



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

**1) Call to Order**

**A. Roll Call**

Chairman Stephen Prysunka called the meeting to order at 1:00 p.m. AKDT on June 19, 2018. The following directors and alternates were present, thus establishing a quorum of the board:

<b>Director</b>	<b>Alternate</b>	<b>Representing</b>	
Karl Amylon	Andy Donato	Swan Lake	Ketchikan
	Bob Sivertsen	Swan Lake	Ketchikan
Bob Lynn		Swan Lake	Petersburg
Stephen Prysunka		Tyee Lake	Wrangell
Lisa Von Bargaen*	Steve Beers	Tyee Lake	Wrangell

\*Director Von Bargaen joined the meeting at 3:30 p.m.

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

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

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

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

**2) Approval of the Agenda**

<b>➤ Motion</b>	M/S (Sivertsen/Lynn) to approve the agenda. Motion approved unanimously by polled vote.	<b>Action 18-660</b>
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**3) Persons to be Heard:** None.

**4) Review and Approve Minutes**

<b>➤ Motion</b>	M/S (Sivertsen/Beers) to approve the Minutes of the Regular Meeting of February 8, 2018 and Minutes of Special Meeting of April 17, 2018. Motion approved unanimously by polled vote.	<b>Action 18-661</b>
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## 5) Financial Reports

(A)-(G) Mr. Acteson reported that revenues were trending higher than expected and that expenses were lower than expected for March and April 2018 in spite of a low-water year. He provided an update on renewal and replacement projects, and SEAPA's FY13 DCCED grant.

<b>➤ Motion</b>	M/S (Sivertsen/Lynn) to accept the April and March 2018 financial statements as presented, and the April and May 2018 disbursements in the amount of \$971,063.32. Following a brief discussion, the motion was unanimously approved by polled vote.	Action 18-662
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## 6) New Business

### A. *Presentation, Consideration, and Approval of FY19 SEAPA Budget*

<b>➤ Motion</b>	M/S (Beers/Lynn) to approve the Southeast Alaska Power Agency Fiscal Year 2019 Operating Budget in the amount of \$7,932,684 and FY19 non-operational costs totaling \$4,834,615.	Action 18-663
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Mr. Acteson provided an overview of the FY2019 budget and advised it will include discussion on a proposed Rate Stabilization Fund and rebates, a revenue forecast, the operations maintenance and administrative expense budget, summary of nonoperational income and costs, R&R budget and a fund balance forecast. He discussed line items 535 through 540 of the proposed budget.

The Chairman recessed the meeting at 1:59 p.m. and reconvened at 2:12 p.m.

The CEO continued with line-by-line discussions of the proposed budget and during discussions of administrative rental costs, Director Sivertsen proposed a showing of four hands to direct the Agency's CEO to research the potential land, building, storage, and possible dock access that may be available locally for potential SEAPA ownership. Directors Lynn, Donato, and Sivertsen, and Chairman Prysunka, raised their hands in support of directing the CEO to move forward with Director Sivertsen's proposition.

Following additional proposed FY19 budget discussions, Chairman Prysunka recessed the meeting at 3:31 p.m. The meeting resumed at 3:46 p.m.

Discussions of the proposed FY19 budget continued regarding non-operational costs and feasibility projects.

<b>➤ Motion cont'd.</b>	A poll vote was taken on the motion for approval of the Southeast Alaska Power Agency Fiscal Year 2019 Operating Budget in the amount of \$7,932,684 and FY19 non-operational costs totaling \$4,834,615. The motion was unanimously approved.	Action 18-663 cont'd
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➤ <b>Motion</b>	M/S (Sivertsen/Prysunka) to approve the Current R&R Projects' FY2019 Budget in the amount of \$954,098. Following discussion on all of the Current R&R Projects, the motion was unanimously approved by a polled vote.	Action 18-664
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➤ <b>Motion</b>	M/S (Lynn/Sivertsen) to approve the New FY2019 R&R Projects as presented in the amount of \$1,931,368. Following discussion on all of the New FY2019 R&R Projects, the motion was unanimously approved by a polled vote.	Action 18-665
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The meeting recessed at 5:23 p.m. on June 19, 2018.

The meeting reconvened at 9:00 a.m. on June 20, 2018.

Chairman Prysunka requested a roll call. A roll call was taken. Mr. Acteson provided a brief overview of the FY2019 Draft Budget Fund Balance Forecast.

- B. *Consideration and Approval of Resolution #2018-070 Adopting the Rate Stabilization Fund Policy and Establishing the Rate Stabilization Fund, and Initial Funding.*

➤ <b>Motion</b>	M/S (Sivertsen/Lynn) to approve Resolution No. 2018-070 to adopt the Rate Stabilization Fund Policy. After considerable discussion, the motion was unanimously approved by a polled vote.	Action 18-666
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➤ <b>Motion</b>	M/S (Sivertsen/Prysunka) to authorize staff to transfer \$2,000,000 from the Revenue Fund to the Rate Stabilization Fund. Following discussion, the motion was unanimously approved by a polled vote.	Action 18-667
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The meeting recessed at 10:02 a.m. and reconvened at 10:16 a.m.

