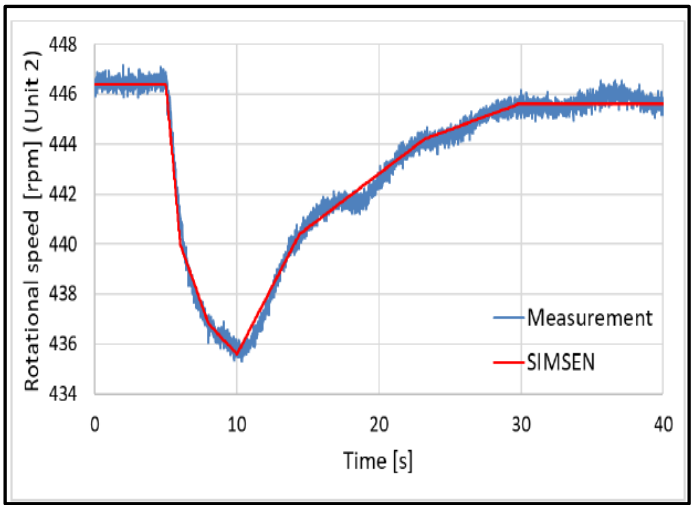
Tyee Lake Plant	Operator/Electrician
Swan Lake Plant	Operator/Electrician
Swan-Tyee Plants	Roving Operator/Electrician

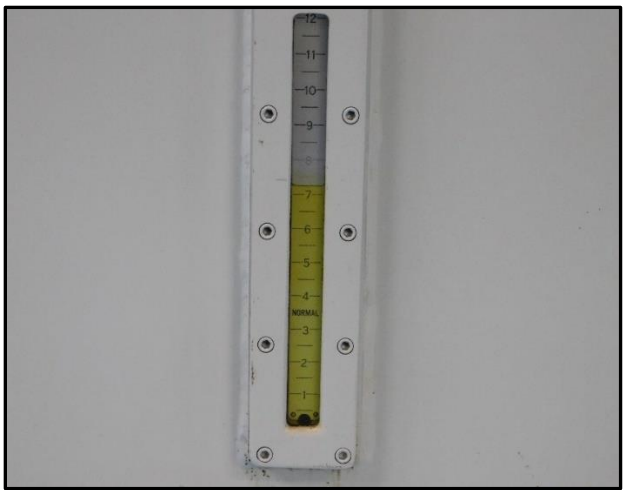
Swan Lake Hydraulic Analysis



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

The Hydraulic Validation Model was tested by comparing a real-world load rejection to a similar modeled load rejection. The results (on the right) demonstrate that the model is very accurate. With the Hydraulic Validation Model complete, phase two is currently being performed. Phase Two of the Hydraulic Analysis consists of determining Isochronous Operation at low lake levels. The result of Phase Two will determine possible solutions for the Agency to implement that would prevent or reduce oscillations that occur in the Penstock at low lake levels due to local mode bifurcation. Phase Two is estimated to be complete in July 2019.



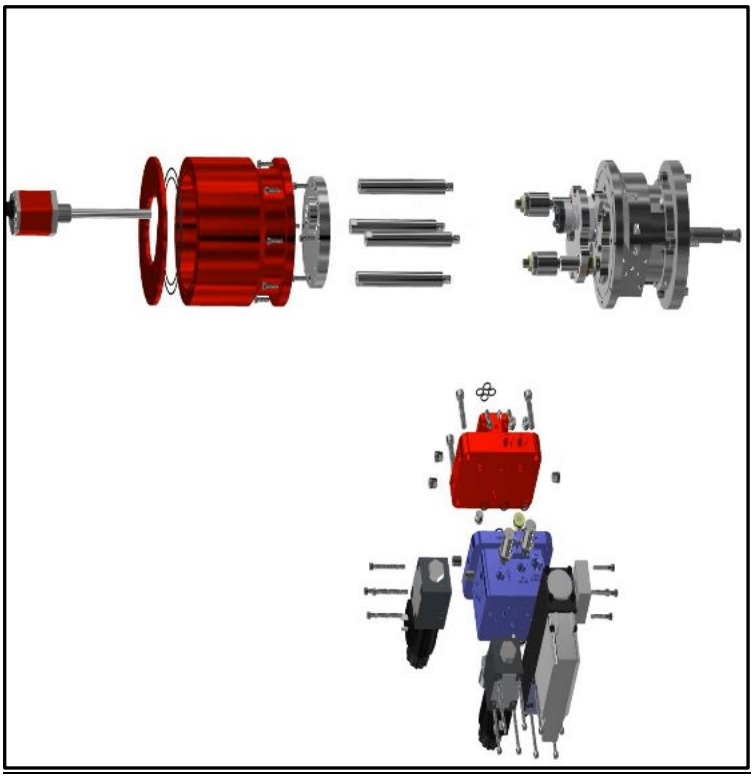


Tyee & Swan Governor Pressure System(s)

