



## Minutes of Regular Meeting

December 12, 2019

Cape Fox Lodge  
Ketchikan, Alaska

(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 Sivertsen called the meeting to order at 9:00 a.m. AKST on December 12, 2019. The following directors and alternates were present, thus establishing a quorum of the board:

Director	Alternate	Representing	
Karl Amylon		Swan Lake	Ketchikan
Robert Sivertsen	Jack Davies	Swan Lake	Ketchikan
Dick Coose	Cliff Skillings	Swan Lake	Ketchikan
Bob Lynn	Robert Larson	Tyee Lake	Petersburg
Steve Prysunka	Lisa Von Bargaen <sup>1</sup>	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):

- (1) Memo Re FY2019 Audited Financial Statements

#### C. Disclosure of Conflicts of Interest:

- (1) Mr. Skillings disclosed that he provided concrete prices to a bidder on the Swan Lake Housing Replacement Project

### 2) Approval of the Agenda

➤ <b>Motion</b>	M/S (Lynn/Coose) to approve the agenda as presented. Motion approved unanimously by polled vote.	<b>Action 19-780</b>
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### 3) Proclamation Honoring Board Service

Chairman Sivertsen read a Proclamation recognizing, thanking, and honoring board members Andy Donato, Jack Davies, and Dick Coose, who will not be serving on the board in calendar year 2020, for their dedication of service and support of hydropower in Southeast Alaska.

### 4) Persons to be Heard: None.

<sup>1</sup> Ms. Von Bargaen joined the meeting at 9:13 a.m.

## 5) Review and Approve Minutes

<b>➤ Motion</b>	M/S (Prysunka/Coose) to approve the minutes of the regular meeting of September 26-27, 2019 and special meeting of October 30, 2019. Motion approved unanimously by polled vote.	Action 19-781
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## 6) Financial Reports

### A-G *CEO Financial Memo - Year-to-Date Financial Statements through October 2019*

<b>➤ Motion</b>	M/S (Lynn/Coose) to accept disbursements for September, October and November 2019 totaling \$1,968,685.30 and financial statements for October 2019, as presented. Following Mr. Acteson's review on the Agency's financial position, revenue and expenses, R&R projects and one open grant, the motion was approved unanimously by polled vote.	Action 19-782
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### H *Presentation and Acceptance of FY19 Audited Financials*

<b>➤ Motion</b>	M/S (Prysunka/Lynn) to accept the Southeast Alaska Power Agency's (SEAPA) Fiscal Year 2019 Audited Financial Statements as presented in the December 12, 2019 SEAPA Board Packet.	Action 19-783
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Mr. Acteson reported that the Agency's financial statements for its fiscal year ending June 30, 2019 were audited by BDO USA, LLP and that BDO's Assurance Partner, Joy Merriner, would be calling in to the meeting to present and review the audited statements.

The meeting recessed at 9:20 a.m. and resumed at 9:30 a.m.

Joy Merriner joined the meeting telephonically to review the Agency's audited financial statements and respond to director's questions and comments. She noted a significant transaction was the bond refunding as \$5.59 million in Series 2009 bonds were refinanced through the Alaska Municipal Bond Bank. She covered the key highlights and results of the audit. She reported that SEAPA's accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied during the audited period, and adequately described in the financial statements. She thanked and commended the Agency's Controller, management and staff on the positive results of the audit.

Following Ms. Merriner's report a vote was taken on the motion to accept the FY2019 Audited Financial Statements as presented and unanimously approved.

## 7) Old Business

### A. *Executive Session Re CEO Contract*

<b>➤ Motion</b>	M/S (Prysunka/Lynn) to recess into an Executive Session to be conducted pursuant to SEAPA's Bylaws consistent with Alaska Statute 44.62.310 for discussions on the Agency's CEO contract, and possible discussions on other related matters, which may involve subjects or other matters that tend to prejudice the reputation and character of a person. Motion approved unanimously by polled vote.	Action 19-784
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The meeting recessed at 10:02 a.m. for the executive session and reconvened at 11:57 a.m. Chairman Sivertsen announced that the board met in executive session, had discussions, and will recess for lunch.

The meeting reconvened at 12:45 p.m. The Chair read the following motion resulting from the executive session:

➤ <b>Motion</b>	M/S (Sivertsen/Coose) to (1) create a subcommittee to provide a review of the CEO and the mutual development of a work plan for growth and development over the next year, (2) set a date to meet with the CEO and the subcommittee in December or January, and (3) after the Board and CEO agree on the growth and development plan, a contract will be submitted for ratification no later than the next regular board meeting for a three-year contract with an annual 3% COLA. Motion approved unanimously by polled vote.	Action 19-785
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Following approval of the motion, the Chair announced that the subcommittee will consist of board members Cliff Skillings, Bob Lynn, and Lisa Von Bargaen.