- C. *Discussion, Consideration and Approval of FY18 Rebate*

➤ <b>Motion</b>	M/S (Prysunka/Sivertsen) to approve a Fiscal Year 2018 rebate in the amount of \$800,000 to the Member Utilities. Issuance of the rebate would take place after the successful completion of the FY18 audit, contingent upon satisfying bond covenant requirements, including debt service ratio compliance, and on the condition that no catastrophic system events take place in the interim. Motion approved unanimously by polled vote.	Action 18-668
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D. *Consideration and Approval of Wholesale Power Rate for FY19*

<b>➤ Motion</b>	M/S (Sivertsen/Lynn) to approve setting SEAPA's wholesale power rate at 6.8 cents/kWh for Fiscal Year 2019. Motion approved unanimously by polled vote.	Action 18-669
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E. *Consideration and Approval of Sole Source to Andritz Hydro*

<b>➤ Motion</b>	M/S (Sivertsen/Donato) to enter into a sole source Purchase Order Contract with Andritz Hydro Corporation for two actuator pistons, four seal kits, shipping, handling, and import duty fees for the not-to-exceed value of \$315,700, and a contract with Andritz for \$50,000 for the labor to replace the two actuator pistons and two seals for SEAPA's R&R Project 259-15 for a total not-to-exceed value of \$365,700. Following a brief discussion, the motion was unanimously approved by polled vote.	Action 18-670
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7) **CEO Report**

Mr. Acteson reported that a certified "Yes for Salmon" initiative will impose duplicative permitting and study requirements for new hydro project development. He encouraged the board to become familiar with it to reach out to their respective communities with information and explained that it will likely increase costs for municipalities throughout Southeast Alaska. He announced that he is working on advancing the Swan Lake land conveyance legislation in the Senate, and that he attended an Alaska National Lab Day event at Senator Murkowski's personal invitation to join a small group of Alaska leadership assembled for the first time to learn more about Alaska micro-grids and solutions for energy challenges. He provided updates on the RCA issue regarding the Thomas Bay Power Authority and SEAPA assuming operations of Tyee, public relations, the I.B.E.W. Labor Agreement, Whitman True-up, and SEAPA's efforts on Best Practices and Process Improvements. He announced that Mr. Henson will be retiring at the end of June and expressed appreciation for Mr. Henson's outstanding contributions to the Agency during his tenure.

8) **Staff Reports**

A. *Operations Manager Report*

Mr. Hammer reported that staff will proceed with a Request for Proposals to evaluate road alternatives for 24/7 access by water to the Tyee Project, that the Forest Service had identified additional Special Use Permitting requirements that needed completion/updating before ATV use on the Tyee Transmission System could move forward, and that surveying and platting for the Tyee Satellite Platform had been submitted to the AKDNR for approval. He announced that field surveying work was complete on the Swan-Tyee Intertie final as-built survey and that staff is waiting on a response from DNR. He provided updates on a submarine cable ROV inspection, annual transmission line and plant maintenance, and other Tyee plant activities. He noted that KPU's report on the Swan Lake annual shutdown was available in the board packet.

B. *Power System Specialist Report*

Mr. Schofield reported on repairs necessary at the Tyee Lake Intake Gate and that a pre-ROV inspection of the Tyee unlined rock tunnel system will be conducted in early September. He

announced that access ladders, handrails, and a Flash Board Gate trigger guard had been installed at the Swan Lake dam, and that a final meeting of the Board of Consultants for the Swan Lake Reservoir Expansion Project, a FERC annual inspection, and a review of the Swan Lake Dam safety, operational and monitoring practices by the Agency's Independent Consultant retained to develop a FERC Part 12 Report were all conducted on May 23<sup>rd</sup> at Swan Lake. He reported that Swan Lake Dam Access Road repairs had been done and that the Swan Lake Runner Cavitation repairs were complete with all 13 blades of both Unit #1 and Unit #2 repaired to a new condition. He advised that the Swan Lake Marine Bulkhead Restoration is scheduled for June 16 and provides updates on the Swan Lake Home No. 2 Replacement Project and Swan Lake Bureau of Reclamation PRO&M Facility review.

*C. Director of Engineering & Technical Services*

Mr. Siedman opened his report with information and updates on Swan Lake DC Distribution Upgrades, Megger SMRT Automated Relay Testing, SEAPA Protective Relay Testing, Swan Lake security cameras, and Tyee Lake Intake Gate and Overhead Hoist Controls. He announced that KPU installed a new fiber communication drop in the SEAPA office so cost savings were realized with the Agency now paying for just one circuit instead of three. Savings at Swan Lake were also realized once a new vSat satellite dish was installed at Swan Lake in April to communicate with an EchoStar 19 satellite that had been launched in 2017. Installation of the vSat dish enhanced communications, saves the Agency up to \$1,250/month in communications costs, and increases network speeds 1,800%. Mr. Siedman discussed the challenges still ahead for cheaper and faster communications at Tyee, the installation of Battery Monitor Systems at Tyee, and updates on the Swan Lake Control Room Touch Screens, Governor Modernization, the Swan Lake Dam Spillway Bubbler System, and the installation of a pressure system alarm in the Intake Building at Swan. He reviewed and discussed SEAPA's Operations Plan and showed a video on drones to illustrate the possibility of using a drone to inspect transmission lines, substations, and infrared detection on anything that may be failing.

**9) Next Meeting Date**

There were no objections to the next board meeting date of September 27, 2018 in Ketchikan and a December 12-13, 2018 meeting in Petersburg.

**10) Director Comments**

Directors provided brief comments.

**11) Adjourn**

Chairman Prysunka adjourned the meeting at 12:32 p.m.