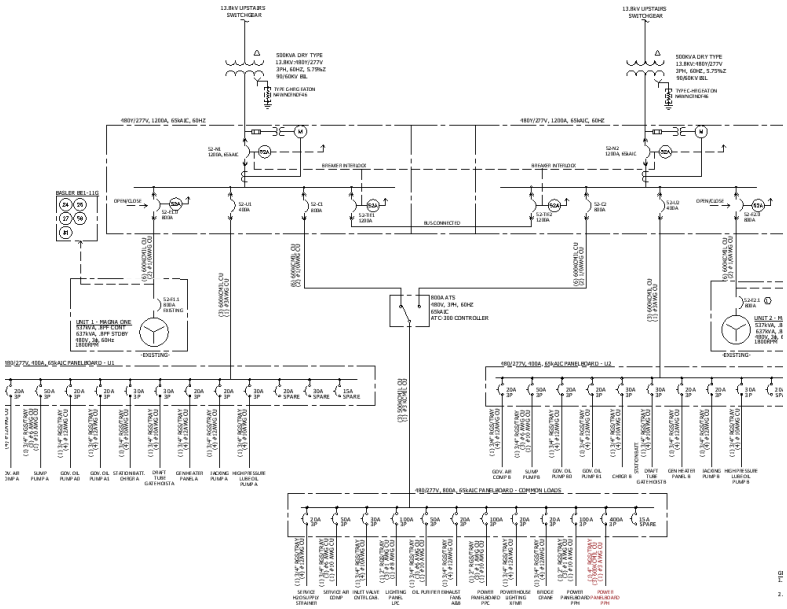
The Tyee and Swan Lake Governor Pressure System RR projects 19303 and 19304 are scheduled to be installed in September 2019. Parts have been ordered and laboratory testing is expected to begin in July. These projects will replace the old site glasses with level sensing integrated sight glasses and level switches.

Swan Lake Distribution Valve Controller & Manifold

RR project 19319 to replace the distributing valve controller assembly and governor manifold is currently 80% complete. All parts have been ordered and are currently in the lab for testing. The RR project will replace the Bosch/Rexroth proportional valves with an upgraded model similar to the one that is currently at Tyee, adding spare parts and reliability. Coincidentally, in November 2018, the 65SD shutdown solenoid failed to operate at Swan Lake which resulted in a tear down to refurbish it. The unit is currently in operation however the assembly is showing signs of the end of its useful life. Installation of the new system is planned to occur in July 2019.

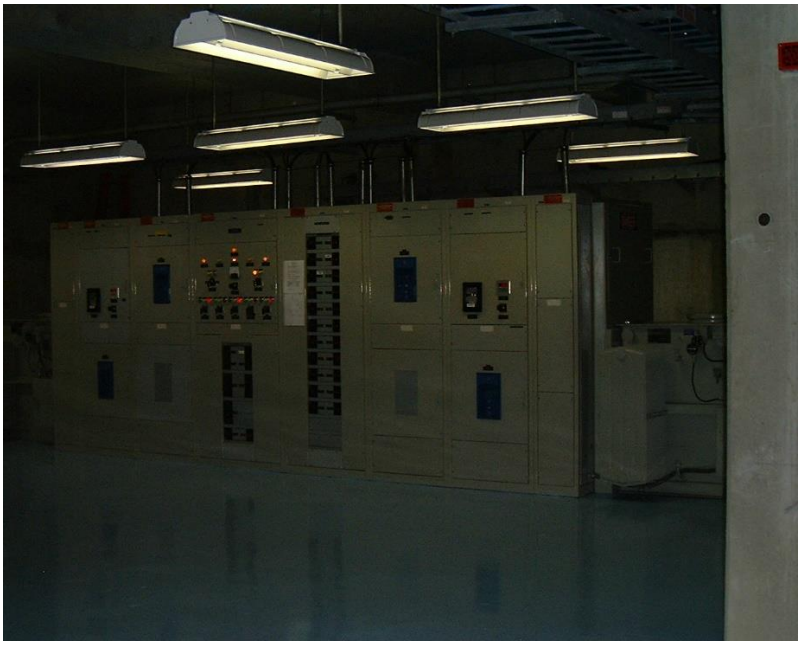


Swan Lake Station Service Switchgear



The Swan Lake Station Service Switchgear project went out for bid in March 2019. Only one bid was received by SEAPA with a proposed cost that was significantly greater than an independent cost estimate from a consultant. The initial request for proposal (RFP) included both design and construction. Due to the apparent high cost of the single bid, SEAPA rejected it and developed an RFP for design only. The new RFP includes a revised cost estimate for construction to include manufacturer quotes.