## 8) New Business

### A. Consideration and Approval of Swan Lake Housing Four-Plex Contract

➤ <b>Motion</b>	M/S (Coose/Prysunka) to authorize staff to enter into a contract with Byron Construction LLC for SEAPA's R&R Project 286-18 for the Swan Lake Housing Replacement Contract for the lump-sum bid amount of \$749,434, plus a 2.5% contingency of \$18,735 for the total not-to-exceed amount of \$768,169. Following Mr. Skillings disclosure that he provided the successful contractor with prices for concrete and a discussion by Mr. Schofield on the bids received, the motion was approved unanimously by polled vote.	Action 19-786
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### B. Consideration and Approval of 2020 Annual Transmission Line Maintenance Contract

➤ <b>Motion</b>	M/S (Prysunka/Lynn) to authorize staff to enter into an amendment to SEAPA's Contract No. 17022 for 2017-2019 annual transmission line maintenance with Electric Power Constructors, Inc. for SEAPA's 2020 Transmission Line Maintenance for the lump-sum value of \$800,096.27, plus a 10% contingency of \$80,009.63 for supplemental or emergency work, for a total of \$880,105.90. Motion approved unanimously by polled vote.	Action 19-787
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### C. Presentation, Consideration, and Approval of FY2020 SEAPA Budget

➤ <b>Motion</b>	M/S (Sivertsen/Amylon) to approve the Southeast Alaska Power Agency FY2020 Operating Revenue and Expense Budget in the amount of \$4,988,869 and Non-Operational Income and Costs in the amount of \$4,379,943.	Action 19-788
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Mr. Acteson opened budget discussions reporting that the proposed FY2020 budget will be a comparison year over year to the FY19 budget and is based on the premise of a 7.3 cent/kWh wholesale power rate. He noted the rate has been flat for over 22 years essentially meaning the rate has actually gone down because there have not been any adjustments for inflation although potential small incremental rate increases have been discussed at the board level off and on over the years. He explained the catalysts for presenting the increase recognizing that the member utilities would need time to integrate it into their business plans and budgets. He reviewed a summary of the FERC codes line by line and responded to director questions/comments.

The meeting recessed at 2:05 p.m. and reconvened at 2:19 p.m.

A consensus was reached that a vote on the budget should be deferred until after the board has discussed the wholesale power rate.

<b>➤ Motion</b>	M/S (Sivertsen/Lynn) to defer a vote on the 2020 operating budget until after the discussion of raising the wholesale power rate by half a cent. Motion approved unanimously by polled vote.	Action 19-789
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D. *Consideration and Approval of FY2020 Wholesale Power Rate*

<b>➤ Motion</b>	M/S (Prysunka/Lynn) to approve setting SEAPA's wholesale power rate at 7.3 cents/kWh for January through December 2020.	Action 19-790
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Directors voiced various concerns about raising the wholesale power rate. By a showing of four hands supporting a special board meeting in Seattle for a strategic planning workshop, it was determined that directors would consider further discussions at that time. The following motion was presented to amend the motion on the floor to decrease the proposed wholesale power rate from 7.3 to 6.8 cents/kWh.

<b>➤ Motion</b>	M/S (Prysunka/Lynn) to amend the motion regarding SEAPA's wholesale power rate to establish the rate at 6.8 cents/kWh. Motion approved unanimously by polled vote.	Action 19-791
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A vote was taken on the main motion, as amended, to set SEAPA's wholesale power rate at 6.8 cents/kWh for January through December 2020. The motion passed unanimously.

<b>➤ Motion</b>	M/S (Prysunka/Lynn) to approve the Current R&R Projects' Fiscal Year 2020 budget in the amount of \$2,877,803 and New Fiscal Year 2020 R&R Projects as presented in the amount of \$696,530. Following a line by line review of the current and new proposed R&R projects, the motion was approved unanimously by polled vote.	Action 19-792
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Chairman Sivertsen directed discussion back to the Operating Budget noting that the decrease in the wholesale power rate presents a change in the proposed budget's operating revenue from \$12,227,594 to 11,390,293 for a net gain/loss from operations of 4,151,568. He requested a motion to amend the Operating Budget accordingly.

➤ <b>Motion</b>	M/S (Prysunka/Amylon) to amend SEAPA's FY2020 Operating Revenue and Expense Budget from \$4,988,869 to \$4,151,568. The Chair noted that the reduction of operating revenue changes the overall Net Gain/(Loss) in the budget to a deficit of \$228,374. Mr. Acteson advised that although the amendment to the Operating Budget presents a deficit, the budget is simply a planning document subject to daily active management decisions affording the flexibility of decreasing spending as necessary to stay within or under the budget. The motion to amend was approved unanimously by polled vote.	Action 19-793
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The Chair requested a vote on the main motion to approve SEAPA's FY2020 Operating Revenue and Expense Budget as amended. The main motion, as amended, was unanimously approved.