As discussed in the RR writeup (19314), the Swan Lake 38-year-old switchgear is at the end of its useful life and currently has a breaker that is stuck in the racked-in position. Requests for proposals are anticipated to be received in June 2019 with contract award in early July.



Tyee and Swan Lake Snow Pillows

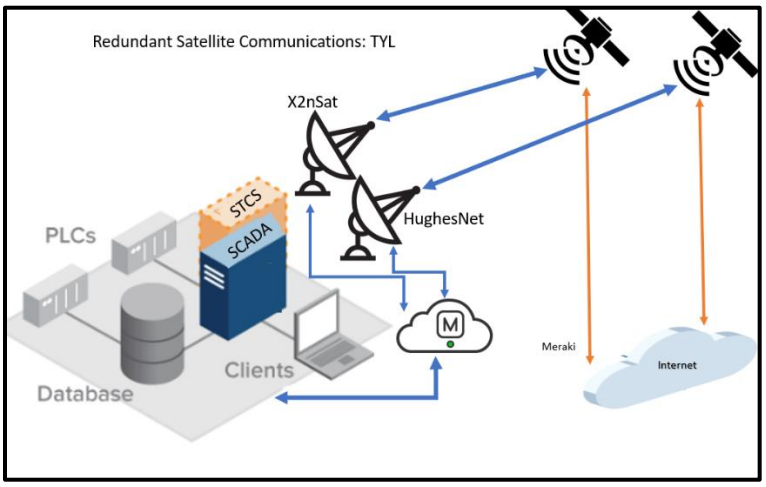
Parts for the Tyee and Swan Lake snow measurement pillows have been ordered. RF radios have been delivered and are currently being programmed by SEAPA in-house staff. The snow pillows will be located on the ground and powered by a solar panel. An RF radio will transmit the snow pillow analog signal from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

Tyee currently has a radio located at the gatehouse (right) that is being used to transmit the recently installed lake level sensors. The existing radio at Tyee will be used as a repeater to send the Tyee snow pillow analog signals to the Tyee powerhouse. Swan Lake will require installation of a receiving antenna, similar to the one installed at Tyee. Parts have been ordered and should arrive in late June.

Tyee Satellite Systems

An X2nSat satellite dish has been installed at Tyee and is scheduled to go online in July 2019. For the first year of operation, X2nSat will be the primary internet service provider. Similar to the Swan Lake satellite systems, a second satellite dish for redundancy is planned to be tested for feasibility in July 2019.

After feasibility testing of a HughesNet satellite system at Tyee, high speed internet will be completed. The X2nSat system will be used for backup, similar to the network at Swan Lake. Research is currently being performed to determine whether Swan Lake, Tyee Lake and the SEAPA office existing satellite systems can be combined into a mesh network for future reliability and security purposes.



SOUTHEAST ALASKA POWER AGENCY

Date: June 12, 2019

To: Trey Acteson, Chief Executive Officer

From: Clay Hammer, Operations Manager

Re: Report for June 19-20, 2019 Board Meeting

MAJOR CONTRACTS and PROJECTS

Tyee Road Access to Tidewater Project

Access to the Tyee facility has long been problematic since the only two means of access are by air utilizing a contracted aircraft on the Tyee runway or by boat through a tidal river estuary. This presents complications when weather and tides are not favorable creating serious logistical challenges for getting crew and goods to and from the plant as well as any form of outside assistance in the event of an emergency.

Many different ideas and approaches have been considered over the years to address these concerns but until now we have not had an actual engineer's site assessment to fully evaluate our options and assign a credible cost figure to those options. R&M Engineering-Ketchikan recently completed a site review and summarized their findings in a report.

In summary, an abbreviated version of the shore side road option was found to be the most cost-effective solution to our access concerns. This shortened the overall length of the road from 1.5 miles to 1.1 miles and lowered the overall cost by an estimated 1.6M dollars. The high-level cost estimate for the Preferred Option included all aspects of project construction plus the cost of a new dock and barge ramp to accommodate boat and barge traffic. The cost estimate came to just over $3.1M including engineering, permitting, contract administration and a 15% contingency factor.

The next phase for this project would be to follow up with an actual site survey of the Preferred Option which will firm up the actual route the road will take, better quantify the amount of rock work required, and provide a much firmer cost estimate for the overall project.

ATV Use on the Tyee Transmission System

This project is finally complete. What started as a simple Special Use Permit (SUP) Amendment to allow ATV use for power line maintenance eventually morphed into a five-year-long endeavor that went on to include not only an amendment to SEAPA's Tyee Transmission Line SUP for the ATV use but also an update to the SUP itself as many things have changed over the years since the original was issued back in 1983. Staff is happy to say that ink was put to the final version the last week of May by both SEAPA CEO, Trey Acteson, and Tongass Regional Supervisor, Earl Stewart.

Staff is now in the process of developing the required Operating Plan which will outline where the ATV will be used as well as documentation of fish stream crossing mitigation and any required invasive species weed control and erosion abatement that might be required. This will be submitted to the Wrangell Forest Service District for local approval prior to any new field work within the permitted areas. SEAPA's Argo is expected to be cleared to start work next month.

Eagle River Crossing Marker Ball Project

During an annual transmission line inspection, it was noted that several aircraft marker balls along Tyee's Eagle River crossing were gone with several more in the process of failing. At this time the replacement marker balls are in stock at the Wrangell warehouse and a contract has been issued to Electric Power Constructors for the work. The work was originally scheduled to take place during the annual scheduled maintenance outage but due to the dry weather conditions and related diesel generation, DEC permitting constraints required that this project be put off until this September. This possibly marks one of the first times in history that a project that requires dry weather has been postponed due to dry weather.

Carroll Inlet Crossing Marker Balls

During this season's annual transmission line inspection, it was discovered that one of the marker balls had dropped off the Carroll Inlet crossing in front of the Swan Lake Plant with several more showing signs of eminent failure. A full complement of 12 marker balls have been ordered and are expected to be here this Fall when Electric Power Constructors will be scheduled to do the Eagle River crossing. Due to the specialty nature of this work and the mobilization costs required for bringing in a helicopter, pilot, and crew properly rated for this work, a sole source request will be made to the board for EPC to do the work so it can be addressed while they are in the area for the Eagle River crossing work. This will save the Agency approximately $22,000 in additional mobilization costs. A request for approval of the project will be a part of the new budget and a sole source request will be made under New Business in the agenda.

TSV Actuator Pistons

SEAPA has contracted with the Austrian firm, Andritz Hydro Limited, to build and replace two Turbine Shutoff Valves or TSV actuator pistons for the Tyee Lake facility. These new replacement pieces have been through manufacturing in Switzerland, shipped to the US, and have been delivered to the Tyee facility. Replacement is scheduled to take place June 11 through 21 using a Field Supervisor supplied by Andritz Hydro and SEAPA's Tyee Lake employees.

For those not familiar with a TSV (see photo below), it is essentially a 25.6" mechanical ball valve located at the end of the penstock just ahead of the hydro turbine. When nozzle repairs or turbine inspections and repairs are made this enables crews to safely secure the penstock prior to the crews doing the work. It is also a key isolation point should there be any kind of major failure downstream of the TSV.

Turbine Shutoff Valves (TSV)

Submarine Cable ROV Inspection

SEAPA awarded the contract for ROV submarine cable inspections to ITB Subsea Ltd. of Vancouver, BC. The contract was to perform a video survey and documentation of all submarine cable crossings within the Tyee transmission line system. This is a total of four crossings with four cables at each crossing. The report was to record footage of the cables, assess and document their condition, and make recommendations for any corrective work if required. The final balance of this report was completed in May this year after staff received hard drives containing all the video logs.

The report primarily found there are no signs of major damage or deterioration to any of the cables that were surveyed. There are, however, some major spanning concerns on two of the four Stikine Strait crossing cables. ITB recommends mitigation of those spans however the mitigation is not without risk since in the process of mitigation, the cable could potentially sustain irreparable damage and require that the entire crossing be replaced. ITB has recommended that additional sounding data for the crossing be collected before a full work plan be considered for that repair.

It should be noted that this was an ROV survey and there were limits to how shallow it could operate without risk to the ROV or the support vessel. The general depth limitation was 18 meters or approximately 60 feet. This also coincided with water clarity and turbidity within the reaches of the Stikine River intertidal zones. The end result of these limitations was lack of data from a depth of approximately 60 feet to the zero-tide mark at the shoreside point of convergence of the cables. Based on the final draft of ITB's report, staff was able to establish that there is a total running length of 6.5 miles worth of shallow cable that will have to be documented by divers during the winter months when water clarity is optimal.

A budgetary figure for that work has been established and staff plans to include it in the 2020 budget that will be presented for approval in December.