E. *Consideration and Approval of SEAPA's FY2020 Operations Plan*

➤ <b>Motion</b>	M/S (Lynn/Coose) to approve the 2020 SEAPA Operations Plan as presented in the December 12, 2019 Board packet. Following a review and discussions of the proposed operating plan, the motion was approved unanimously by polled vote.	Action 19-794
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9) **CEO Report**

Mr. Acteson who serves on the Alaska Power Association's (APA) Government Affairs Committee and is also a Director on the APA Board reported that the APA Committee finalized APA's policy provisions which include both federal and state position statements and noted that both statements are included in the board packet for review. He reported he will be attending the APA's Manager's Forum on January 28<sup>th</sup> as Co-Chair to discuss both common and policy challenges and noted the managers also share best practice solutions and strategize how best to work together for unified support. He provided updates on the State-specific Roadless Rule and discussed SEAPA's position. He advised that the deadline is December 17<sup>th</sup> for submitting comments on the Draft Environmental Impact Statement. Mr. Acteson commended staff for their time and effort involved in migration of the Agency's accounting system software and noted that Standard Operating Procedures had been developed for flight operations and the dock facility at Swan Lake.

10) **Staff Reports**

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

Mr. Hammer reported that preliminary design work on a preferred road route and relocated small dock is the next goal in the Agency's efforts to improve access to its Tye Hydro Facility. He advised that since quotes received for the work were outside of the budget, the FY2020 budget includes an updated estimate for the Board's consideration. He provided updates on the Fire Control Panel Replacement at Tye and Swan-Tye Line Guy Thimble Project and advised that a DAIKIN 24,000 BTU heat pump with multizone capability is being considered to ease the cost of heating at the Wrangell Office and Warehouse. He discussed the Agency's Brushing Program and priority work for FY2020, delayed plans for replacing 10 failed helipads with new aluminum helipads currently in SEAPA's inventory and advised the next phase of wooden pole testing is scheduled for the Swan/Bailey transmission line. He noted the Swan/Bailey line is supported almost entirely by wood poles which will be sampled during the Spring 2020 maintenance outage. He closed his report with updates on the regularly scheduled and additional work that had taken place at the Tye Plant, and on-site safety training provided by SEAPA's safety consultant, TSS, Inc.

**B. Power System Specialist (Schofield)**

Mr. Schofield provided highlights of special projects performed by the Swan Lake crew outside of standard projects scheduled by MAPCON. He explained the MAPCON Program and the MAPCON training attended by crews at both plants noting implementation of new work order processes under the Program will enable the Agency to track and document maintenance tasks between rotating personnel and shift teams. He reported that an increase in the elevation of the Swan Lake reservoir enabled reassembly of the secondary reservoir debris boom so a majority of the floating debris remains contained in the main body of the reservoir which minimizes the amount of debris that has to be removed from the main spillway boom. He commended the Swan Lake crew's efforts in reorganizing parts and operating inventory so quantities of materials on hand are identified and uniform storage criteria established accordingly. Mr. Schofield announced that both the flashboard gate trigger modifications and gangway and pier replacement projects were complete and provided several photographs of each project. He closed with an update on the safety training that took place in October.

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

Mr. Siedman reported that snow measurement pillows were assembled and erected on Swan and Tye Mountains. He provided the number of inches of Snow Water Equivalent reported to SCADA for both sites. He provided an update on the Swan Lake Station Service Switchgear Project advising that 100% design submittal is expected in January 2020. He discussed actions taken on the submarine cable issues which included consultation with additional experts, a review of all cable assessments, cost estimates of new cables, repairs, and remediation, and contracts established with permitting and sub-bottom firms. He closed with a report on the 125V Battery Bank at Tye advising they are near the end of their useful life after almost 15 years in service and need to be replaced. Following board approval of the project, staff received cost estimates and engineering design is in progress.

**11) Calendar Year 2020 Meeting Date(s)**

Directors discussed their availability for the meeting dates proposed in the board packet. There were no objections to the dates and locations presented.

**12) Director Comments**

Directors provided brief comments.

**13) Adjourn**

<b>&gt; Motion</b>	M/S (Prysunka/Coose) to adjourn the meeting. Motion approved unanimously by polled vote.	<b>Action</b> 19-795
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The meeting adjourned at 5:30 p.m.

**Signed:**

**Attest:**

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**Secretary/Treasurer**

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**Chairman**