At this time, staff is recommending that no further action be taken until the shallow-end diving has been completed. If nothing is found during the shallow-end survey that outweighs the spanning concerns, then a follow up of the Stikine Crossing can be done with Side Scan and Multi-Beam sonar. This would enable us to paint a much clearer picture of the condition of the sea floor in relation to the cables and whether there are additional concerns that need to be accounted for prior to attempting a repair.

ROV Submarine

Heli Pads Cleveland Peninsula

Funds were budgeted in FY19 for repairs to the decks of a number of helipads located along Cleveland Peninsula. A brief site visit to those locations revealed that most of the pads in question were well beyond repair and will have to be replaced.

SEAPA issued a Task Order to Tongass Engineering of Ketchikan to review the helipads along the Cleveland Peninsula. That review will identify which pads need replacement and offer an engineering plan for that work based on the design of our current helipad inventory. This work is scheduled to start this month with completion of the full report sometime in August. We have 11 complete spare helipads in inventory.

Failed Helicoptor Pads, Cleveland Penninsula

MET Tower Data Collection

Staff has concluded that South Mitkof is not going to work as a wind resource. Recent data samples indicate that the average wind speed for the location is only 4.5 MPH on average. This is far short of the minimum 14-15 mph required to be considered a viable wind generation site. Staff is now making plans to recover the sampling equipment and re-stage it in another location which has not yet been determined. Local sources indicate that center channel or areas within the Vank Island group may be promising but those locations present logistical problems for access to viable elevations where the targeted Stikine winds would be most favorable.

An additional MET Tower package has been received and this unit will be commissioned in the Ketchikan area. An initial site review of the area around the Ketchikan Landfill has been done and looks promising. The cost of co-locating our equipment on a cell tower up there proved prohibitive but initial talks with management at KRBD radio that also maintains a radio tower in that area has shown promise and staff is optimistic that a deal can be struck to access their tower. If that does not work out, then SEAPA will look at securing its own site in that general location and erect the 30-meter tower we currently have in inventory.

Wooden Pole Testing

SEAPA has purchased an IML PD-600 Resistograph and staff has been trained in its use. The current plan is to start testing on the wood poles within the rural section of the Mitkof Island right-of-way during this Fall's planned maintenance outage. It is estimated that as many as 22 poles can be done within the time allowed, which should provide a credible baseline as to the condition of the poles in that area.

The next phase of our testing program will be to include poles within the Swan/Bailey line as part of an annual testing program that will coincide with annual climbing and visual inspections.

Staff expects to have a test sample available to demonstrate how the tool works during a break in the scheduled board meeting.

IML PD-600 Resistograph

Tyee Lake Report

The Tyee Lake team would like to welcome its new electrician, Matt Vodopich. Matt hails from Sturgis, South Dakota where he was previously employed as an industrial electrician. He is a natural fit and great addition to the crew. He replaces Chris Barnett who will be filling the position of Roving Electrician and working between both of the Swan and Tyee plants as needed.

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

1) Ditches along road cleaned; culverts identified
2) Satellite Pad work completed and ready for next phase of commissioning
3) Underground fiber connection to Satellite Pad marked and staked
4) New tarp storage building containers painted
5) Tunnel Wiring project almost complete
6) Vegetation control in all switch yards completed
7) Unit 1 annuals, generator and turbine complete, speed switch bearings replaced
8) Transformer GT-1 Oil Level Switch replaced
9) Water Leaks repaired in two different locations on camp water main
10) TSV actuator replacement started on Unit 1

The Tyee crew has received the following safety training by TSS:

- Hearing safety and conservation
- Bear Safety, Ladders and Stairways
- Heat Stroke, Hydration and Heat Related Illness
- Hearing test scheduled for this month

Staff will be available at the meeting to discuss any questions or concerns.

SEAPA 2019
BOARD MEETING DATES

Date(s)	Location	Comments
Proposed Special Board Meeting June 27, 2019 (Thurs) @ 3 PM AKDT	Telephonic @ SEAPA Offices Ketchikan	Purpose of the meeting: • Consideration and Approval of Swan Lake Transition Documents • Consideration and Approval of Swan Lake Powerhouse Station Service System Design Upgrade Contract • Any other business that may be determined necessary
September 26-27, 2019 (Thurs-Fri)	Petersburg	Thurs 1-5 / Fri 9-2
December 12, 2019 (Thursday)	Ketchikan	9 – 5 PM

2019

January

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February

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March

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April

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June

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July

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November

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December

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29	30	31				

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

2019 MEETING DATES | EVENTS

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

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

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

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